



2016

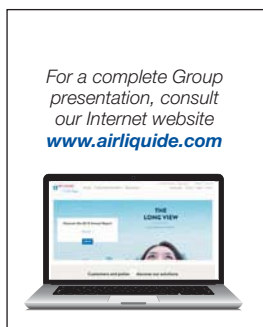
MINUTES

Combined Shareholders' Meeting of May 12, 2016

THE
LONG VIEW



CONTENTS



BOARD OF DIRECTORS AND EXECUTIVE MANAGEMENT	3
VOTING RESULTS PER RESOLUTION	4
2015 ACTIVITY	6
STRATEGY AND OUTLOOK	9
GOVERNANCE AND RESPONSIBILITY	13
DEBATE WITH SHAREHOLDERS	15

THANK YOU FOR **YOUR PARTICIPATION!**



“Without shareholders, there can be no healthy economy over the long term.”

The Combined Shareholders' Meeting, chaired by Benoît Potier, Chairman and Chief Executive Officer, in the presence of the members of the Board of Directors, was attended by **3,928 people**, on May 12, 2016, at the Palais des Congrès in Paris.

Shareholders, representing **46.8%** of voting rights, i.e. **126,052 shareholders present or represented**, adopted all the proposed resolutions. A total of 160,730,760 votes were cast out of the 343,205,955 shares entitled to a voting right, one share being entitled to one vote.

21,400 shareholders voted or requested an admission card by Internet before the Meeting.

The duties of scrutineers were carried out by Amundi, represented by Mr Cédric Laverie, and BNP Paribas Investment Partners, represented by Mr Michaël Herskovich, the two members present at the Meeting having the largest number of votes and agreeing to act in this capacity.

For a replay of the Meeting broadcast, go to our Internet website **www.airliquide.com**.

Benoît Potier

Chairman and Chief Executive Officer

BOARD OF DIRECTORS AND EXECUTIVE MANAGEMENT

BOARD OF DIRECTORS FOLLOWING THE SHAREHOLDERS' MEETING



Benoît POTIER

Chairman and Chief Executive Officer



Thierry DESMAREST

*Independent Director
Lead Director*



Thierry PEUGEOT

Independent Director



Karen KATEN

Independent Director



Jean-Paul AGON

Independent Director



Siân HERBERT-JONES

Independent Director



Pierre DUFOUR

*Senior Executive
Vice-President and Director*



Sin LENG LOW

Independent Director



Annette WINKLER

Independent Director



Geneviève BERGER

Independent Director



Brian GILVARY

Independent Director



Philippe DUBRULLE

*Director representing
the employees*

NB: Independent Director within the meaning of the Board of Directors' internal regulations. For information regarding independence criteria, please refer to the 2015 Reference Document.

STATUTORY AUDITORS

ERNST & YOUNG et Autres

Represented by Jeanne Boillet

PricewaterhouseCoopers

Represented by Olivier Lotz

CENTRAL WORKS COUNCIL DELEGATES

Joël Pierret

Patrick Recourt

EXECUTIVE MANAGEMENT AND EXECUTIVE COMMITTEE

Benoît Potier

Chairman and Chief Executive Officer

Pierre Dufour

Senior Executive Vice-President

Airgas' acquisition project, Engineering & Construction,
Chief Executive Officer of ALGMS, Large Industries World Business Line

Jean-Pierre Duprieu

Executive Vice-President

Europe Industry, Healthcare, Healthcare World Business Line, AL
Welding, Procurement, Information Systems

François Darchis

Senior Vice-President

Innovation, Digital, Sciences, Technologies, Industrial Merchant World
Business Line

Jean-Marc de Royere

Senior Vice-President International, Governance, Corporate Social
Responsibility

Michael J. Graff

Senior Vice-President

Houston hub Executive Vice-President, supervising Electronic World
Business Line, Safety and Industrial Systems

Fabienne Lecorvaisier

Vice-President

Chief Financial Officer Finance, Operations Control, Diving

Guy Salzgeber

Senior Vice-President

Europe Industries Frankfurt hub Executive Vice-President

Kwong Weng Mok

Vice-President, Deputy Head of Asia

François Abrial

Vice-President Group Human Resources

Pascal Vinet

Vice-President Group Healthcare Operations

François Jackow

Vice-President Strategy, Customers, supervising the Dubai Hub

François Venet

Vice-President

Shanghai Hub Executive Vice-President

VOTING RESULTS PER RESOLUTION

All the resolutions were approved.

	In favor	Abstention	Against
ORDINARY SHAREHOLDERS' MEETING			
1 Approval of the Company financial statements for the year ended December 31, 2015	98.93%	0.68%	0.39%
2 Approval of the consolidated financial statements for the year ended December 31, 2015	98.88%	0.74%	0.38%
3 Appropriation of 2015 earnings and setting of the dividend	98.83%	1.02%	0.15%
4 Authorization granted to the Board of Directors for a period of 18 months to allow the Company to trade in its own shares	98.36%	0.70%	0.94%
5 Renewal of the term of office of Ms Karen Katen as Director	97.54%	1.03%	1.43%
6 Renewal of the term of office of Mr Pierre Dufour as Director	98.09%	0.78%	1.13%
7 Appointment of Mr Brian Gilvary as Director	98.21%	1.00%	0.79%
8 Statutory Auditors' Special Report on agreements covered by articles L. 225-38 <i>and seq.</i> of the French Commercial Code	98.55%	1.08%	0.37%
9 Renewal of Ernst & Young et Autres as Principal Statutory Auditors	89.75%	5.38%	4.87%
10 Renewal of Auditex as Deputy Statutory Auditors	94.80%	0.74%	4.46%
11 Appointment of PricewaterhouseCoopers Audit as Principal Statutory Auditors	97.91%	1.12%	0.97%
12 Appointment of Mr Jean-Christophe Georghiou as Deputy Statutory Auditor	96.76%	1.20%	2.04%
13 Authorization granted to the Board of Directors for a period of five years to issue, on one or more occasions, bonds within a total aggregate maximum limit (including previous issues not yet redeemed) of 20 billion euros	94.24%	5.43%	0.33%
14 Opinion on elements of remuneration due or allocated to Mr Benoît Potier for the year ended December 31, 2015	89.57%	5.76%	4.67%
15 Opinion on elements of remuneration due or allocated to Mr Pierre Dufour for the year ended December 31, 2015	94.75%	0.83%	4.42%

VOTING RESULTS PER RESOLUTION

	In favor	Abstention	Against
EXTRAORDINARY SHAREHOLDERS' MEETING			
16 Authorization granted to the Board of Directors for a period of 24 months to reduce the share capital by cancellation of treasury shares	97.37%	1.16%	1.47%
17 Delegation of authority granted to the Board of Directors for a period of 26 months in order to increase the share capital through capitalization of additional paid-in capital, reserves, profits or any other amount that may be capitalized, for a maximum amount of 250 million euros	99.05%	0.79%	0.16%
18 Authorization granted to the Board of Directors for a period of 38 months to grant to employees and Executive Officers of the Group, or some of such employees and Executive Officers, share subscription options or share purchase options resulting in the waiver by shareholders of their preferential subscription rights to shares to be issued upon exercise of the subscription options	89.74%	5.93%	4.33%
19 Authorization granted to the Board of Directors for a period of 38 months to grant existing or new shares to employees and Executive Officers of the Group, or some of such employees or Executive Officers, resulting in the waiver by shareholders of their preferential subscription rights to the shares to be issued	95.65%	1.21%	3.14%
20 Amendments to articles 12 (Organization and Management of the Board of Directors) and 13 (General Management) of the Company's Articles of Association relating to the age limit for the performance of the duties of Chairman of the Board of Directors and Chief Executive Officer	92.80%	5.81%	1.39%
21 Delegation of authority granted to the Board of Directors for a period of 26 months to perform share capital increases, without preferential subscription rights, reserved for members of a Company or Group savings plan	96.97%	1.14%	1.89%
22 Delegation of authority granted to the Board of Directors for a period of 18 months to perform share capital increases, without preferential subscription rights, reserved for a category of beneficiaries	92.14%	5.72%	2.14%
23 Delegation of authority granted to the Board of Directors for a period of 26 months to issue, by way of a public offering, equity securities giving access to other equity securities or giving the right to the allotment of debt securities, and/or marketable securities giving access to equity securities to be issued, without shareholders' preferential subscription rights with the option of a priority right for a maximum nominal amount of 100 million euros	95.52%	1.42%	3.06%
24 Delegation of authority granted to the Board of Directors for a period of 26 months to issue, by way of private placement for qualified investors or a restricted group of investors, equity securities giving access to other equity securities or giving the right to the allotment of debt securities, and/or marketable securities giving access to equity securities to be issued, without shareholders' preferential subscription rights, for a maximum nominal amount of 100 million euros	92.96%	1.38%	5.66%
25 Authorization granted to the Board of Directors for a period of 26 months to increase the issuance amount of equity securities or marketable securities without preferential subscription rights in the event of over-subscription	93.33%	0.81%	5.86%
ORDINARY SHAREHOLDERS' MEETING			
26 Powers for formalities	94.15%	5.77%	0.08%

2015 ACTIVITY / FINANCIAL RESULTS

“In a context of slower global growth, Air Liquide enjoyed solid performance reporting a further increase in revenue, margin and net profit.” **Fabienne Lecorvaisier**, Chief Financial Officer

2015 GROUP KEY FIGURES

- **Revenue:** 16,380 million euros, up +6.7%
- **Operating income recurring:** 2,890 million euros, up +9.8%
- **Net profit:** 1,756 million euros, up +5.5%
- **Return On Capital Employed:** 10.3%
- **Net earnings per share:** 5.12 euros, up +5.6%

KEY PERFORMANCE POINTS

- Solid activity levels in a difficult environment
- Productivity gains across all businesses and an improved operating margin
- Further growth in net profit
- A high level of investment
- A robust financial model
- Proportionate balance sheet

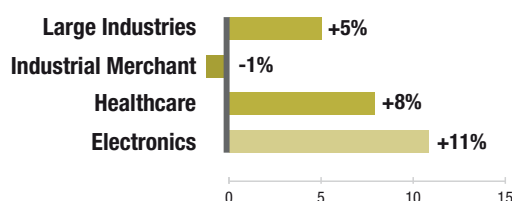
REVENUE

Gas & Services

The Gas & Services activity^(a) grew **+6.9% as published and up +3.8% in comparable growth^(b)**, driven by the dynamic Healthcare and Electronics sectors and Large Industries. Sales in developing economies continued to enjoy high growth (+10%) and now account for nearly one-third of Gas & Services activities.

BREAKDOWN BY BUSINESS LINE

Comparable growth^(b) in Gas & Services revenue



- **Large Industries:** start-up of new plants, particularly in China, Europe and the Middle East.
- **Industrial Merchant:** penalized by a slowdown in industrial production in economies reliant on raw materials or crude oil, such as North America.
- **Healthcare:** further increase in the number of patients in home healthcare and small acquisitions to supplement Air Liquide's local presence.
- **Electronics:** high growth rate in a cycle that remains buoyant, particularly in the Advanced Materials sector.

The **geographic** breakdown highlights strong growth in Asia, particularly China, while Europe continued its steady recovery.

Engineering & Construction

Engineering & Construction reported revenue of **775 million euros** (-0.7%) with an order intake of **936 million euros**.

Global Markets & Technologies

Air Liquide's new activity focusing on new markets requiring a global approach, such as energy transition, markets with a high technology content (aeronautics, space) and those relating to the maritime sector, reported revenue of **292 million euros**, up +11.4%.

OPERATING PERFORMANCE AND BALANCE SHEET

Efficiencies totaled **298 million euros**, once again exceeding the target of 250 million euros per year. They were generated by efficiency plans and contribute each year to better cost control. These efforts resulted in an improved **operating margin of 17.6% of sales**.

Debt totaled **7.2 billion euros** at the end of 2015, impacted by exchange rate fluctuations and a higher level of small acquisitions than in previous years. Once again this year, the self-financing model remained robust, with operating cash flow of nearly **3 billion euros** financing industrial investments and dividends. The Group also continued its investment strategy focused on growth markets. The high quality of operating performance and debt management once again contributed to the **strength of the balance sheet**.

In the **first quarter of 2016**, Group sales totaled 3.9 billion euros, down year-on-year due to negative foreign exchange and energy price impacts. Comparable growth rose +2.4%. The Gas & Services activity enjoyed comparable growth of +3.8%, due notably to the excellent performance of the Large Industries and Electronics business lines. All geographic areas reported growth, while investment momentum remained high.

(a) 2014 Gas & Services growth and through the first three quarters 2015 restated to account for the creation of the new activity Global Markets & Technologies.
 (b) Excluding currency, energy (natural gas and electricity) and significant scope impacts.

2015 ACTIVITY / HIGHLIGHTS

“Air Liquide continues to develop, maintaining a coherent balance between growth and responsibility.” **Pierre Dufour**, Senior Executive, Vice-President

Air Liquide has always been committed to responsible growth, as reflected by the Group's contribution to the challenges facing society that it can legitimately influence through its businesses and its presence in the field, all over the world.

First among these challenges is **global warming**, as Air Liquide's businesses and those of its customers consume energy. Secondly, Air Liquide is a major **healthcare** player, in hospitals and also at the homes of patients suffering from chronic illnesses and particularly respiratory problems. Finally, present in numerous sites across 80 countries, the Group is committed to supporting the **communities** where it operates, thanks to its 50,000 employees and through the Air Liquide Foundation.

This commitment is illustrated in the following highlights of the year.

ASIA-PACIFIC

Asia, and more particularly China, is facing major challenges due to its rapid industrialization. Air Liquide's expansion in Asia cannot be separated from the stakes associated with COP21 commitments and the polluting emissions that make life difficult in many major cities. The Group is working with other local and foreign industrial companies on these issues. One such example is Air Liquide's joint approach with Total in China to integrate social and environmental footprint considerations into all projects at an early stage, to make such projects as attractive to local populations as customers.

In 2015, Air Liquide signed a contract with **Nyrstar**, the leading metal recycling company in Australia. Recycling is a major component of environmental responsibility. An oxygen contract was signed in China with **Shandong Fangyuan** to supply a copper production plant. With Air Liquide's oxygen injection technology, the customer's process is at the cutting edge of energy efficiency. In Japan, Singapore and Taiwan, Air Liquide also signed several **carrier gas contracts** with electronics companies. Its technology enables to reduce energy consumption by 30%.

In Japan, Air Liquide inaugurated **two new hydrogen plants** and is recognized in this country as a major player in energy transition.

In Australia, the partnership with **AGL Energy** allows carbon dioxide emissions from an electricity plant to be captured and reused in applications useful to the company.

Finally, we must not forget the Group's commitments to the wider community formed by its employees, demonstrated by the award received by Air Liquide's subsidiary in China for its **employee incentive and loyalty-building practices**.



MIDDLE EAST AND AFRICA

Air Liquide's increased presence in **South Africa**, with the current construction of the world's largest air separation unit ever built for **SASOL**, means the Group will continue its commitment to the local population for many years to come. Its partnership with Saint Anne's Home for battered, pregnant and homeless women and their children, is an example. Thanks to Air Liquide's financial assistance, the nursery has been expanded to accommodate more children and offer more places to mothers.

2015 saw the start-up in Saudi Arabia of Air Liquide's new hydrogen production plants in **Yanbu**, the Group's largest industrial investment to date. Its commitment to recruiting and training more and more Saudis is of note.

AMERICAS

In the **Americas**, global warming challenges are mobilizing an increasing number of players, particularly in the sustainable transport sector. Toyota, for example, has chosen to partner with Air Liquide in the United States for its hydrogen mobility developments.

However, the most important event of 2015 was undoubtedly the announcement of the agreement to **acquire Airgas**, a leading supplier of industrial gases and associated products and services in the United States. This acquisition will provide Air Liquide with a national presence in the United States.



Other responsible growth initiatives further illustrate Air Liquide's continued commitment. In Canada, the construction of **additional pipelines** in the Hamilton basin will produce substantial energy savings. In Brazil, the launch of new medical equipment for the treatment of **pulmonary hypertension** in hospital strengthens Air Liquide's presence in the healthcare sector in this country.

EUROPE

Europe and France have always led the way in environmental and social issues. Air Liquide's Home Healthcare activities have expanded significantly in this region. The recent **i-Lab** initiative illustrates the Group's innovative capacity, its entrepreneurial spirit and its deep understanding of society. Using a connected device, it is possible to measure different air properties (temperature, humidity, etc.) in real time and improve the quality of collective areas. A first in the French market, this is a concrete example of responsible business.

The Group continues to expand in the healthcare sector with a number of complementary acquisitions: **Optimal Medical Therapies** in Germany, **Baywater Healthcare** in Ireland and **Bochemie's Hygiene** business in the Czech Republic. True to its social commitment, Air Liquide launched an information campaign in France on **pain management** and a website dedicated to **sleep apnea**.

Three major hydrogen and carbon monoxide **production plants started-up** in Germany and Benelux in 2015 and Air Liquide acquired **Messer's** activities in Turkey.

Air Liquide continues to roll-out **hydrogen mobility**, inaugurating or undertaking to build fueling stations in France, Germany and Belgium. The launch of the **Cryocap™** project in Normandy, a world first, confirms Air Liquide as a leader in carbon dioxide capture.

Finally, the Group contributes to the innovation ecosystem, acquiring investments in several start-ups through **ALIAD**, and participating in numerous events facilitating open exchanges with **i-Lab**.

CONCLUSION

2015 was an exceptional year. The acquisition of Airgas marks the start of a new chapter for Air Liquide, enabling it to stimulate digital transformation while remaining the industry leader, best anticipating the major challenges of its markets as it always has.

The Group continues to grow, maintaining the right balance between business and responsibility, thanks to innovation and supported by its strong values that are shared by all its 50,000 employees.



STRATEGY AND OUTLOOK

“We are at a crucial moment in the Group’s history, at the threshold of a major acquisition, Airgas. Air Liquide will change size, extend its advance as global leader and be well positioned to ensure better long-term growth.” **Benoît Potier**, Chairman and Chief Executive Officer

ENVIRONMENT AND PERFORMANCE

Reading the global environment

Air Liquide continues to develop well in an environment that is increasingly volatile.

GEOPOLITICS

- Numerous **areas of instability** remain, in Africa, the Middle East, Ukraine and elsewhere and no region of the world is free from **terrorism**, as we unfortunately witnessed recently in France and Europe. The security of Air Liquide employees and sites has therefore been stepped up.
- In Europe, the **migrant and refugee** crisis has reached significant magnitude. To do its bit, the Group has joined together with other leading French companies to take supportive action, particularly in the healthcare sector.

SOCIETY

- We continue to help accelerate the penetration of **digital technology**, both in daily and professional life; the rate of development of communities and collaborative working is exponential.
- Marketing no longer targets only consumers, but the **individual** as a citizen, and the communication of his/her opinion on the Internet has become essential.
- This societal shift has been integrated by the Air Liquide teams, notably into their **working methods and organization**.



ECONOMICS

- The slump in **crude oil prices** over the last 18 months has had a structuring effect. The Group has felt the shockwaves in the oil and gas sectors, as well as in terms of major customer projects.

- The depreciation of the **euro** had a positive impact on the Group’s financial statements in 2015, mitigated nonetheless by the negative impact of energy prices.
- Monetary and **interest rate** policies remained highly favorable, contributing to a reduction in financing costs.
- The **equity markets** increased between +8% and +10% in 2015 in France, Germany, Japan and China, but fell in the United States and the United Kingdom. At the beginning of 2016, the common factor remains nonetheless stock market **volatility**.
- **Inflation** remains historically low, enabling little increase in prices.
- Finally, the **convergence** of global economies continues, while the economic environment remains uncertain.

Group management therefore remains prudent and investments are highly focused.

Risk management

In this environment, both unstable and in flux, close attention is paid to **risk** management and **priorities** are defined after measuring the impact and likelihood of risk occurrence. Risks scenarios are sometimes studied to better anticipate high-risk situations. Issues dealt with last year include the **protection** of employees and sites, delivery **reliability**, **internal control** efficiency, the proper execution of **engineering projects** and the integrity of **information systems**.

2015 performance

GOOD FINANCIAL BALANCES

In this context, Air Liquide performed well in 2015, reporting solid financial results and good corporate social and environmental performance.

1. On a comparable basis, **activity** grew nearly +4% in the Gas & Services sector, driven by the dynamic **Healthcare and Electronics** business lines, the launch and ramp-up of projects in the **Large Industries** business line (Yanbu, Dormagen) and geographically, a progressive recovery in **Europe** and the **developing economies**.

Above-market growth rates

Once again, Air Liquide demonstrated its resilience, **growing faster than its three main competitors**, the first affected by falling prices in the home healthcare sector in the United States and engineering markets, the second by a slowdown in its markets and particularly refining and the third by the crisis in Brazil.

Air Liquide’s ability to generate **efficiency** gains on a recurring basis was reflected by a further improvement in the operating margin and net profit, demonstrating the **profitable** nature of the Group’s **growth**.

2. The Group must generate **solid cash flow** in order to finance **investment** (maintenance, renewal and growth), representing expenditure of 2.4 billion euros, while preserving its dividend policy. This was the case in 2015, when a +7% increase in cash flow combined with a limited increase in working capital requirements enabled to maintain **net debt** level.

3. Finally, financial **performance** was robust with capital employed under control and adjusted **ROCE** almost stable.

Accordingly, Air Liquide preserved its financial balance for its three business fundamentals (Growth – Investment – Profitability).

INNOVATION

To strengthen these three major balances over the long term, the Group continued its innovation policy, which included:

- **carbon dioxide** capture, **hydrogen** energy, the **ITER** fusion project and high-temperature **oxycombustion** technology which won an award at the COP21;
- the creation of **m-Lab**, a laboratory specializing in the study of “small essential molecules”;
- the inauguration of **VitalCity** in Paris and a new **Research & Technology center in Shanghai** at the beginning of 2016;
- the acquisition of investments in a total of 19 **start-ups** to date, particularly in the energy transition, healthcare, advanced materials for electronics and digital sectors, including the Internet of Things;
- the roll-out of **Kite**, an internal digital collaborative platform, to 50,000 employees.

Overall, close to **300 million euros** were invested in innovation in 2015, two-thirds of which in France. Finally, the **creation** of the **Global Markets & Technologies** activity will help accelerate innovation go-to-market. With 1,400 employees, it reported revenue of 292 million euros in 2015.

ACQUISITION OF AIRGAS

About Airgas

Airgas is the **leader in packaged gases** and associated products in the **United States** and a major player in air gases and carbon dioxide. Sales to **hospitals** are also substantial. Airgas reported revenue of **5.3 billion dollars** in 2015, has 17,000 employees and serves more than one million customers from 1,100 sales outlets across the United States.

Formed over 30 years ago and expanded by successively acquiring and consolidating distributors, Airgas stands out for its strong **entrepreneurial** customer-focused culture. The US group complements perfectly Air Liquide's activities in North America.

The Industrial Merchant activity

Airgas' **Industrial Merchant** business has also been Air Liquide's **core business** from the beginning, generating **36%** of Gas & Services revenue in 2015. It supplies industrial and specialty gases, application technologies and related services to **more than one million** customers. Air Liquide stands out in this market thanks to several key strengths:

- the ability to propose **tailored solutions** adapted to the industrial processes of each customer and with the most appropriate supply method (cylinders, liquid or on-site);
- a **highly diversified customer portfolio**, from craftsmen and SMEs to multinational companies in a wide range of industrial sectors such as metal fabrication, welding, construction, food, pharmacy, energy, materials, electronics and laboratories.

The Industrial Merchant business is, however, **changing rapidly** due to new digital-based customer expectations, as well as additive manufacturing processes, environmental measures and clean mobility.



ALbee™ innovates

These small gas cylinders for craftsmen and occasional users are now available on an **online sales platform** in European Nordic countries. Users can order or exchange cylinders in a few clicks, which can be delivered to their home or to a distributor. In the **United States**, in the Houston region, Air Liquide is currently testing a **Kiosk®** system where customers can buy or exchange gas cylinders through a self-service system 24 hours a day, seven days a week, using a dedicated app that geolocates the nearest Kiosk®.



Reasons for the acquisition

The **opportunity** arose in 2015, when Airgas' founder, Peter McCausland, decided to sell his company and began looking for a major player in the sector able to ensure a long-term future for the company and its employees.

The Airgas acquisition meets a strong **industrial and market rationale**.

- A **national presence across the United States**, the largest global market for industrial gases (20-25% of average global growth in industrial gases in the mid-term).
- Strong **complementarity** between Air Liquide, with its large business portfolio, and Airgas, which operates solely in the industrial merchant sector, absent from the Group's portfolio in the United States.
- A widening of the **customer base**.
- A **platform** to accelerate the digital transformation of the Industrial Merchant activity thanks to a **unique multi-channel distribution network**.
- An opportunity to **roll-out Air Liquide's technologies and innovations** in the United States.
- Significant potential **synergies**, primarily realized in the next two to three years: over 300 million dollars before tax, including two-thirds in costs and one-third in volumes, thanks to efficiency gains in production, logistics and administrative management.
- The strengthening of Air Liquide's **global leadership** with a surge of +30% in revenue. Already number one in Europe, Asia-Pacific and Africa/Middle East, the Group will become the market **leader in North America** and **number one in the Industrial Merchant business**, where it is already number one in the large industries and electronics sectors.

With this acquisition, Air Liquide extends its advance as **global leader** and will be able to continue its profitable **growth strategy** over the long term.

How did the Board of Directors make this decision?

Airgas is the **largest acquisition** in the Group's history, although not the first (Big Three in 1986, Messer in 2004, Lurgi in 2007 and in the healthcare sector, Orkyn in 1999 and LVL and Gasmedi in 2012), with all previous acquisitions now well integrated.

Consolidation opportunities are rare in Air Liquide's businesses. A few years ago, Airgas was the target of an unsuccessful hostile takeover. The window was therefore favorable, all the more so as it invested considerably in **information and management systems** and currently has the best **telesales and e-commerce** capabilities in the industry.

The Board performed a **risk/benefit** analysis for shareholders. It is confident in the long-term economic and political stability of the American market and digital and innovation opportunities. A strategic analysis of the Group's **new profile** following this acquisition shows it to be consistent with the global structure of the market.

The decision has been **unanimously** approved a cash offer of 143 dollars per Airgas share. This offer values the company at 13.4 billion dollars, or 12.5 billion euros. It is 20% above the share price high during the 12 months preceding the announcement and at the high end of comparable offers on the New York Stock Exchange.

A positive transaction for Air Liquide shareholders

The transaction is expected to be **accretive** from year one. Airgas **growth** over the last ten years shows the existence of long-term development potential. Finally, this acquisition offers Air Liquide shareholders the opportunity to participate, should they so wish, in the creation of a **global leader** in industrial gases by subscribing to a share capital increase with preferential subscription rights.

Progress update on the acquisition process

Discussions are **progressing satisfactorily**^(a) with the regulatory authorities and the integration preparation process is well underway. The Airgas Board of Directors unanimously accepted the Air Liquide offer in November 2015 and a large majority of Airgas shareholders **voted in favor** of the acquisition in February 2016.

On May 12, 2016, the Group is awaiting **final approval**^(a) from the US anti-trust authorities, after which the transaction can be completed. A number of divestments will be necessary, as has been anticipated and they will be performed as quickly as possible after closing. The entire Airgas acquisition transaction could therefore be completed in the near future.



OUTLOOK

Objectives for 2016-2020

In addition to this major transaction, Air Liquide will leverage the **global trends** which will drive the future growth of the new Air Liquide Group, including Airgas, following completion of the acquisition. These fundamental changes include energy and ecological transition, changes in healthcare and digital transformation.

The **priorities** for **2016** will be, first and foremost, to complete the Airgas acquisition, its financing and the integration of its activities with those of Air Liquide in the United States. At the same time and to guarantee Air Liquide's performance, the **innovation programs** and **efficiency and productivity** actions already launched will be continued. The Group will also ensure the good execution of its projects.

In the near future, Air Liquide will present **NEOS**, its new corporate program, to investors and the market. NEOS stands for "new" and "young", sets out the objectives for 2016-2020 and will, of course, include Airgas.

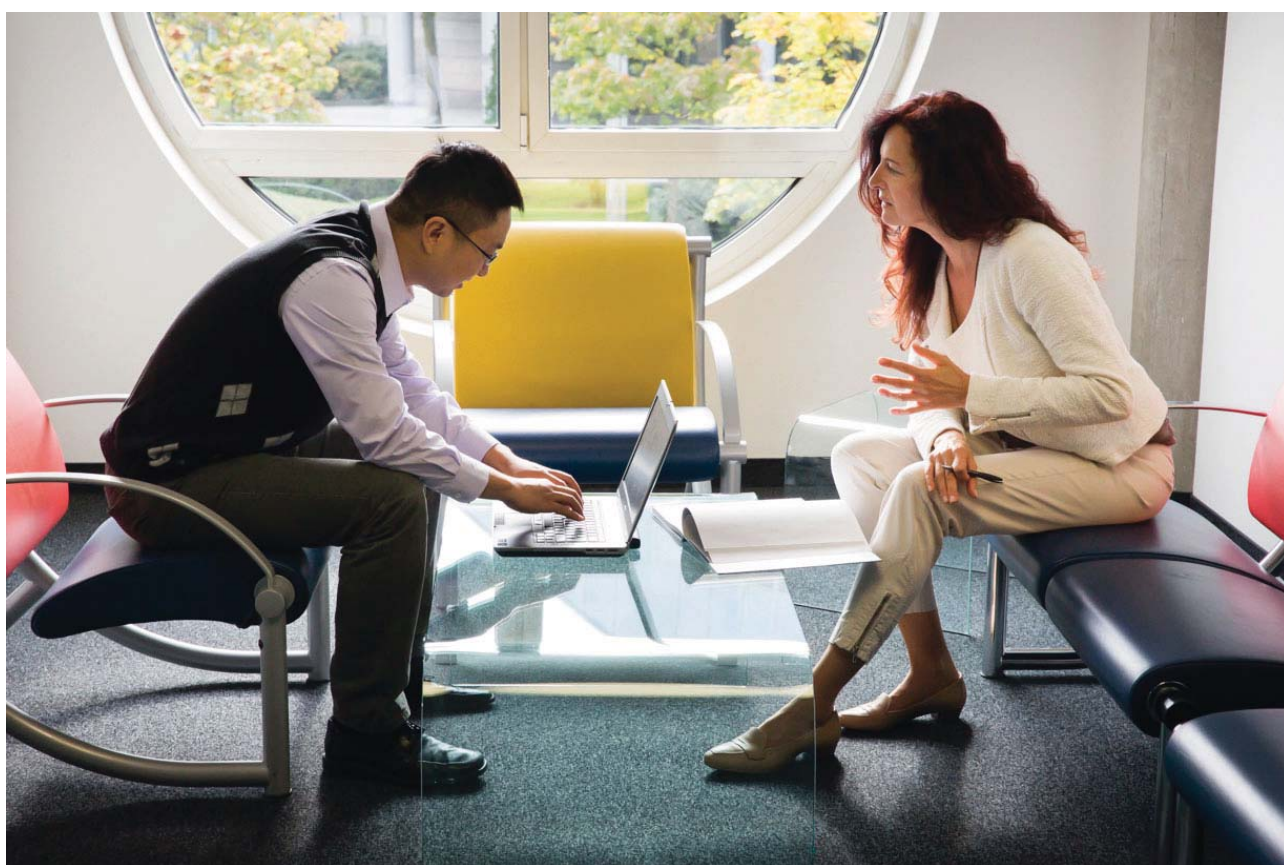
(a) The US Federal Trade Commission issued its authorization on May 13, 2016 and the Airgas acquisition was completed on May 23, 2016.

Share capital and the Air Liquide share

Individual shareholders continued to hold between **36%** and **37%** of Air Liquide share capital as of December 31, 2015. There are 10,000 more individual shareholders than in 2014. The **share price** increased slightly in 2015, reaching an all-time high in November and then falling in line with the CAC40 after the announcement of the Airgas acquisition. The dip at the beginning of December has probably been influenced by the Linde profit warning.

The timetable and terms and conditions of this share capital increase will be set out as soon as possible, once the prospectus has been approved by the French Financial Markets Authority (AMF). Air Liquide is pleased to **involve its shareholders** in this major stage in the development and transformation of the Group, as was the case in 1986 on the acquisition of Big Three in the United States.

Air Liquide decided to favor a **share capital increase** with preferential subscription rights this year over a **free share attribution**, due to the exceptional nature of the US acquisition and the funds involved. Nonetheless, Air Liquide remains strongly committed to the principle of regularly distributing free shares.



CONCLUSION

Air Liquide reached a historic milestone in 2015. However, much remains to be done, from completion of the Airgas acquisition to the launch and implementation of the new NEOS program for 2016-2020. Nothing would be possible without **the Air Liquide teams**, who are committed and passionate and write every day the future of the Group's businesses with remarkable inventiveness. Nothing would be possible either without **our shareholders**, who continue to participate, this year more than ever, in developing Air Liquide and building its future.

With solid fundamentals, constantly renewed market opportunities, first-class talent and an unrivaled ability to innovate, the Air Liquide group has established **a key position for its future** in the world's leading industrial gases market, thereby ensuring its long-term growth.

GOVERNANCE AND RESPONSIBILITY

“Performance and responsibility are integral to the development of Air Liquide.”

Benoît Potier, Chairman and Chief Executive Officer

BOARD COMPOSITION

The Shareholders' Meeting renewed the terms of office of Ms **Karen Katen** and Mr **Pierre Dufour** and approved the appointment of Mr **Brian Gilvary**.



A British citizen and Chief Financial Officer of the BP Group since 2012, Brian Gilvary will bring to the Board his knowledge of the oil & gas industry, his financial expertise, as well as the global vision of a large international group. With this appointment, the Board continues its renewal process.

The Board of Directors now comprises of **12 members**, including **five women** and **six nationalities**. **Nine** of its members are **independent**. The diversity of profiles is an undeniable asset for the quality of debates and decisions.

THE WORK OF THE BOARD AND THE COMMITTEES

Fiscal year 2015 was marked by two major events: a strategy Meeting in Aix-en-Provence focusing on **Healthcare** and the decision to acquire **Airgas**, which involved a number of exceptional Meetings, the creation of a special purpose Committee tasked with assessing the project and an exceptional Audit Committee meeting to analyze project risks, the valuation and the financing arrangements. These measures enabled the Board to unanimously confirm its approval of the transaction. By voting to authorize the use of the necessary financing tools, shareholders decided to accompany this major development for the Group.

The three Committees are exclusively comprised of independent members.

- **The Audit and Accounts Committee** regularly reviews the Group's accounts and financing policy. In 2015, in addition to analyzing the Airgas transaction, the Committee steered the statutory auditor selection process. Shareholders renewed the term of office of Ernst & Young and appointed PricewaterhouseCoopers as principal statutory auditor for a period of six years.
- **The Appointments and Governance Committee** considers the composition of the Board and its Committees. At the Committee's recommendation and after examining market practices, shareholders approved an increase in management age limits in the Articles of Association to 70 years for the Chairman of the Board of Directors and to the legal age limit, currently 65, for the Chief Executive Officer. The Committee also reviewed the composition of the management teams and the prospects of changes therein. Thierry Desmarest, as Lead Director, led the governance procedures.
- **The Remuneration Committee** examines the Executive Officer remuneration policy.

REMUNERATION

Executive Officer remuneration policy

Above all, Air Liquide's Executive Officer remuneration policy seeks balance, competitiveness, stability and performance. This remuneration comprises:

- **a short-term component** with the annual remuneration comprising a fixed portion and a variable portion. In 2015, B. Potier's total remuneration fell 3.1% on 2014, while P. Dufour's total remuneration fell 1.2%. The average annual increase in remuneration over the last three years is less than 1% for each Executive Officer;
- **a long-term component** comprising from this year 70% options and 30% performance shares, i.e. 70,000 options and 10,000 performance shares for B. Potier and 39,000 options and 5,700 performance shares for P. Dufour. At equivalent cost to the Company, performance shares are less dilutive and enjoy a more favorable tax regime. The ultimate objectives is a 50-50 split;
- **deferred remuneration**, comprising collective life insurance and death and disability plans, the defined benefit pension plan applicable to senior managers and executives of the Company and commitments regarding indemnity in case of forced departure. This remuneration is unchanged on 2015.

Shareholders issued a favorable opinion, with a majority of over 89%, on the remuneration of corporate Executive Officers for the 2015 fiscal year under two specific "Say on Pay" resolutions.

Employee and shareholder remuneration policy

The profit and capital sharing policy for the Group's 50,000 employees is being pursued through several measures:

- **grants of options and performance shares**, a motivation and loyalty factor for a growing number of employees. In 2015, 1,744 employees benefitted from these programs, bringing to approximately 3,300 the total number of beneficiaries over the last five years;
- **incentive and profit-sharing agreements**, covering more than 95% of employees working in France. In 2015, L'Air Liquide S.A. employees received an average of 6,748 euros under these agreements;
- **share capital increases reserved for employees**. In March 2016, nearly 17,000 employees across 70 countries over-subscribed the one million shares available.

Air Liquide conducts an active shareholder policy based on **long-term investment growth**, with the regular payment of dividends, bonus share grants and loyalty bonuses. The Shareholders' Meeting approved the payment of a dividend of 2.60 euros per share, up +2%, representing an estimated distribution rate of 52.4%.

Due to the major acquisition completed this year, it was not desirable, in the Board's opinion, to combine a share capital increase for cash with a distribution of bonus shares. Nonetheless, the Board remains fully committed to the regular distribution of bonus shares in the future.

RESPONSIBILITY

The Group aims to become the recognized leader in its industry, by delivering long-term performance and acting responsibly.

In 2015, for the first time, Air Liquide stakeholders were consulted on their perception of the **Group's Corporate Social Responsibility stakes**. This consultation identified civil society expectations and enabled the ranking of the Group's most pertinent responsibility stakes.



- The first stake is employee **safety** in their professional environment. Air Liquide is constantly seeking to reduce the rate of lost-time accidents, equal to the number of accidents per million hours worked. This rate has been cut in four in 15 years, falling from 6.4 to 1.6, reflecting the considerable ability of teams to get behind safety issues.

- The Group's responsibility in the **healthcare** sector is growing, as it now serves over **7,500 hospitals and clinics** as well as **1,300,000 homecare patients** around the world. The Healthcare business relies on the expertise and commitment of **13,500 employees** and now represents 17% of Group sales.
- **Protecting life and the environment** is a key stake and is the focus of nearly **60% of the Group's innovation expenditure**. Hydrogen to desulfurize hydrocarbons and as a clean energy vector and oxygen in hospitals and in patient's homes or to improve the efficiency of combustion processes, are but some of many solutions to protect life and the environment. These applications generate some **44% of Group sales**.
- Air Liquide also focuses closely on energy consumption. Some **40%** of its electricity supplies are now carbon-free.
- In the **climate and ecological transition** sector, the Group was an official partner of the **COP21** in Paris at the end of 2015. In this context, Air Liquide installed the **first hydrogen charging station in Paris** and started a **carbon dioxide capture and valorization plant** in Normandy.
- The Group's commitment to **communities** is reflected by the actions of the **Air Liquide Foundation**. Since its creation in 2008, it has supported **29** research projects and nearly **200** micro-initiatives across **47** countries.

External view

Ms **Bénédicte Faivre-Tavignot**, Director of Air Liquide Foundation, a lecturer at HEC Business School, and founder of the "Social Business / Enterprise and Poverty" chair, gave her expert view on Corporate Social Responsibility. The immense social and environmental challenges facing our society present opportunities for growth and reinventing companies. They offer powerful innovation potential for companies such as Air Liquide. By placing social challenges at the heart of their strategy, companies take concrete action for the future of the planet, adopting a long-term approach.

DEBATE WITH SHAREHOLDERS

Topic	Question n°
Share capital and Share ownership	
Employee share ownership	7-3
Free shares	8-3
Shareholders' Meetings	8-1, 8-2
Share capital increase	1-2, 1-3, 5-1, 7-1, 7-2
Value creation	2-4
Taxation	7-4
Governance	9-1 to 9-4
Stock market performance	6-1
Share buyback program	1-1
Air Liquide strategy	
Airgas	6-2, 10-1
China	5-2
Connect Project	5-3
Finance	2-1, 2-2
Rare gases	9-5
Shale gas	9-6
Global Markets & Technologies	2-3
Healthcare	3-1, 3-2
Head office	9-7
Corporate Social Responsibility	
Hydrogen vehicles	4-1, 4-2
Male/female parity	11-1
Social & social performance	6-3

PRE-SUBMITTED WRITTEN QUESTIONS

The Board of Directors' answers to written questions submitted prior to the Shareholders' Meeting were published before the debate with shareholders on the Company's website, www.airliquide.com, in the "Shareholders" section, under "Events," and "The Combined Shareholders' Meeting."

This option provided by law allows more time to be devoted to discussion with shareholders present at the Meeting.

A summary of the questions raised and the Board's replies was provided by Benoît Potier at the start of the debate:

- 2 questions on share capital and share ownership;
- 5 questions on governance;
- 2 questions on Air Liquide's activities;
- 2 questions on finance.

All of these questions and answers are available on the Company's website.



QUESTIONS AT THE MEETING

Question No. 1

SHARE BUYBACK PROGRAM / SHARE CAPITAL INCREASE

1-1 Could you explain the Group's share buyback policy?

Benoît Potier: Air Liquide buys back shares on the market so that issues of options and performance shares will not dilute existing share capital for shareholders. We bought back 1.5 million Air Liquide shares in 2015. In general, buyback transactions are small in volume and the cost is spread over time.

1-2 Given the planned share capital increase to partially finance the Airgas acquisition, is it appropriate to make a 900 million euro dividend payout and continue the share buyback programs?

Benoît Potier: The cash dividend represents a fair return on the capital invested by each shareholder in the Company. This year, with a view to the acquisition of Airgas, we have sought the right balance between the dividend growth and the exceptional share capital increase. We are aware that we are rather at the lower end of the dividend increase range this year. We believe it is very important to continue distributing a dividend and implementing our share buyback programs.

The Airgas share capital increase is exceptional, as Air Liquide has not performed a share capital increase with preferential subscription rights in the last 30 years. What does it mean to be a shareholder, if not to accompany a company in its development? The acquisition of Airgas is a formidable opportunity for the Group and its shareholders. The share capital increase will raise between 3 and 3.5 billion euros. With the Air Liquide share price at around 100 euros, this represents approximately 10% of the current market capitalization.

Question No. 2

FINANCE / GLOBAL MARKETS & TECHNOLOGIES / VALUE CREATION

2-1 The Company's gearing is fairly high at 57%. Can you tell us what the gearing will be after the Airgas acquisition?

Benoît Potier: It will rise to approximately 110% just after the Airgas acquisition, before falling below 100%, thanks to the cash flow generated by both Air Liquide and Airgas.

Corporate strategies with respect to gearing vary considerably. Certain of our competitors are roughly at the same level as Air Liquide, that is, between 60 and 70%. However, one of our US competitors has a gearing of 190%.

Air Liquide's strategy is to have moderate debt so we can seize opportunities. It's because our balance sheet is financially solid and the gearing ratio good, that we were able to move so quickly to complete the Airgas operation.

2-2 Cash flow increased 24% in 2015, however if we look at operating activities, cash flow stagnated due to increased working capital requirements.

Benoît Potier: The Group's cash flow grew 7% in 2015. However, let's look at the increase in working capital requirements. Working capital is cash injected into operations. We incur expenditure to produce gas before we are paid for the products we deliver to our customers. This difference is known as working capital and each year we measure the change therein.

When we acquired Lurgi in 2007, we substantially increased the share of Air Liquide's Engineering activity. This is a negative working capital activity, as we receive payments on account before starting work. These are advance payments from customers who buy our plants.

The engineering activity is currently suffering a slowdown mainly due to the energy crisis. This accounts for a large part of the increase in working capital requirements. Conversely, when the Engineering activity returns to growth, we will enjoy the opposite effect.

2-3 What will be the weight of energy transition in the new Global Markets & Technologies business line?

Benoît Potier: Energy transition should ultimately represent between 40 and 50% of this Division, which is substantial. It mainly encompasses hydrogen energy which we believe has strong potential and biogas, a fast-growing activity.

2-4 Could you provide a breakdown of the 500 basis points announced for value creation, impacted by the Canadian incident which apparently cost 50 basis points?

Benoît Potier: When Air Liquide's Return On Capital Employed (ROCE) is 12%, the weighted average cost of capital is approximately 7%, or even lower as the cost of debt is lower. ROCE is currently nearer 11% adjusted for the exceptional impact of a Canadian project. The 500 basis points correspond to this difference of 5% between the return on capital and the cost of this capital and represents a kind of comprehensive insurance for value creation. We cannot guarantee this level but we constantly seek to maintain this difference at a sufficiently high level. Shareholders benefit from this value creation through dividend payments.

Question No. 3

HEALTHCARE

3-1 Healthcare undoubtedly represents an enormous market in Asia. What are your prospects for this business in this strategic region?

The Healthcare Division is highly successful and accounts for nearly 20% of Gas & Services activities. Since launching our Home Healthcare business line, we have concentrated our actions on Europe, which represents 80% of this activity, although we supply medical gases to the hospital market worldwide.

In the last five years we have started looking at other areas of the world, including North America and particularly Canada, where we have been present for over 15 years. We have also acquired some companies in Australia. This activity is not possible in the United States for a number of reasons relating to the market and is not widely developed in Asia.

Asia is undeniably a land of opportunity for Healthcare. China, in particular, is extremely promising, with a significant population and a high number of smokers, which obviously has health implications. The extraction and massive use of coal generates dust which is also a source of respiratory problems. We have acquired a small company in Hong Kong from which to launch our development from the south of China. However, the pace of this development will depend on the healthcare reimbursement system which is not yet fully in place. We are examining healthcare opportunities in China.

Japan is already a highly developed market, with existing players. In order to establish a true presence here, we would need to perform a number of acquisitions – a difficult task. We will obviously study any opportunities that arise. We have acquired a company in Korea and several projects are being studied in Singapore.

Therefore, through a series of small steps – China, Japan, Singapore and Korea – we are establishing an initial presence in Asia and our intention is obviously to develop further.

3-2 How profitable is the Healthcare business line compared with the Large Industries and Industrial Merchant business lines?

Benoît Potier: When we launched our Healthcare business line, profitability was fairly poor. In 20 years, we have successfully raised it

above the Group average. In terms of capital employed, this activity falls midway between the capital intensive and purely service activities.

In summary, Air Liquide's Healthcare business line is developing well. It is a profitable activity, with considerable growth potential for the Group.



Question No. 4

HYDROGEN VEHICLES

4-1 Faced with the soar in electric cars, how do you view the development of hydrogen mobility? Should you continue to try and develop this sector or alternatively look for partnerships and synergies with the electric car?

Benoît Potier: Awareness of hydrogen mobility as a credible alternative has progressed considerably. Two or three years ago, Air Liquide was still relatively alone in promoting this option, at least in France. The Group's position as a forerunner was therefore logical, as hydrogen is its business.

Today, Japan has fully adopted the hydrogen-based development strategy. Air Liquide has been present in this country for 110 years and actively participates in discussions at government level and in Japanese fuel cell programs. We are one of only two non-Japanese companies selected to join these technology development programs. This is a major point. It means we are firmly in the running.

Korea is also very interested in hydrogen mobility, not only the country but also through its car manufacturer Hyundai, which provides us with vehicles. During the COP21, we received authorization to install a hydrogen charging station in the heart of Paris, a powerful symbol. On this occasion, we acquired a small investment in a start-up operating five hydrogen-powered electric taxis.

In the longer term, hydrogen cars and the use of hydrogen as an energy source is far from incompatible with electricity. The car is electric. The battery is merely replaced with a hydrogen tank and a fuel cell. We are now at a stage where cooperation between electric cars, battery technology and hydrogen technology is possible.

With hydrogen, you currently have an autonomy of 500 km, you can fill your tank at a service station in four minutes and a full tank costs roughly the same as for a normal car. This model is tried and tested and it works.

Our intention and our strategy is obviously to continue development. I spoke earlier of Japan. We have also partnered with German industrial companies for the construction of 400 charging stations in Germany. We are building stations in Denmark, the United Kingdom, Belgium and France too, and especially the United States where we have an agreement with Toyota for the constructions of 12 fueling stations in the north-east region of the country.

4-2 What do you think of the Hydrogen Range Extender which can increase the autonomy of hydrogen vehicles?

Benoît Potier: The Range Extender system offers battery-powered electric vehicles additional autonomy, thanks to a small hydrogen tank and a fuel cell. It's effectively a solution, maybe temporary, maybe more long-term. No one knows at the moment, but we are working, particularly in France, with all players in the Range Extender sector. Air Liquide is in favor of all types of technology cooperation.

Question No. 5

SHARE CAPITAL INCREASE / CHINA / CONNECT PROJECT

5-1 Could you not have campaigned for a tax exemption for Air Liquide shareholders who reinvest their dividends in the share capital increase but do not hold their shares in an equity savings plan (PEA)? The government benefits from the Airgas acquisition, which is a splendid French capital transaction on the international market.

Benoît Potier: Air Liquide remains mobilized to enhance the perceived value of shareholding in France, in particular with the Ministry for the Economy. A conference will be organized in June by ANSA on this topic. You know that I am a firm believer in the virtuous contribution of shareholders to company financing through the funds they contribute to growth transactions. This should be at the heart of how the economy works. It is regrettable that shareholders often have such a poor image in France, when their role is fundamental to the funding of companies.

5-2 What are Air Liquide's prospects in China over the next 10 years?

Benoît Potier: Air Liquide has signed a new long-term contract with China Petroleum and Chemical Sinopec, a major player in the energy and chemicals sectors in China. This is not the first plant we have built for them and we are very pleased to continue our partnership.

China has invested considerably in production capacity. Air Liquide has benefited from this investment, building over 50 plants in this country, representing revenue of more than 1.5 billion euros. China now has slightly excess capacity and is in an absorption phase. Projects currently undertaken are different and smaller in number. China is rebalancing its economy, focusing less on production and more on added value and services.

In this respect, the opening of a research center in China is very timely, as it allows us to offer our Chinese customers technology development potential. This is exactly what China needs. The Group is therefore well positioned for the coming years.

Air Liquide will also benefit from a geographic development focus extending from east to west. Our aim is to progressively supply the internal provinces, which still offer extremely high potential.

5-3 What are the advantages of the "Connect" program? How many sites could be connected?

Benoît Potier: "Connect" is an extremely interesting program, grouping together in a single location the control and steering of all Large Industries industrial operations in France. It's not new, as we have already experimented the approach elsewhere in the world. We already operate in this way in the Gulf of Texas and have launched a center in China covering a number of plants. Singapore is also managed centrally.

Its originality lies in the development and implementation with start-ups – we have identified around thirty – of digital technologies which propel the Large Industries business and operations into the 21st century.

We now use techniques enabling us to scan all our plants and immediately incorporate these scans into our plans. We can navigate virtually, like drones, within the structures to visualize the systems. We also use augmented reality technologies: using an iPad, we can see inside our plants, significantly facilitating plant maintenance.

These few illustrations demonstrate the extent to which digital technology is becoming part of our businesses. With "Connect", we will show that the Large Industries activity can benefit from digital technology, as well as Big Data, as all data will be processed and centralized. This will considerably facilitate Air Liquide's operations. In addition, "Connect" received the "Technology Window" (*"Vitrine technologique"*) label awarded by the "Alliance Industrie du Futur".



Question No. 6

STOCK MARKET PERFORMANCE / AIRGAS / SOCIAL

6-1 Are you optimistic as to future trends in the share price, buffeted in recent months since the announcement of the Airgas acquisition? Is there a communication problem with the investor community?

Benoît Potier: We have all observed the same trends: on the eve of the Airgas announcement, the Air Liquide share price was 123.65 euros, close to its all-time high (123.85 euros); the share price dropped 7.5% following the announcement and a further 5% a few weeks later. What conclusions can we draw?

The first factor is that on the announcement of a share capital increase, even to finance a major future strategic transaction, the financial markets anticipate a discount.

Between the announcement and performance of a share capital increase, there is insufficient momentum in the share price for the usual forces of supply and demand to play their role. It's a known fact, a market reaction which has nothing to do with Air Liquide. Furthermore, certain institutional investors – or rather hedge funds – capitalize on this situation to trade more actively in the share.

The second factor that contributed to the fall in the share price is that 13 days after the Airgas announcement, our competitor, Linde, issued a profit warning. Obviously, this announcement not only impacted the share price of our competitor, but also the whole sector. The Linde share slumped 15% that day and Air Liquide felt 5%.

Since then, our share price has merely tracked the CAC40 market index.

That's my rather rational, factual analysis of share price trends to date. It's not a question of communication.

6-2 What assumptions underlie the announced Airgas growth? Can you clarify the acquisition timetable and terms and conditions? What would happen if the US authorities refuse the Airgas transaction?

Benoît Potier: Airgas' results fell slightly in the fourth quarter of 2015, as did those of all US players. 2016 first quarter results are better. Airgas is holding up well in a North American economy affected by the slump in energy prices and a reduction in projects.

The acquisition timetable is restricted by the framework governing market transactions. The bid must first be closed and the necessary authorizations for closure obtained. We must then present the financial markets with our outlook for the coming years for Air Liquide together with Airgas. The communication to the market of the outlook for the period 2016-2020 is already planned. Once these stages have been completed, we can launch the share capital increase. It is difficult to plan this transaction in the high summer period as a certain number of our shareholders will not be home. We will manage the timetable as well as possible.

During negotiations with Airgas' Board of Directors, we agreed on a maximum compensation amount payable by Air Liquide to Airgas shareholders and Airgas should we refuse the conditions imposed by the US anti-trust authorities or if we do not obtain authorizations from the relevant authorities. This possibility has been foreseen and the sanction limited.

6-3 Why are social performance criteria (absence of redundancy plans, social unrest) not included in the Responsibility approach? Could you provide more details on the 8% increase in Group salaries? How will the "Loi Travail" impact employee management? What proportion of new hires have permanent or fixed-term contracts?

Benoît Potier: Social performance criteria are included fully in Air Liquide's indicator Social and Environmental Responsibility strategy. The absence of redundancy plans or social unrest is not a performance index that we choose to highlight, but rather a reality in Air Liquide. We manage the Company in a good social environment.

The 8% increase in Group salaries takes account of an exchange rate impact of nearly 5.5 to 6%. If the US dollar increases 10%, the weight of US employee salaries expressed in euros inevitably rises. It's a simple translation effect. Excluding the exchange rate impact, the Group payroll increased +2.5%.

I have little to say on the Labor Law which is currently under discussion in the French National Assembly. There were great hopes for French Labor Code reforms, but these are finally rather disappointing. Some items are however positive, but I think we must wait until negotiations are completed. I would simply say that as a leading French company, Air Liquide is a member of AFEP and MEDEF and we are a stakeholder in corporate discussions in France. We regularly give our opinion on legislative matters.

With regard to permanent and fixed-term contracts, for every new hire with a fixed-term contract we recruit on average three employees with permanent contracts. Air Liquide's Human Resources philosophy is to prioritize permanent contracts as far as possible and especially for young recruits. We are particularly mindful of today's youth. For example, we provide around one thousand internships in France each year. Last year we increased this number by 25%, representing an additional 250 internships. We are committed to offering young workers the first reference on their CV.



Question No. 7

SHARE CAPITAL INCREASE / EMPLOYEE SHARE OWNERSHIP / TAXATION

7-1 With a view to the share capital increase, do you envisage issuing shares with share subscription warrants attached?

Benoît Potier: We have done so in the past when such issues were common, in 1980. 35 years later, the circumstances are a bit different. We did not opt for this approach for the Airgas transaction, as we will perform a straightforward share capital increase, with preferential subscription rights.

We are equally committed to maintaining a reasonable weighted average cost of capital. 70% of the Airgas transaction will be financed by bond issues, as they are inexpensive and it's the right time to secure debt.

7-2 What have you planned for direct registered shareholders who have not replied at the subscription closing date?

Benoît Potier: International regulations strictly govern share capital increases and do not allow us to offer the same conditions across 80 countries. So we have to focus our efforts on France. It so happens that a large majority of our individual shareholders are French. Overall, the transaction will be performed in the usual way. We will launch an information campaign on the transaction which will be as clear as possible.

7-3 What is the percentage of Air Liquide employee shareholders?

Benoît Potier: 1.5% of Air Liquide employees are currently shareholders as defined by regulations, that is under equity savings plans. 2.3% of shareholders are current or former employees. We have launched an incentive policy as we would like to increase this percentage. When we perform share capital increases reserved for employees, the subscription rate is quite high.

7-4 On page 43 of the Shareholders' Guide you refer to the calculation of fractional rights and you state that the French tax authorities do not allow the offset of these fractional rights against any capital losses. Once again this is a measure that penalizes shareholders.

Benoît Potier: We are obviously highly sensitive to shareholder tax issues. Whenever we can, we present the shareholders' point of view to the government and the various regulating bodies.

Question No. 8

SHAREHOLDERS' MEETING / FREE SHARES

8-1 The Notice of Meeting we receive refers to information contained in the reference document. We do not however receive this document, which is very heavy and dense. How can we consult the reference document before the Shareholders' Meeting?

Benoît Potier: The reference document is voluminous. We therefore only send it to shareholders on request. It is also available on our website, where you can download it on your tablet or iPad for easy reading.

Prior to the Shareholders' Meeting, we try to provide as much information and instructive explanations as possible on the resolutions in the Notice of Meeting. Our shareholders appreciate this approach, even if certain resolutions, I admit, are slightly technical.

8-2 Why only present a film on the new director and not on all directors?

Benoît Potier: It is an Air Liquide tradition that all new directors introduce themselves in a film or directly to the Shareholders' Meeting. We like to see all directors appointed to the Board physically present at Shareholders' Meetings and we are very pleased to welcome Brian Gilvary. The other directors are just as important, but we consider that those directors whose term of office is presented for renewal are already known to our shareholders.

8-3 In your opinion, why do other CAC40 companies not follow the example of Air Liquide and introduce free share attributions to build shareholder loyalty?

Benoît Potier: We believe that reasonable, regular and well-targeted free share attributions are an excellent way to remunerate shareholders and build loyalty.

Question No. 9

GOVERNANCE / RARE GASES / SHALE GAS / HEAD OFFICE

9-1 The maximum age of the Chairman is increased to 70 years old, potentially 72 years old. Is that not too old?

Benoît Potier: It is no one's intention, least of all mine, to state that the Chairman should continue in office until he is 70 years old, or potentially 72 years old. We have merely observed that, currently, given the age pyramid and the overall situation in Air Liquide, it would be good to have the necessary flexibility to properly organize the transition in the coming years between today's and tomorrow's management.

9-2 Why are the terms of office of the statutory auditors not renewed every two or three years?

Benoît Potier: The term of office is governed by market regulations. Six years is effectively a long period, but it is important that our statutory auditors fully understand the Group's businesses and challenges.

9-3 Mr Chairman, have you considered your succession?

Benoît Potier: Yes, it is necessary to identify the next generation of managers and executives. We are committed to doing so. The Board and the Remuneration Committee is working on this task and I personally present my vision of the future teams. We discuss this topic in length once or twice a year.

9-4 Two new Board members speak English. In what language are Board discussions held?

Benoît Potier: Discussions are held in French and English with simultaneous translation. Directors are free to speak in the language of their choosing. Discussions are fluid and the language difference has never posed any problem. Air Liquide is a highly international company and is quite comfortable with the multilingual operation of its Board.

9-5 Could you give us an update on rare gases?

Benoît Potier: That would take considerable time. Let me just say that rare gases are special molecules that are more difficult to extract from air or that are found underground, such as helium. Markets in these gases are very interesting, for example helium in the medical and electronics sectors and krypton and xenon, which have industrial and healthcare applications. The markets for these gases have relatively high growth rates.

9-6 How are Air Liquide gases used in the extraction of shale gas and oil?

Benoît Potier: We use carbon dioxide and nitrogen to extract share gas and oil. This helps considerably reduce water consumption in the extraction process. By reducing water consumption, we reduce the environmental impact and the risk of polluting the sub-soil inherent to the technics and solvents used to extract shale gas.

9-7 Can you confirm the rumor regarding the transfer of the Air Liquide head office to the Suffren Hilton?

Benoît Potier: It's rather amusing, but no the rumor is not true: we have no intention to transfer the Group's head office to the Hilton hotel.

Question No. 10

AIRGAS

10-1 Can you go over the reasons that motivated the acquisition of Airgas?

Benoît Potier: Airgas specializes in the Industrial Merchant business in the United States, but is not present in Air Liquide's other businesses. However, it operates downstream and as such is in direct contact with the final customer. Airgas is the missing link that will bring us closer

to a million US customers. That's where digital technology is the most powerful. It is the core reason for the acquisition.

In addition, Airgas performs little innovation and research. By rolling-out our innovative techniques across the Airgas distribution network, we should generate numerous potential savings through synergies in the future.



Question No. 11

MALE/FEMALE PARITY

11-1 Do you have male/female parity objectives within the Company at all management levels, beyond the Board of Directors, Executive Management and the Executive Committee? Are executive managers made aware of the importance of these objectives?

Benoît Potier: Male/female parity is part of Air Liquide's diversity strategy and reflects its values. We do not have quantified objectives or quotas and we don't want any. We nonetheless aim to progressively increase the proportion of women in our Company. We have made considerable progress in the last 10 years, increasing the percentage of women in management and leadership positions from 17 to 29%. As I see it, we have three levels: the Board of Directors, Executive Management and leadership positions. In order to feed through to Executive Committee members, we need to increase the number of women in leadership positions. Numerous female profiles should be able to fill management positions in subsidiaries, entities and businesses. We actively encourage this. Whenever we are looking to fill a management position, the Human Resources Department and the relevant managers are required to identify a female candidate. This is just one concrete example of what Air Liquide is doing.

L'AIR LIQUIDE - "SOCIÉTÉ ANONYME POUR L'ÉTUDE ET L'EXPLOITATION DES PROCÉDÉS GEORGES CLAUDE AU CAPITAL" DE 1,898,719,603 euros

HEAD OFFICE : 75, QUAI D'ORSAY, 75321 PARIS CEDEX 07 - RCS PARIS 552096 281

Photos credits: Air Liquide – Emile Luider – A. Meyssonier/CAPA Pictures – Mourad Mokrani/Creative Spirit – P. Wack/CAPA Pictures.

Cover :
TERRE DE SIENNE
Design and production:
RR DONNELLEY



INTERNET

See our annual publications:
Annual Report, Reference Document,
Shareholder's Guide, Interactions and more.

www.airliquide.com



YOUTUBE

Air Liquide Corp Channel



TWITTER

@AirLiquideGroup



LINKEDIN

[linkedin.com/company/airliquide](https://www.linkedin.com/company/airliquide)

**DOWNLOAD THE FREE AIR LIQUIDE SHAREHOLDER APP FROM THE APP STORE AND GOOGLE PLAY
(IN FRENCH ONLY)**

GET INFORMED

by downloading
the Shareholder App available
on App Store
and Google Play

CONTACT US

directly on our site:
<http://contact.shareholders.airliquide.com>

or from the Shareholders section
of our website
www.airliquide.com

CONTACT US

Shareholder Services
75, quai d'Orsay
75321 Paris Cedex 07 France

0 800 166 179 Service & appel
gratuits

or + 33 (0)1 57 05 02 26
From outside France

