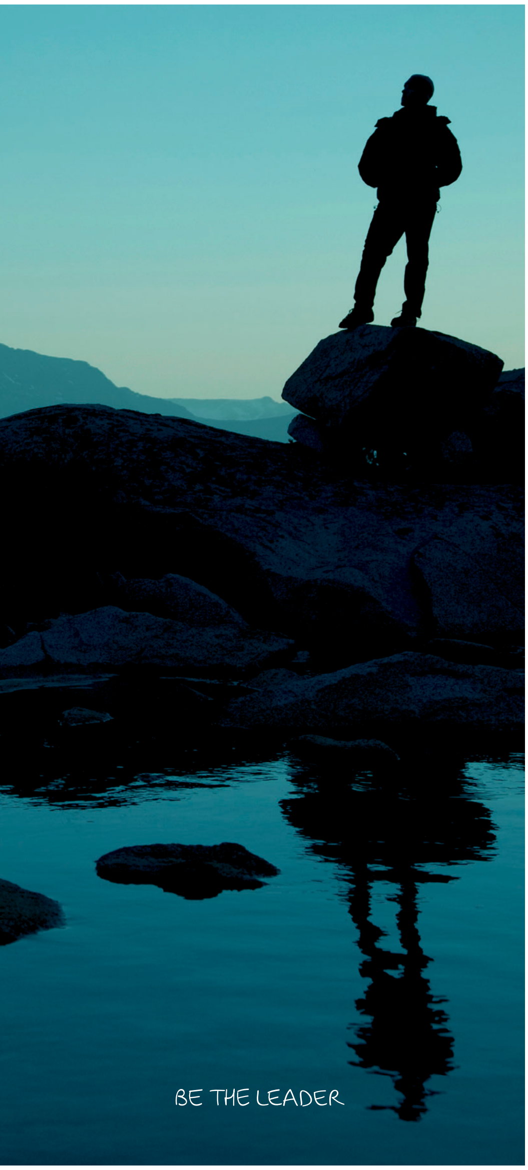
2010 REFERENCE DOCUMENT

INCLUDING THE SUSTAINABLE DEVELOPMENT REPORT



AIR LIQUIDE™

2010 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 **80 countries** with **43,600 employees.** Oxygen, nitrogen, hydrogen and rare gases have been at the core of Air Liquide's activities since its creation in 1902. Using these molecules, Air Liquide continuously reinvents its business, anticipating the needs of current and future markets. The Group innovates to enable progress, to achieve dynamic growth and a consistent performance.

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

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

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

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

RENDEZ-VOUS SUR NOTRE SITE
www.airliquide.com

AUTORITÉ DES MARCHÉS FINANCIERS
AMF

The Reference document was filed with the French financial markets Authority (AMF), on March 24, 2011, in accordance with Article 212-13 of its General regulations. It may be used in support of any financial transaction if it is supplemented by a prospectus approved by the AMF. This document contains all information required for financial Annual report. It was prepared by the issue and its signatories assume responsibility for it.

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

Management Report

Key figures

MAIN PERFORMANCE INDICATORS

In millions of euros	2006	2007	2008	2009	2010	2010/2009 published % change
Revenue	10,949	11,801	13,103	11,976	13,488	+12.6%
Operating income recurring	1,659	1,794	1,949	1,949	2,252	+15.6%
Net profit (Group share)	1,002	1,123	1,220	1,230	1,404	+14.1%
Cash flow from operating activities (before changes in working capital requirements)	1,889	2,054	2,207	2,275	2,661	+17.0%
Total capital expenditure [b]	1,200	2,667	2,151	1,520	1,690	
Of which industrial capital expenditure [c]	*1,128*	*1,359*	*1,908*	*1,411*	*1,450*	
Total capital expenditure [b]/revenue ratio	11.0%	22.6%	16.4%	12.7%	12.5%	
Financial capital expenditure (acquisitions) [d]	72	1,308	242	109	332	
Return on equity (ROE)	16.4%	17.7% [a]	18.6% [a]	17.2%	17.0%	
Return on capital employed after tax (ROCE)	11.9%	12.3% [a]	12.2% [a]	11.6%	12.1%	
Gearing	53%	72% [a]	80% [a]	63%	55%	

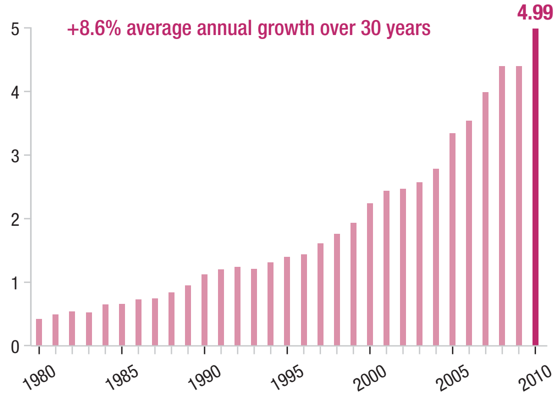
(a) After change of recognition method for Employee Benefits.
(b) Purchases of property, plant and equipment, intangible assets and long-term investments. Industrial and financial capital expenditures are included.
(c) Equivalent to "Purchases of intangible assets and property, plant and equipment".
(d) Including transaction with minority shareholders.

COMMENT:

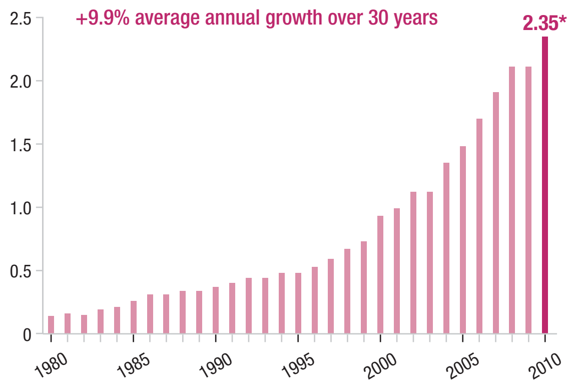
Numerous financial terms as well as their calculation method are explained in the Glossary provided at the end of this Reference Document.

HISTORIC PERFORMANCE

ADJUSTED NET EARNINGS PER SHARE EVOLUTION
(in euros)

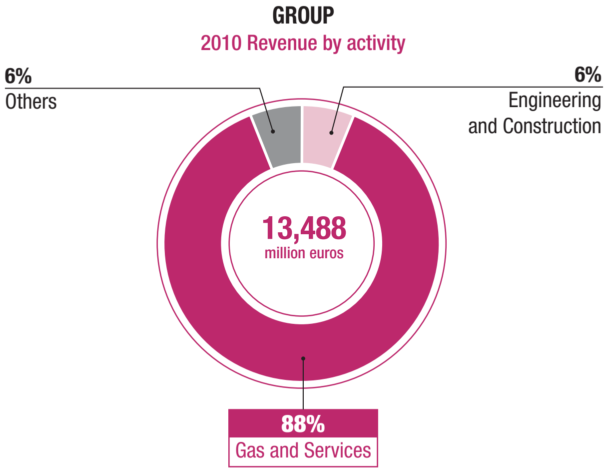


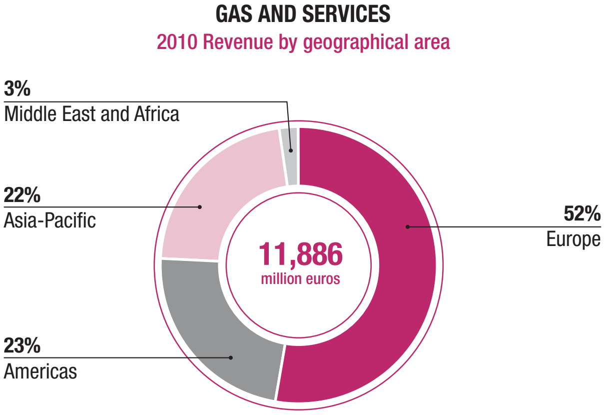
ADJUSTED DIVIDEND PER SHARE EVOLUTION
(in euros)

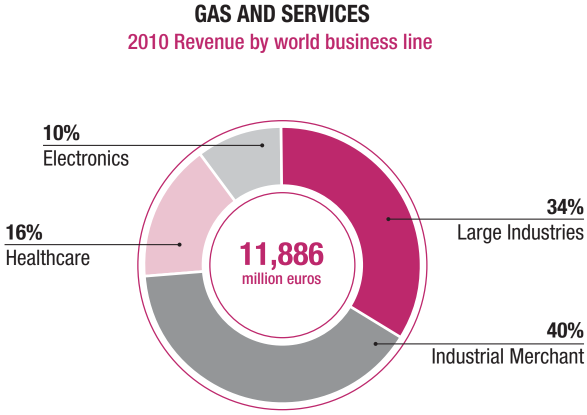


** To be proposed at the Annual General Meeting on May 4, 2011.*

REVENUE BY ACTIVITY

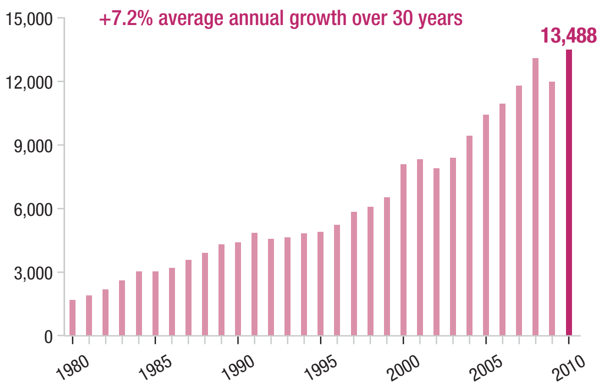






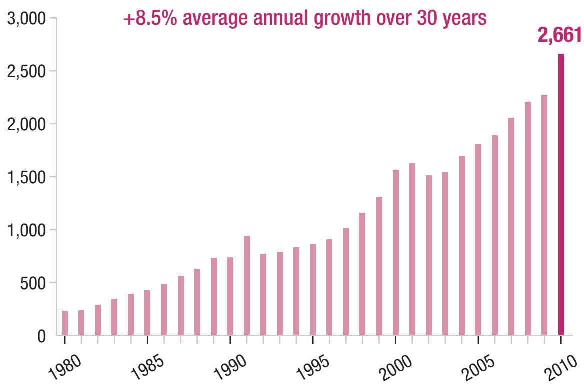
REVENUE EVOLUTION

(in millions of euros)



CASH FLOW FROM OPERATING ACTIVITIES BEFORE CHANGE IN WORKING CAPITAL REQUIREMENT

(in millions of euros)



STOCK MARKET INDICATORS

In euros		2006	2007	2008	2009	2010
Net profit per share [a]		3.54	3.99	4.40	4.40	4.99
Net dividend per share [a]		1.70	1.91	2.11	2.11	2.35 [b]
Market capitalization at December 31 *(in millions of euros)*		21,794	24,312	17,077	21,941	26,808
Adjusted share price [a]:	+ High	77.70	87.18	89.53	79.01	99.15
	+ Low	59.69	70.28	52.21	51.51	70.60
	At 12/31	76.55	86.62	61.27	77.72	94.64

(a) Adjusted for the two-for-one share split on June 13, 2007 and free share issues (2006, 2008 and 2010).
(b) To be proposed at the Annual General Meeting on May 4, 2011.

AIR LIQUIDE STOCK MARKET PERFORMANCE

TOTAL SHAREHOLDER RETURN OF AN INVESTMENT IN AIR LIQUIDE SHARES

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

AVERAGE ANNUAL GROWTH OF THE PORTFOLIO AS DECEMBER 31, 2010

FOR A CAPITAL INVESTED…	TSR – Registered shares	TSR – Bearer Shares
… over 5 years (on December 31, 2005)	+ 11.8%	+ 11.4%
… over 10 years (on December 31, 2000)	+ 10.2%	+ 9.7%
… over 20 years (on December 31, 1990)	+ 12.1%	+ 11.6%

History of the Group

1902

Origin

Air Liquide began as an idea to produce oxygen industrially by using liquid air, and came into existence after an encounter between two men: Georges Claude, the visionary, and Paul Delorme, the pragmatic businessman.

1906

International development

Gas by its very nature is difficult to transport and thus requires production to be local. This was one of the reasons Air Liquide set its sights internationally early on, building numerous production units abroad. Development progressed rapidly across Europe (1906), Japan (1907), Canada (1911) and the United States (1916). Two major acquisitions served to significantly reinforce the Group's regular expansion: the takeover of Big Three in the United States in 1986 and, in 2004, of certain activities of Messer Griesheim in Germany, the United Kingdom and the United States. The Group thus affirmed its position as global leader, while strengthening its presence in the world's major economies. Air Liquide is now present in 80 countries, the international dimension being a fundamental characteristic of the Group.

1913

Shareholders

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

As proof of this trusted relationship, at the end of 2010 individual shareholders held 36% of the Group's share capital, representing a real exception in today's stock markets.

1930

Development of welding

From the introduction of the oxyacetylene torch to modern integrated gas welding solutions, Air Liquide was instrumental in developing the technology that drove the emerging dockyard and railway industries forward before extending its presence into all areas of industry.

1946

New adventures, diving

New adventures shared with Captain Jacques 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

Cryogenic tanks provided the opportunity to store gas in liquid form allowing vast quantities to be transported by road or rail within a radius of around 250 km from the production site. In 1954, the first liquid oxygen plant was commissioned in the North of France.

1960

Pipeline network strategy

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

1962

Space industry

Convinced of the industrial potential of cryogenics, Jean Delorme, Chairman and Chief Executive Officer, decided to create a research center near Grenoble dedicated to these technologies. The first applications were rapidly integrated in the space industry. For nearly 50 years, Air Liquide has been the strategic partner of the Ariane space venture. The Group's contribution has been as much in the production of the fluids essential for launch (oxygen, hydrogen, helium and nitrogen) and associated services, as in the design and production of the cryogenic tanks and equipment.

1970

A tradition of inventions

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

1976

A technological breakthrough

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

1985

A new market, Electronics

The Group began to supply ultra high purity gases to the semiconductor industry in Japan. Carrier gases, mainly nitrogen, are used to inert manufacturing rooms, and specialty gases are used directly in the manufacturing of semiconductors. In 1987, Air Liquide inaugurated the Tsukuba (Japan) research center fully dedicated to Electronics.

1992

New customer-oriented organization

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

1995

Extended offering: hydrogen and steam

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

Air for life

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

2008

Launch of the ALMA program to accelerate growth

Following the strategic consolidation in 2007 - with the buyback of minority interests in joint ventures in Japan and South East Asia, the acquisition of the engineering firm Lurgi that provided new proprietary technologies and the creation of four World Business Lines - the Group launched its ALMA project. Driven by the ambition to be the recognized industry leader, the Group announced mid-term objectives of average annual revenue growth of between 8% and 10%, operating efficiencies of 600 million euros over three years and a return on capital employed of between 11% and 12%.

2009

Resilience of the business model

Within the context of an unprecedented economic crisis, Air Liquide adapted its ALMA program focusing on three priorities: **Cash, Costs and Capex**, and confirmed the **resilience of its business model**. As a result, for the year, operating efficiencies totaled 335 million euros, capital expenditure was limited to 1.4 billion euros and net income remained stable.

2010

Restored growth and a new strategic ALMA 2015 plan

2010 was a year of transition marked by gradual emergence from the crisis and a new economic context involving the significant growth of developing economies. In an environment which remained fragile, Air Liquide took the necessary time to analyze the components of worldwide growth. The Group announced:

- a new objective: to be the leader of its industry through performance and responsibility in the long term;
- the new ALMA 2015 project based on a strategy of both performance and transformation; and
- 2015 objectives of annual **revenue growth** of between **+8% and +10%**, continued **operating efficiencies** exceeding **200 million euros every year** and a gradual increase in **return on capital employed** to reach the **12% - 13%** range. **For the first time, the Group has decided to undertake responsibility objectives.**

Activities

The Group classifies its activities as follows: Gas and Services, Engineering and Construction and Other Activities. Additional information is available in the “2010 Performance” section of this Reference Document.

GAS AND SERVICES

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

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

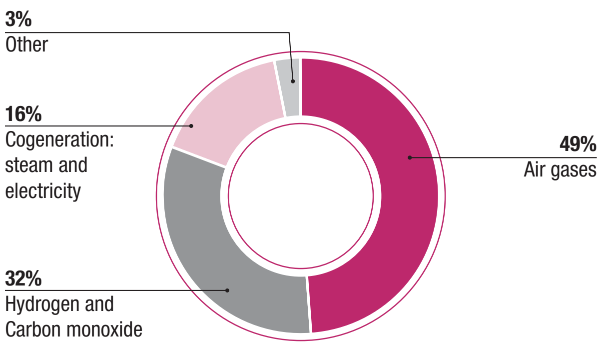
Whether intended for industry or healthcare, gases are distributed in gaseous form through a pipeline, in liquid form in cryogenic trailers, and in gaseous form in cylinders for small quantities or specialty gases. The Gas and Services activities represent 88% of the Group’s total revenue.

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 world leader in this sector, Air Liquide boasts dedicated in-house engineering teams, differentiating proprietary technologies and rigorous processes for selecting and carrying out major projects which often include pipelines stretching over tens, even hundreds, of kilometers.

This business line provides oxygen, nitrogen, argon, hydrogen, carbon monoxide and steam to the metal, chemical, energy conversion and oil and gas sectors through a network of plants and pipelines, which include 287 large Air Separation Units (ASUs) producing nitrogen, oxygen and argon, 39 hydrogen and carbon monoxide units and 17 co-generation plants producing energy and steam around the world.

2010 LARGE INDUSTRIES REVENUE BREAKDOWN



2010 revenue: 4,019 million euros, or 34% of Gas and Services revenue

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

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

The **refining** industry requires hydrogen to desulphurize fuels and break down heavy hydrocarbons. Hydrogen demand is growing due to the combination of increasingly stringent environmental legislation and the use of heavier and heavier hydrocarbons. Numerous industries in the **energy** or **chemicals** field use large quantities of oxygen to transform coal and natural gas into fuel or liquid products.

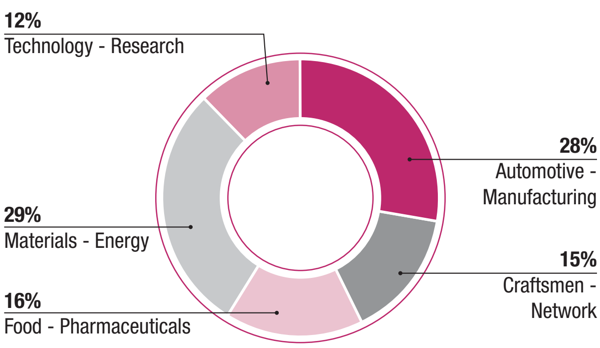
To meet its customers' requirements, Air Liquide must supply large quantities of gas. Gas is supplied directly by pipeline from dedicated plants or through a pipeline network. Air Liquide has built out its own pipeline networks over the last 40 years. With a total length of more than 8,500 km, these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

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

Industrial Merchant

The Industrial Merchant business line is the Group's largest business line in terms of revenue. It provides its customers, in a wide range of industries, with reliable, quality and innovative industry-specific gases and services to improve their products and processes. A network of specialist sector experts and researchers constantly maintain and develop the cutting-edge technological know-how in line with the Group's high standards.

2010 INDUSTRIAL MERCHANT REVENUE BREAKDOWN



2010 revenue: 4,753 million euros, or 40% of Gas and Services revenue

The Industrial Merchant business line serves five primary markets:

- **Materials – Energy**: Oxygen is used to reduce energy consumption in glass and metal manufacturing processes and treat wastewater. Nitrogen is used to create inert atmospheres for the conservation of oxygen-sensitive products. Carbon dioxide is used in water potabilization treatment.
- **Automotive – Manufacturing**: Argon and argon mixtures are used for welding metal components in manufacturing industries, hydrogen and nitrogen for thermal treatment, specialty gases for exhaust emissions analysis and helium for airbags. Oxygen and acetylene are used in metal heating and cutting operations. Air Liquide therefore enables customers to improve their manufacturing processes and preserve their working environment.
- **Food – Pharmaceuticals**: The Group's technologies help improve shelf-life and food and pharmaceutical manufacturing and cooling processes. The three major activities in this market are the supply of carbon dioxide for beverages, gas mixtures for modified atmosphere packaging and nitrogen for process inerting and cold production. Where necessary, Air Liquide can ensure complete traceability of its gases.
- **Technology – Research**: Industrial gases are used in the assembly and encapsulation of electronic components in optoelectronics processes – particularly LED manufacturing and optic fiber and silicon cylinder drawing –, analysis instrument calibration and various targeted applications in the telecoms, space and defense industries. Specific, highly technical gases and equipment have been developed for these various applications.
- Finally, Air Liquide provides **Craftsmen – Distributors** with a wide range of gases for use in plumbing, heating, ventilation, air conditioning, industrial maintenance and auto repair.

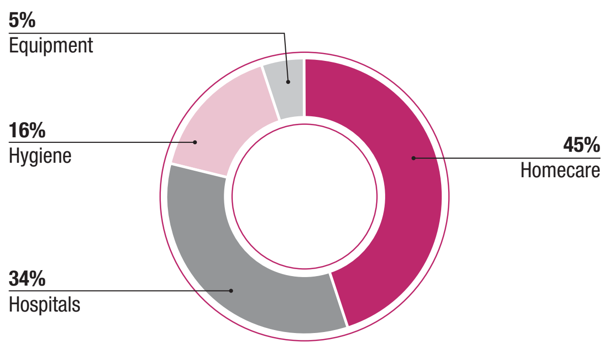
Such gases can be supplied to the customer's site in liquid form using dedicated cryogenic trailers, by means of on-site equipment, and, in gaseous form, in high pressure cylinders. Historically, production remains local, with deliveries rarely exceeding 250 km from the production site. To support this local presence, the Industrial Merchant business line mainly relies on the gas production capacities of the Large Industries business line and develops its own distribution logistics. Furthermore, Air Liquide leases its tanks fitted with telemeters or cylinders to ensure a reliable and optimized gas supply and quality equipment.

Healthcare

The Healthcare business line provides gases, services and hygiene products to more than 6,000 hospitals and 600,000 homecare patients around the world. Air Liquide also manufactures respiratory medical equipment, mainly for use in hospitals.

Air Liquide is one of the world leaders in this business segment that is marked by stringent regulatory requirements, linked to some gases being considered as medicine, as well as the existence of multiple stakeholders (patients, doctors and payers).

2010 HEALTHCARE REVENUE BREAKDOWN



2010 revenue: 1,937 million euros, or 16% of Gas and Services revenue

In Hospitals, Air Liquide provides medical gases, such as oxygen and nitrous oxide, for operating rooms, intensive care, emergency care and, more generally, medical wards. The Group also innovates and develops therapeutic gases used for anesthesia (LENOXe™), resuscitation in cases of severe pulmonary arterial hypertension (VasoKinox™), and pain relief (Kalinox™).

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

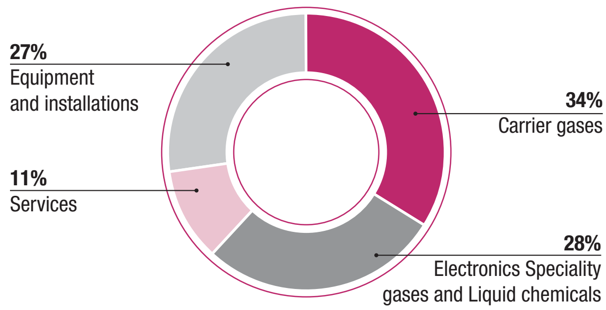
In Homecare, Air Liquide has extended its services beyond oxygen therapy. Air Liquide looks after more than 600,000 chronic patients at home (chronic obstructive lung disease, sleep apnea, diabetes, etc.) by providing them with long-term medico-technical services and follow-up care. By closely monitoring patient prescriptions, Air Liquide is now a key player in patient/doctor relations and contributes to improving the health and quality of life of patients on a daily basis.

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

Electronics

The Electronics business line supplies its customers with ultra-pure carrier gases, specialty gases and advanced precursors as well as molecule distribution equipment and customized on-site services, used in the manufacturing of semi-conductors, flat panels and photovoltaic cells.

2010 ELECTRONICS REVENUE BREAKDOWN



2010 revenue: 1,177 million euros, or 10% of Gas and Services revenue

Air Liquide provides carrier gases (ultra-pure nitrogen) through on-site facilities in order to inert customer manufacturing tools. The need for a regular and constant supply of carrier gas results in long-term commitments and the building of production units nearby or on the customer's premises. Specialty gases and advanced precursors are, on the contrary, part of the manufacturing process of chip, panel and solar cell manufacturing and demand is therefore linked to customer production volumes. The Electronics business line also provides just-in-time, high security on-site fluid management and quality control services as well as equipment and installation for gas and chemicals distribution piping and units to equip new customer facilities.

The Electronics business model is therefore based on long-term carrier gas supply contracts, volume-driven growth for specialty gases and the constant need for technological innovation in the design of new molecules to satisfy customer requirements.

Air Liquide also has a silane production unit, in a joint venture with a Japanese chemicals company. This gas is of major importance for all silicon-based manufacturing processes for products such as semiconductors, photovoltaic solar cells and flat panels. The Group recently increased its silane purchase and production capacity to meet the growing needs of the photovoltaic market. In line with its development in the semi-conductor industry in recent years, Air Liquide has thus become the leading worldwide supplier of industrial gases and services to the photovoltaic industry.

ENGINEERING AND CONSTRUCTION

Certain technical terms are explained in the Glossary at the end of this Reference Document.

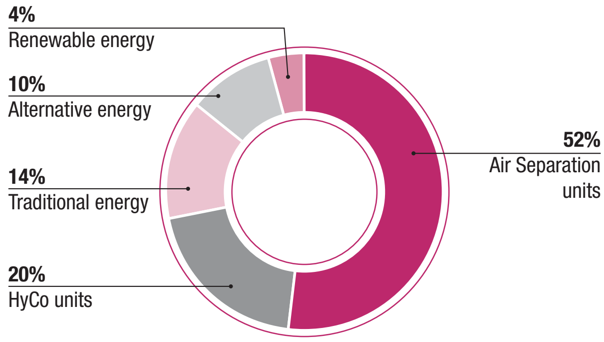
Air Liquide was founded upon innovation: a new industrial process for the production of gas from air. To provide its customers with the gases required for their industrial production, Air Liquide engineers developed proprietary technologies. For over a century, the Group has therefore designed and produced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

Since the acquisition of Lurgi in 2007, the Group has expanded its range of expertise. It now possesses its own proprietary technologies, developed by Lurgi for over 50 years, to produce hydrogen and carbon monoxide through steam-methane reforming. This acquisition also widens the Group's offering with coal gasification and biofuel purification and synthesis technologies. Given the very large quantity of gases required in all these activities, this expanded Engineering and Construction know-how has helped the Group to be more involved, upstream of gas production projects, in the development of its customers' processes, thus boosting its gas and equipment sales growth. Some of these processes, at varying stages of development, offer technical solutions to combat climate change by enabling the capture of a virtually pure CO_2 flow issued by industrial sites.

To cover all the Group's primary markets, the Engineering and Construction business has extensive geographical coverage with 13 major engineering centers, including 8 manufacturing workshops, based in North America, Europe (France, Germany, Poland), Asia (China, India, Japan) and South Africa. It generates annual revenue of between 800 million and 1 billion euros.

The Engineering and Construction business line therefore provides the Group with a genuine competitive edge, enabling it to not only strengthen its capacity to partner with customers but also continue to improve its own industrial processes and reduce the cost of its own assets.

ENGINEERING AND CONSTRUCTION ORDERS IN HAND



2010 total orders in hand *: 4.1 billion euros, including 2.2 billion euros of third-party orders

* *Orders in hand represent the contractual value of all Group and third-party contracts managed by the Engineering and Construction entities, excluding projects under warranty, from the signature date.*

OTHER ACTIVITIES

During its history, Air Liquide has developed other activities in parallel to the sale of gas and equipment.

Welding and Cutting

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

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

Specialty Chemicals and Diving

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

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

GAS AND SERVICES COMPETITION

All the Gas and Services activities of the Group compete with local or international players. On a worldwide scale, the Industrial Gases sector comprises four global companies: Air Liquide, sector leader, the German Linde Group, and two American players, Air Products and Praxair. There are also a number of regional players, such as Taiyo Nippon Sanso (in Japan), Airgas (in the US) and Messer (in Eastern Europe). Several new competitors are emerging in developing countries such as Hangzhou Oxygen Plant Group Co, Ltd and Yindge in China and Cryogenmash in Russia. Numerous medium-sized players are also present in local markets.

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

Industrial Merchant is a local business, as transport costs limit a player's operating area to within approximately 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 and medium-sized local competitors, who might be gas producers and distributors or purely distributors.

In **Electronics**, three companies play a major role: Air Liquide, Air Products and Taiyo Nippon Sanso.

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

Research and Development

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

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

Through large-scale projects, the Group is working on long-term objectives and responsiveness in terms of safety, process reliability and marketing.

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

A SUSTAINABLE ENVIRONMENT

Limiting CO_2 emissions into the atmosphere

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

In line with the Chinese government's commitment towards energy saving and reduction of carbon emission, Air Liquide and Zhejiang University have decided to pool their expertise to develop new solutions for cleaner and more efficient combustion of coal using oxygen. The joint laboratory is based mainly on a new R&D combustion platform equipped with the most advanced pilot furnace dedicated to oxy-combustion in China, co-financed by the two partners and based at Zhejiang University.

This combustion platform will have some unique features in China with a furnace able to test new burners up to 2 MW using fuel-oil and pulverized coal. The Chinese industry will benefit from the academic and practical knowledge developed at the Joint Lab. Increased efficiency and cleaner combustion is expected to result from the common collaboration.

The new platform completes the existing combustion testing installations in the Group's research centers, in France and the the United States.

Developing new energies

The Group is involved in several technologies related to environmentally friendly energies. The expertise developed in hydrogen energy for the last several years gives the Group a leading role in many projects worldwide. Air Liquide launched in 2010 two industrial chairs in the Hydrogen Energy field. The first is a 5-year collaboration with the Natural Sciences and Engineering Research Council of Canada (NSERC) and the Université du Québec at Trois-Rivières (UQTR). Development of technologies to reduce the cost of hydrogen transportation, purification, storage and distribution technologies is the priority of the partnership. The second is a 3-year collaboration with Kyushu University in Fukuoka (Japan) to accelerate the full realization of Hydrogen Energy. The research will be centered on improving characterization process of equipment materials and reducing cost along the Hydrogen Energy chain and is expected to contribute to proposing a new International standard in the materials field.

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

A COMMUNICATING WORLD

Electronics: the revolution continues

The Electronic industry is driven by mobility and convergence of communication means. To achieve this objective, semiconductor components should reduce their energy consumption and integrate more functionalities in a single chip – this is the "More than Moore" approach. This could only be possible by reducing the size of individual components and using advanced materials. To carry out this feature, 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 called 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 electronic customers and equipment-making partners. This proximity provides it with in-depth knowledge of its customers' needs and enables it to anticipate technological trends.

At the 2010 IC Industry Awards, two ALOHA™ precursors were named as winners in the enabling award category. These two novel products – Absolute-Sr™ and Star-Ti™, can be both used for efficient deposition of STO (Strontium Titanium Oxide) films, one of the answers to the challenges raised by continuing shrinkage and performance expectations of memory devices.

A HEALTHIER LIFE

In the world of healthcare, Air Liquide has a research program dedicated to medical gases and their therapeutic hospital and homecare applications in the areas of respiratory illness, anesthesia, pain relief and neurological diseases.

New therapeutic gas applications

LENOXe™ is developing in Europe to extend market approval to cover more indications and outside Europe for getting new Market Authorization.

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

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

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

Drugs administered via the respiratory tract

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

In 2008, the Group also initiated a research program with the Center for Integration of Medicine and Innovative Technology (CIMIT), a non-profit consortium in Boston (USA). The CIMIT brings together clinicians, scientists and engineers. Together, they design innovative technological solutions with direct medical application in order to improve the quality of life of patients – a concern shared by Air Liquide, which has been a forerunner in the respiratory therapy market. Through this partnership, Air Liquide now has access to an extensive network of experts in the United States specializing in inhalation therapy. In 2010, within the CIMIT collaboration, a clinical study started at the Massachusetts General Hospital on patients with acute asthma.

Risk Management

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

SPECIFIC BUSINESS-RELATED RISKS

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

Technological risks

The Group's activities are not dependent on third party patents. The manufacturing processes have been developed by the Group's Research and Development and Engineering teams for over 100 years and are protected by the registration of more than 100 patents related to manufacturing process out of a total of 300 patents registered per year.

Business-related risks

A significant part of the Industrial Gases business is subject to specific customer contracts. For Large Industries and a third of the Electronics business, the respective 15-year and 10-year take-or-pay secured contracts, ensuring a guaranteed minimum revenue, provide strong cash flow predictability. One-to-seven year tank and cylinder leases ensure the continuity of gas supply for the Industrial Merchant business. Business-related risks are therefore limited to the risk of customer bankruptcy. The scale of this risk is itself significantly reduced due to the wide selectivity and diversity of Group customers. Customer risks are described in the Financial Risks - Counterparty and Liquidity Risk section on page 18.

Project-related risks

The Group may be exposed to project risks linked principally to project location, customer quality and competitiveness of the site as well as to design, cost estimation and construction of gas production plants. This risk is permanently managed through very strict internal processes set up for investment decisions by the Resources and Investment Committee and in which the Executive Committee Management is extensively involved. The investment decision-making process is explained in the Strategy, Investment and Outlook section on page 39.

Supply-related risks

Given the geographical breadth of its business, the Group's supply contracts are diversified. The main raw materials are electricity and natural gas. The Group passes on cost variations to its customers via indexed invoicing integrated into medium and long-term contracts. With the local market permitting, the Group's affiliates secure these resources based on medium to long-term supply commitments and competitive bidding scenarios with the objective of achieving the most reliable and competitive energy costs available in any particular market. Commodity risk is described in note 27.2 to the Consolidated financial statements on page 197.

Engineering and Construction activity-related risks

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

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

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

INDUSTRIAL AND ENVIRONMENTAL RISKS

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

The "Preserving life and the environment" section indicates the Group's safety policy, a key priority, with a formal objective of "zero accident, on every site, in every region, in every unit", as well as the safety results for the past 20 years.

The Environment section of this report indicates the number of sites under the European Seveso directive and the number of equivalent sites worldwide, electrical and thermal energy consumption, water consumption, emissions into water and the atmosphere, waste and by-products, the distance covered by delivery trucks and progress made towards quality (ISO 9001) and environmental (ISO 14001) certifications. This section also includes the deployment and audit of the Industrial Management System (IMS) designed to consolidate the management processes concerning safety, reliability, environmental preservation and industrial risk control for all the Group's industrial activities worldwide.

FINANCIAL RISKS

In 2010, the Finance and Operations Control Department redefined its governance with regard to financial decision-making at two levels:

- A Strategic Finance Committee, involving members of the Executive Management and the Finance and Operations Control Department, whose purpose 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 subject to regular review. The Committee meets at least three times a year and upon request if necessary. It includes the Group Finance and Operations Control Director, the Corporate Finance and M&A Director and the Group Treasury and Financing Director, under the authority of the Chairman and Chief Executive Officer.
- An Operating Finance Committee, internal to the Finance and Operations Control Department, whose purpose is to decide on the Group's day-to-day financial management, submit significant operations to the Strategic Finance Committee, and ensure their implementation once approved. The Committee meets every four to six weeks. It includes the Group Finance and Operations Control Director, the Corporate Finance and M&A Director and the Group Treasury and Financing Director, who are assisted by a Committee secretary.

The Finance and Operations Control Department manages the main financial risks centrally, based on the decisions of the Strategic Finance Committee to which it reports on a regular basis. The Finance and Operations Control Department also analyzes country and customer risks and provides input on these risks at Investment Committee meetings.

Foreign exchange risk

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

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

Finally, regarding foreign exchange translation risk (translation of local currency financial statements into euros), the sensitivity to the two main foreign currencies – the US dollar (USD) and the yen (JPY) – is indicated in note 27.2 to the Consolidated financial statements.

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

Interest rate risk

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

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

Air Liquide interest rate risk management on its main currencies – Euro, US dollar and yen – is centralized. These currencies represent 82% 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 Operating Finance Committee determines the fixed rate/floating rate ratio for each currency and approves the hedging instruments used.

Note 27.2 to the Consolidated financial statements describes the sensitivity of the Group's financial expenses to interest rate fluctuations and the interest rate repricing schedule for fixed-rate debt and interest rate hedging instruments.

Counterparty and liquidity risk

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

The Group's subsidiaries serve a very large number of customers (over 1 million worldwide) in a broad range of industries: chemicals, steel, refining, food, pharmaceuticals, metals, automobile, manufacturing, health, research laboratories, photovoltaic, etc. The Group's top customer represents around 2% of revenue, the Group's top 10 customers represent 13% and the top 50 customers represent approximately 27% of revenue. The geographical risk is limited by the Group's long-term presence in 80 countries, spread across all continents. This diversity mitigates customer and market risks.

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

Note 27.2 to the Consolidated financial statements describes the counterparty and liquidity risk for the year ended December 31, 2010. Notes 5, 17.1 and 17.2 to the Consolidated financial statements describe the breakdown of trade and other operating receivables and allowances for doubtful receivables.

LEGAL RISKS

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

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

As indicated in the Report from the Chairman of the Board of Directors on the internal control and risk management procedures implemented by the Company (p. 96 of this Reference Document), the risks relating to contracts and competition law, as well as anticorruption issues, are specifically monitored.

To the Group's knowledge, there have been no governmental, judicial or arbitration proceedings, including any such proceedings which are pending or threatened of which we are aware which may have, or have had in the past twelve months, significant impacts on the financial position or profitability of the Company and/or Group.

Contingent liabilities related to litigations are described in note 30 to the Consolidated financial statements, page 203.

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, 2010 totaled 35.3 million euros.

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

Civil liability

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

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

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

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

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

2010 performance

Due to the return to more sustained growth, a further improvement in operating performance and a recovery in the investment cycle, the Group achieved record levels in 2010 in terms of revenues and profits. This performance was due to the combination of strong growth in developing economies, many start-ups, the gradual yet steady recovery in advanced economies and efficiencies totaling 280 million euros. The new investment momentum was visible in an increase in both investment decisions and payments, based on confirmed growth drivers.

2010 KEY FIGURES

In millions of euros	2009	2010	2010/2009 published change	2010/2009 comparable change [a]
Total revenue	11,976	**13,488**	+12.6%	+7.0%
of which Gas and Services	*10,192*	**11,886**	*+16.6%*	*+10.3%*
Operating income recurring	1,949	**2,252**	+15.6%	
Operating income recurring as % of revenue	16.3%	**16.7%**	+40 bp	+50 bp [b]
Net profit (Group share)	1,230	**1,404**	+14.1%	
Net profit per share *(in euros)*	4.40 [c]	**4.99**	+13.4%	
Adjusted dividend per share *(in euros)*	2.11 [c]	**2.35 [d]**	+11.4%	
Cash flow from operating activities (before changes in working capital)	2,275	**2,661**	+17.0%	
Net capital expenditure [e]	1,440	**1,738**	+20.7%	
Net debt	4,891	**5,039**	+3.0%	-3.7% [f]
Net debt to equity ratio	63%	**55%**		
Return on capital employed – ROCE after tax [g]	11.6%	**12.1%**		

(a) *Excluding natural gas and exchange rate impacts.*
(b) *Excluding the natural gas impact.*
(c) *Adjusted for free share issues in May 2010.*
(d) *Subject to approval at the AGM on May 4, 2011.*
(e) *Including transactions with minority shareholders.*
(f) *Excluding exchange rate impact.*
(g) *Return on capital employed after tax: (net profit after tax before minority interests – financial income (expense) after taxes)/weighted average for the year of (shareholders' equity + minority interests + net indebtedness).*

SUMMARY

Group revenue reached a record 13.5 billion euros. Gas and Services sales totaled 12 billion euros. Excluding exchange rate impacts and rising natural gas prices, Gas and Services sales were up +10.3% compared to 2009 and exceeded the 2008 pre-crisis level by almost +5%.

Group operating income recurring increased by +15.6% to 2,252 million euros, as a result of a further improvement in the operating margin which reached 16.7%, up 50 basis points excluding the natural gas impact.

Net profit (Group share) totaled 1,404 million euros, up +14.1% compared to 2009 and +10.5% excluding the exchange rate impact. Net profit per share amounted to 4.99 euros, up +13.4%.

The dividend per share to be submitted to the vote of the Annual General Meeting of May 4, 2011 is 2.35 euros, representing a 48.7% pay-out ratio.

Cash flow from operating activities (before changes in working capital) amounted to 2,661 million euros, up +17.0%. Net capital expenditure rose by +20.7% to 1,738 million euros, thus returning close to pre-crisis levels. Net debt, which was heavily impacted by the appreciation of the yen and US dollar, increased by +3.0%. Excluding exchange rate impact, net debt declined by -3.7%. Thus the debt to equity ratio fell significantly to 55%. Due to the improved operating performance and the contribution of several different asset optimization projects, Return on capital employed (ROCE) was 12.1%, exceeding the original objective of between 11% and 12%.

2010 HIGHLIGHTS

For Air Liquide, 2010 was marked by a **return to more sustained growth**, a further **improvement in operating results** and a step-up in **capital expenditure**. Against a backdrop of gradual economic recovery, the Group was able to manage the end of the crisis and seize the increasing number of available growth opportunities, thus confirming the strength of its **five growth drivers**.

2010 was also marked by a sharp contrast between gradual recovery of advanced economies and the accelerated growth of developing economies. The year's investment decisions reflect this same contrast, with numerous decisions in developing economies stemming from the increase in customer demand and the development of outsourcing, and a more limited number of decisions in advanced economies, focused on site takeovers and environmental trends.

In developing economies, 29% sales growth was underpinned by numerous start-ups, particularly in China, India, Singapore and Brazil. In addition, investment momentum accelerated in these regions. The Group signed a significant number of Large Industries contracts in developing economies. In particular, in **Saudi Arabia, the Group won the largest contract in its history**, representing an investment of 450 million dollars, for the supply of hydrogen to the future refinery of Saudi Aramco in the Yanbu industrial basin. This project is significant as it is the first ever hydrogen outsourcing contract in this region and confirms the strategic advantage of Engineering and Construction expertise for the development of gas sales.

The Group actively pursued its investment policy in **China**. In Large Industries, in 2010, Air Liquide signed supply contracts with steel producers Bohai Steel in Tangshan, Jianbang in Linfen, Xilin Steel in Yichun, Dongbei Special Steel in Dalian and the chemical producer Tongmei Guangfa Chemical Industry in Datong. In the chemical, equipment sales for oxygen production units were recorded for chemical producers Yulin Energy and Chemical in the Yulin region and Shandong Hualu Hengsheng located in Dezhou. In Electronics, the Group recently signed a long-term contract with Nanjing CEC Panda LCD Technology Corporation for its new flat panel manufacturing plant located in the new Crystal Valley in Nanjing. The Engineering teams sold four large air separation units to chemical producers for the transformation of coal into chemicals. In **India**, Air Liquide signed an oxygen supply contract with steel producer Rashtriya Ispat Nigam Limited. In **Russia**, the Group strengthened its business relations with the steel producer Severstal and entered into a contract with RusVinyl which is outsourcing its gas supply for the first time. During the year, other projects started in Egypt, Qatar and Syria.

In addition to these substantial industrial investments, the Group invested in new liquid facilities and acquired several gas distribution companies in China, India, Poland, Panama and Turkey in order to develop its Industrial Merchant business.

In the advanced economies, the Group concluded several **site takeovers** in basins where it was already present. It acquired the Oxea syngas production plant in **Germany**, the utilities production units of Lion Copolymer in **Louisiana** as well as a hydrogen and carbon monoxide production unit in the Yeosu basin in **South Korea**. In all three cases, these new production units were connected to existing networks, therefore offering customers more reliable and flexible supply.

In the **Energy and Environment fields,** Air Liquide was chosen by the US Department of Energy to take part in a pilot project study, **FutureGen 2.0**, involving the conversion of a major electrical power plant from coal to oxy-combustion, thus facilitating the **capture and storage of CO_2**. In India, Air Liquide signed a research partnership with Tatva Renewable Energy in order to run telephone relays on fuel cells in regions with no access to an electricity network. In Canada, again in the **hydrogen energy** sector, Air Liquide won a contract to supply the hydrogen, filling station and infrastructure to power Walmart's new fleet of fuel cell fork lift trucks at its new "green" distribution centre.

In **Health**, the Group pursued its acquisition strategy focused on the homecare sector. At the start of the year, it acquired **DinnoSanté**, a French company specializing in medico-technical services for the treatment of diabetes, and **Global Med**, a player in the treatment of sleep apnea in Brazil, **Snore Australia** which offers sleep apnea analysis services and **Medions Homecare**, the South Korean leader in home ventilation. In France, the Group obtained the extension to market the analgesic **Kalinox™** for better pain treatment outside of the hospital.

Finally, by signing new contracts in China, Malaysia, Taiwan, Japan and Italy, Air Liquide strengthened its position as leader in the supply of gas and precursors to **photovoltaic solar panel** manufacturers and confirmed its growth strategy based on **High Technologies**. The Group now supplies more than 120 photovoltaic solar cell producers worldwide, representing around 50% of the world's production capacity. In Japan, the Group supplied helium liquifiers to two Japanese universities.

In terms of financing, Air Liquide successfully carried out two **bond exchange offers** in June and October 2010 in order to refinance, under particularly favorable conditions, bonds amounting to 957 million euros with a 2012-2015 maturity that has now been extended to 2018-2020.

In 2010, the Air Liquide Foundation also continued its deployment with 33 additional projects financed during the year.

At the year-end, the Group announced its new ambition, its 2015 objectives and the launch of the **2015 ALMA program**.

2010 INCOME STATEMENT

Revenue

Revenue *In millions of euros*	**2009**	**2010**	**2010/2009 published change**	**2010/2009 comparable change [(a)]**
Gas and Services	10,192	11,886	+16.6%	+10.3%
Engineering and Construction	995	751	-24.5%	-27.0%
Other activities	789	851	+7.8%	+6.6%
TOTAL REVENUE	**11,976**	**13,488**	**+12.6%**	**+7.0%**

(a) Excluding exchange rate and natural gas impacts.

UNLESS OTHERWISE STATED, THE CHANGES IN REVENUE OUTLINED BELOW ARE ALL BASED ON COMPARABLE DATA (EXCLUDING EXCHANGE RATE AND NATURAL GAS IMPACTS).

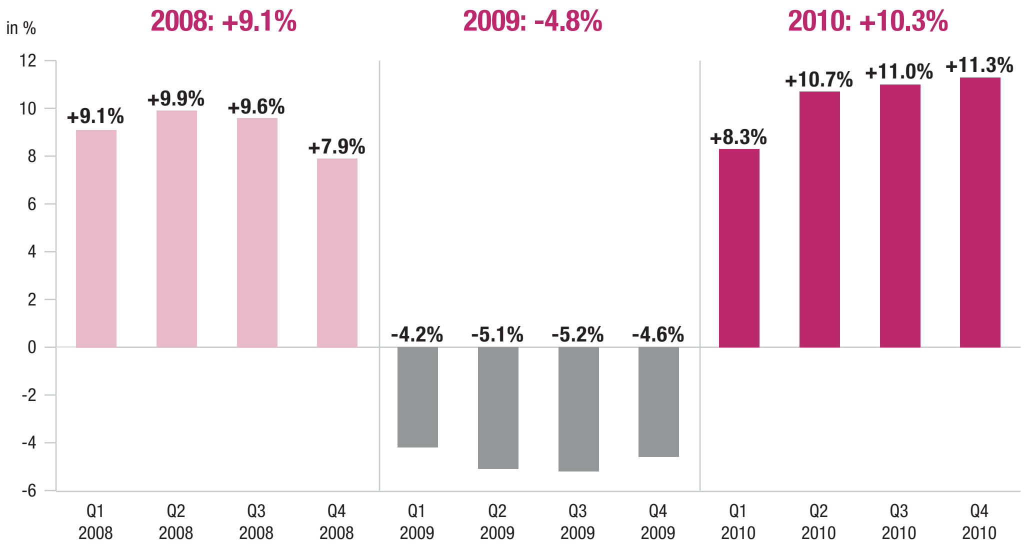
Group revenue totaled **13,488 million euros**, up +12.6% as published relative to 2009.

On a comparable basis, it increased by **+7.0%**, year on year, excluding a positive exchange rate impact of +4.7%, or +566 million euros, and natural gas impact of +0.9%, or +110 million euros.

GAS AND SERVICES

Gas and Services revenue **totaled 11,886 million euros**, up +16.6%. Positive exchange rate and natural gas impacts amounted to +5.2% and +1.1%, respectively. On a comparable basis, the increase amounted to +10.3% compared to 2009, and +5.0% compared to 2008. The turnaround in activity was gradually confirmed during the year, on a quarterly basis, with the second quarter of 2010 already exceeding the 2008 average.

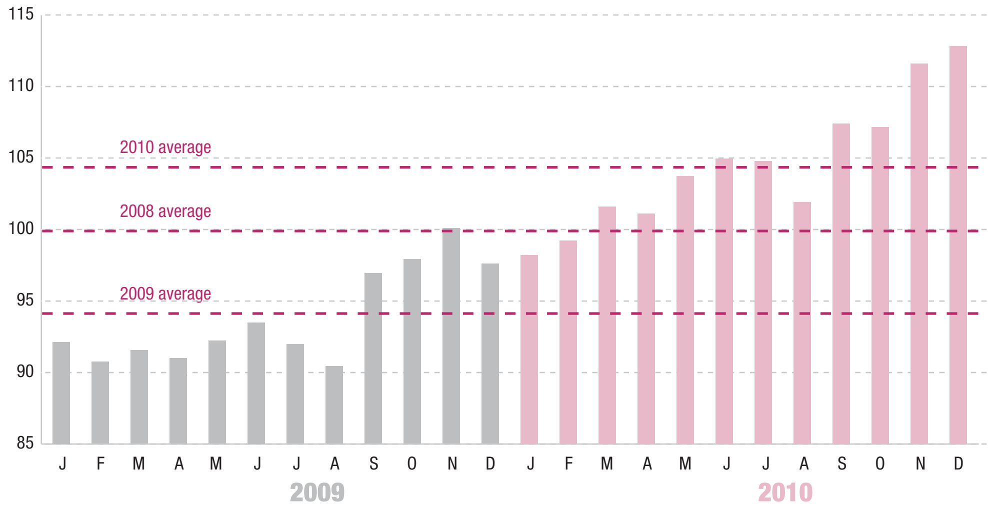
COMPARABLE GAS AND SERVICES SALES GROWTH*



* *Comparable : excluding foreign exchange and natural gas.*

GAS AND SERVICES MONTHLY ACTIVITY INDEX*

2008 average base 100



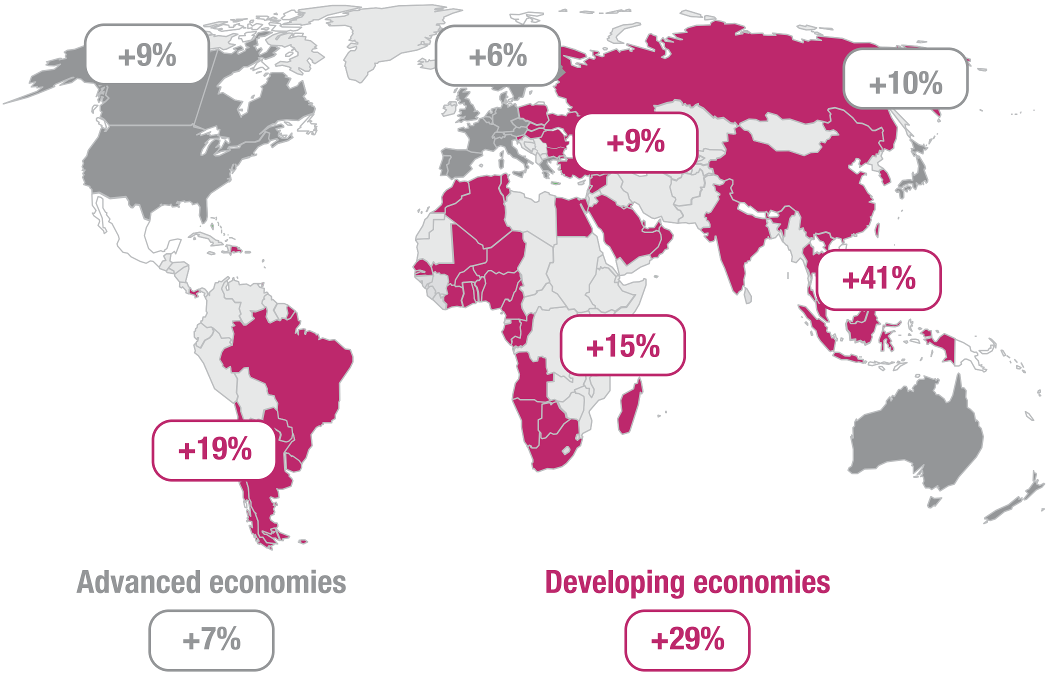
* *Comparable revenue, adjusted for the number of days per month.*

This performance was attributable to:

- +29% increase in sales in developing economies due to solid growth in demand and a significant number of plant start-ups;
- +7% increase in sales in advanced economies where recovery was gradual.

The start-ups, ramp-ups, site takeovers and minor acquisitions contributed +4% to Group sales during the year.

COMPARABLE GAS AND SERVICES SALES GROWTH (2010/2009)



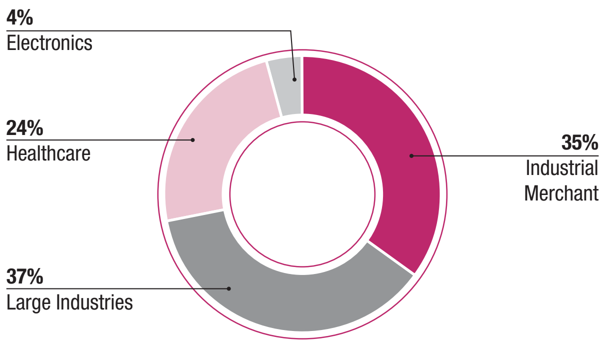
Revenue *(In millions of euros)*	**2009**	**2010**	**2010/2009 published change**	**2010/2009 comparable change** [(a)]
Europe	5,773	6,201	+7.4%	+5.9%
Americas	2,274	2,748	+20.9%	+10.3%
Asia-Pacific	1,909	2,644	+38.5%	+23.4%
Middle-East and Africa	236	293	+24.0%	+14.7%
Gas and Services	**10,192**	**11,886**	**+16.6%**	**+10.3%**
Industrial Merchant	4,277	4,753	+11.1%	+4.7%
Large Industries	3,219	4,019	+24.9%	+17.4%
Healthcare	1,824	1,937	+6.2%	+3.8%
Electronics	872	1,177	+35.0%	+25.3%

(a) Excluding exchange rate and natural gas impacts.

Europe

Europe revenue totaled **6,201 million euros**, up **+5.9%**, with more significant growth in developing economies than in advanced economies. 2010 was marked by strong growth in Large Industries, boosted by start-ups, a site takeover and a substantial turnaround in Electronics. Growth by geography was more contrasted for Industrial Merchant.

EUROPE GAS AND SERVICES REVENUE



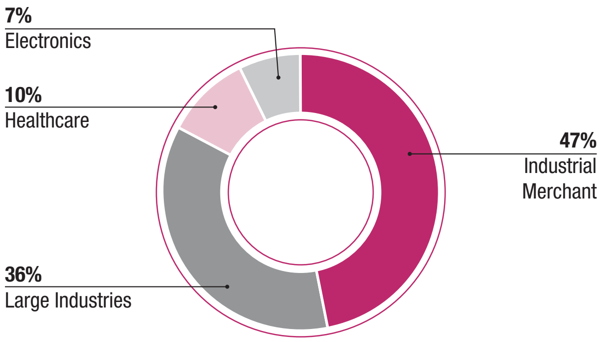
2010 revenue: 6,201 million euros

- **Large Industries** reported **+12.1% growth**, due to high levels of demand throughout the network, which improved quarter-on-quarter. It also benefited from the takeover of Oxea's synthesis gas production plant in Germany, two air gas plant start-ups, one in Italy for a steel producer and another in Poland for a customer in the chemicals industry. The demand for hydrogen for refining was steady throughout the year.
- **Industrial Merchant** sales remained stable on a comparable change basis **(-0.3%)**, due to the predominant weight of advanced economies, where economic recovery was slower. Developing economies continued their double-digit growth. Liquid and cylinder sales trends were contrasted, with a progressive recovery in bulk sales and a cylinders activity stabilized at a low level, in advanced economies. Prices dropped slightly.
- **Healthcare**, covering mainly advanced economies, pursued its development. In 2010, growth totaled **+2.1%** for the full year, due to the widespread price pressures in the public sector public, and particularly an unfavorable comparison basis, relating to the exceptional sales of hygiene products in 2009 to curb the H1N1 flu pandemic. Excluding hygiene activity, Healthcare reported growth of +4.8%. Homecare continued to grow significantly (+8.1%), driven by the steady growth in demand and the initial contribution of DinnoHealthcare, a French player specializing in the treatment of diabetes at home, acquired in February. Medical gas sales increased at a slower rate, due to the absence of a winter epidemic and lower hospital attendance.
- **Electronics** revenue rose sharply by **+42.2%**. This performance was attributable to the sharp turnaround in the sector in 2010. Specialty gas sales, the consumption of which was in line with production levels in «fabs», increased substantially. The recovery of the investment cycle resulted in high sales of Equipment and Installations, particularly in the photovoltaic panel sector.

Americas

Gas and Services revenue in the Americas totaled **2,748 million euros**, up **+10.3%**. This performance was due to a solid turnaround in North America, particularly the United States, and sharp improvement in all activities in Latin America.

AMERICAS GAS AND SERVICES REVENUE



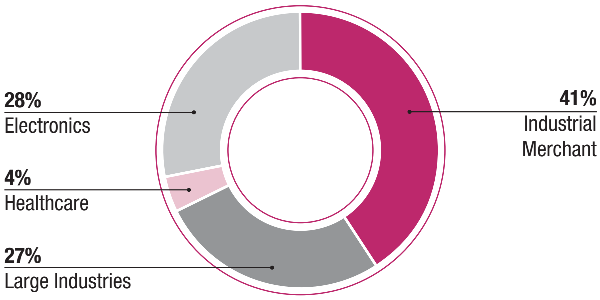
2010 revenue: 2,748 million euros

- **Large Industries** reported a **+14.2%** increase in sales, underpinned by the ramp-up of two hydrogen plants in the United States and Argentina, the start-up of an oxygen plant in Brazil and the takeover of steam units and other utilities in the Geismar basin network in Louisiana. The steady demand in the chemicals and refining sector in the Gulf of Mexico network resulted in an increase in hydrogen volumes by more than +50% in the United States. Due to the turnaround in the steel industry, oxygen volumes also increased, although at a slower rate, and despite a substantial slowdown in demand from the Canadian steel industry at the year-end.
- **Industrial Merchant** increased by **+6.3%** uniformly between North and South due to the solid recovery in demand in North America driven by a significant demand for bulk gases for drilling in Canada, and equipment sales. Demand remained steady in Latin America across all markets, particularly in the Food and Pharmaceuticals sectors. A slight increase was reported in the Cylinders and Rare Gas activity. Region-wide price increases offset the return of transport cost inflation.
- **Healthcare** revenue rose by **+13.9%** due to the steady growth of medical gases for hospitals and a significant rise in homecare in Latin America.
- **Electronics** reported **+13.9%** growth due to a turnaround in carrier and specialty gas sales in addition to significant Equipment and Installation sales following the construction of new fabs.

Asia-Pacific

Asia-Pacific revenue rose by **+23.4%** to reach **2,644 million euros**. Local demand increased substantially in all developing economies. The recovery in demand in the Electronics sector was as sudden as its decline in 2008. Nevertheless, industrial demand in Japan remained dull, despite the significant downturn reported in the previous year. 2010 was an exceptional year for the Group in China with eight start-ups in Large Industries and Electronics, the impact of the ramp-up of the units commissioned in the previous year, the sharp increase in Industrial Merchant facility load rates and the signing of numerous contracts in photovoltaics for Electronics. Finally, the Group also commissioned units in Singapore, India, Australia, Japan and Vietnam.

ASIA-PACIFIC GAS AND SERVICES REVENUE



2010 revenue: 2,644 million euros

- The rise in **Large Industries** revenue totaled **+46.4%.** Half of this increase was attributable to China, with six new start-ups in 2010 and the ramp-up of two plants started up in 2009. New air separation units also started up in India, Japan and Singapore. Air gas volumes doubled over the year. Hydrogen volumes also rose sharply due to the takeover of the synthesis gas distillation cold box in July in South Korea, and the start-up of a major hydrogen unit in Singapore in the fourth quarter.
- **Industrial Merchant** activity increased by **+13.7%** due to high demand and prices across the region, the sharp rise in the load rates of new facilities installed in the past several years, and a partial recovery in Japan. In China, the expansion of the offer continued with a significant increase in bulk and cylinder volumes, equipment sales and rapid take-off of rare gas sales in the Shanghai region.
- The **+23.3%** growth in **Electronics** was attributable to the turnaround in production and the investment cycle in semi-conductors, flat panels and the construction/start-up of new photovoltaic panel facilities, particularly in China. Specialty gas sales therefore rose by over a third and Equipment and Installation sales by more than +50%.

Middle East and Africa

Middle East and Africa revenue totaled **293 million euros**, up **+14.7%**, due to start-ups in Egypt. New bulk and cylinder distribution facilities, acquired in the Middle East, also resulted in commercial synergies in the Group's industrial basins.

ENGINEERING AND CONSTRUCTION

Engineering and Construction revenue totaled **751 million euros**. The **-27.0%** decline in sales results from the 2009 order intake that mainly comprised engineering studies. In 2010, orders increased sharply to reach 1.2 billion euros, thus regaining the pre-crisis level and reflecting the turnaround in the investment cycle and the continuation of major industrial projects in developing economies. A high full-year load rate is already guaranteed for 2011.

Orders in hand amounted to 4.1 billion euros at the end of December 2010.

OTHER ACTIVITIES

Revenue *(in millions of euros)*	2009	2010	2010/2009 published change	2010/2009 comparable change [(a)]
Welding-Cutting	420	429	+2.0%	+1.1%
Specialty Chemicals and Diving	369	422	+14.3%	+13.0%
TOTAL	**789**	**851**	**+7.8%**	**+6.6%**

(a) Comparable: excluding exchange rate impacts.

Other activities revenue totaled 851 million euros, up +7.8% compared to 2009.

Welding-Cutting revenue gradually stabilized over the year and regained growth as from the third quarter, ending the year at +1.1%, despite a sudden plunge in activity in 2009. Equipment sales, relating to the investment cycle, remained low, yet consumables increased slowly quarter-on-quarter, in line with the recovery of industrial activity in Europe.

The **Specialty Chemicals** activity (Seppic) recovered as from the first quarter of 2010, resulting in a +18.4% increase in sales for the year. **Diving** activities (Aqualung) reported sustained +5.3% growth for 2010, due to the development of highly innovative products.

Operating income recurring

Group operating income recurring (OIR) totaled **2,252 million euros** in 2010, up **+15.6%** compared to 2009, demonstrating once again positive leverage on revenue. The operating margin (OIR as a percentage of revenue) surpassed the 2009 record level by +40 basis points, amounting to 16.7%, *i.e.* **+50 basis points** excluding the negative impact of the rise in natural gas prices.

This performance was attributable to the positive impact arising from the growth of volumes, cost control and a further significant improvement in **efficiencies totaling 280 million euros**, which largely exceeded the year's target of 200 million euros.

The combination of these three items helped to offset cost inflation and the virtual stability of prices at the Group level.

In 2010, efficiencies represented savings of 3.1% on the cost base. More than 50% of these savings was attributable to the reduction in energy consumption, the streamlining of logistics and numerous industrial optimization projects. A third is coming from procurement roll-out.

Operating income recurring before depreciation and amortization totaled 3,374 million euros, up **+13.7%.** Depreciation and amortization amounted to 1,122 million euros, up +10.0% reflecting the start-up of new entities.

EXPLANATION OF THE NATURAL GAS IMPACT

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

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

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

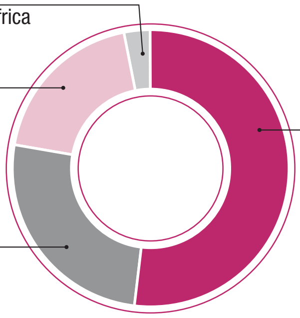
In both cases, the effects do not change the intrinsic profitability of the activity.

GAS AND SERVICES

Gas and Services operating income recurring totaled **2,281 million euros**, up **+14.4%**. The operating margin amounted to **19.2%**, down slightly by -40 basis points, and **-20 basis points** excluding the natural gas impact, relative to a record level in 2009. The stability of this high Gas and Services margin, despite the product mix effect in Large Industries, reflects a solid performance.

Efficiency gains, totaling 250 million euros for Gas and Services, offset the inflation in costs and the slight decline in prices.

GAS AND SERVICES OPERATING INCOME RECURRING BY GEOGRAPHICAL AREA



2010 operating income recurring: 2,281 million euros

GAS AND SERVICES OPERATING MARGIN

Operating margin [(a)]	2009	2010
Europe	19.7%	19.1%
Americas	21.5%	21.5%
Asia-Pacific	15.9%	16.4%
Middle East and Africa	27.5%	25.0%
TOTAL	**19.6%**	**19.2%**

(a) Operating income recurring/revenue.

Europe operating income recurring totaled **1,183 million euros**, up **+4.1%**. The operating margin, excluding the natural gas impact, decreased by **-40 basis points**, thus marking the return to a standard Large Industries margin after a particularly high level in 2009.

Operating income recurring in the **Americas** totaled **590 million euros**, up **+20.7%**, in line with revenue. The operating margin, excluding the natural gas impact, rose by **+30 basis points**. The decline in the Large Industries margin was more than offset by the increase in the Industrial Merchant, Healthcare and Electronics margins.

In **Asia-Pacific**, operating income recurring totaled **434 million euros**, up **+42.7%**. The operating margin increased by **+60 basis points** excluding the natural gas impact, due to the growth of revenue and improved load rates in Industrial Merchant and Electronics. This positive impact was slightly attenuated by the numerous air separation unit start-ups.

Operating income recurring in the **Middle East and Africa** amounted to **73 million euros**, up **+12.8%**. Operating margin remained very high despite a -**250 basis point** decline, due to the ramp-up of Industrial Merchant activities.

Regarding estimated World Business Line operating margins, Industrial Merchant, Healthcare and Electronics operating margins rose by 100 basis points each to 17%, 19% and 13%, respectively. The Large Industries operating margin returned to a more normal level of 24%, given the prevailing product mix.

ENGINEERING AND CONSTRUCTION

Engineering and Construction Operating income recurring totaled **68 million euros**. The operating margin reached 9.0%, an increase compared to 2009 due to the solid work-load, and in the upper half of the targeted range.

OTHER ACTIVITIES

The Group's Other activities reported an operating income recurring of **81 million euros**, up **+88%**, mainly due to a sharp improvement in the profitability of the Welding-Cutting, and a return to growth in the Specialty Chemicals and Diving activities.

Research and Development and corporate costs totaled **177 million euros**, up slightly by **+4.1%**, as a result of an increase in research expenses, in order to maintain the growth momentum, and in corporate costs.

Net profit

Due to the high level of operating performance, **net profit (Group share)** rose by **+14.1%, illustrating strong positive leverage on sales**.

Other operating income and expenses amounted to **2 million euros**. Other operating income mainly includes the amount received following the favourable outcome of litigation in 2010. Other operating charges include provisions for risks and, in particular, those related to litigations. In 2009, other operating income and expenses were related to a refund of the equalization charge paid previously and exceptional efficiency project costs.

Net finance costs increased slightly. The nominal increase results from exchange rate impacts. The average financing rate amounted to 4.9%, very close to that of the previous year. In 2009, other financial income and expenses were impacted by the recognition of interest on arrears related to the equalization charge receivable.

The **effective tax rate** amounted to **26.4%**. In 2009, the tax rate was at 24.9% due to the non-taxable character of the exceptional receivable.

Profit from associates totaled **27.8 million euros**, up 8 million euros compared to 2009 due to strong growth in profits of certain associate companies in Asia. **Minority interests** amounted to 54.5 million euros, down slightly due to the buy-out of minority interests during the year and the decline in Hygiene sales in France.

Overall, **net profit (Group share) totaled 1,404 million euros** in 2010, up **+14.1%**, up +10.5% excluding the exchange rate impact.

Net profit per share amounted to 4.99 euros, up **+13.4%** compared to 2009, adjusted for the free share attribution in May 2010. The average number of outstanding shares used for the net profit per share calculation as of December 31, 2010 was 281,491,673.

CHANGES IN THE NUMBER OF SHARES

	2009	2010
Average number of outstanding shares [(a)]	261,495,542	281,491,673

(a) Used to calculate net profit per share.

Number of shares as of December 31, 2009	**264,254,354**
Capital increase reserved for employees	712,958
Options exercized during the year	1,049,341
Free shares issued	18,078,440
Number of shares as of December 31, 2010	**284,095,093**

2010 CASH FLOW AND BALANCE SHEET

In millions of euros	2009	2010
Cash flow from operating activities before changes in working capital	**2,275**	**2,661**
Changes in working capital	165	(155)
Other	12	(86)
Net cash from operating activities	**2,452**	**2,420**
Dividends	(631)	(647)
Purchases of property, plant and equipment, intangible assets and long-term investments, net of disposals [a]	(1,440)	(1,738)
Increase in share capital	175	110
Purchase of treasury shares	(1)	3
Other	38	(296)
Change in net indebtedness	**593**	**(148)**
Net indebtedness as of December 31	(4,891)	(5,039)
Debt to equity ratio as of December 31	**63%**	**55%**

(a) Including minority interest transactions.

Cash flow from operating activities

Cash flow from operating activities before changes in working capital totaled 2,661 million euros, up +17% (+13% excluding currency impact). This improvement was directly attributable to the increase in results and proves the quality of the performance.

Changes in working capital requirement

In a context of confirmed recovery, the working capital requirement increased by 155 million euros in 2010 and represents 6.5% of sales. This increase was partly due to the activity cycle of Engineering and Construction. Regarding Gas and Services, pre-tax working capital rose at a more moderate pace in absolute terms, and the increase in productivity as a percentage of sales was substantial.

Total capital expenditure

Signaling a return close to the pre-crisis level, total capital expenditure, in 2010, including transactions with minority shareholders, reached 1.8 billion euros, up considerably compared to a deliberately restrained level in 2009 due to tight cash management. Industrial investment amounted to 1,450 million euros, while financial investments, including minority interest transactions, totaled 332 million euros. Furthermore, disposals represented 44 million euros. The 2010 investment momentum was based on the relaunch of projects that had been put on standby in 2009, the realization of new projects, three site takeovers and a greater number of acquisitions in Healthcare and Industrial Merchant.

TOTAL INVESTMENT CAPITAL EXPENDITURE

In millions of euros	Industrial investment	Financial investment [a]	Total capex
2006	1,128	72	1,200
2007	1,359	1,308	2,667
2008	1,908	242	2,150
2009	1,411	109	1,520
2010	**1,450**	**332**	**1,782**

(a) Including minority interest transactions.

INDUSTRIAL INVESTMENT

Industrial investment totaled 1.4 billion euros in 2010, with the resumption of certain projects delayed in 2009, as well as major investment projects particularly in China. The takeover of a syngas production unit linked to a pipeline network in Germany was finalized in August.

GAS AND SERVICES INDUSTRIAL INVESTMENT CAPEX BY GEOGRAPHICAL AREA

In millions of euros	Gas and Services				
	Europe	Americas	Asia-Pacific	Middle East and Africa	Total G&S
2009	538	360	450	45	1, 393
2010	**521**	**370**	**465**	**69**	**1, 425**

FINANCIAL INVESTMENT

Financial investment totaled 332 million euros, including the buy-out of minority interest for 93 million euros and involved two major site and activity takeovers in industrial basins where the Group already owns pipeline networks. The first, based in Louisiana in the United States in the Geismar industrial basin involves utilities, such as steam and demineralized water, while the other in South Korea concerns a carbon monoxide purification unit. The rate of acquisitions in Healthcare and Industrial Merchant accelerated significantly at the year-end. The Group also bought out the minority interests of its Gas and Services subsidiary in Switzerland.

CAPITAL INTENSITY

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

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

- **air gases** in Large Industries have a capital intensity of **between 2 and 3.** It varies with the trend in electricity prices;
- **hydrogen and Cogeneration** in Large Industries have a lower capital intensity of **between 1 and 1.5,** due to a relatively high proportion of natural gas in the cost of sales. It varies with the trend in 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 of **around 1,** depending on product mix.

Whatever the capital intensity, any project must enable the Group to achieve, over the long-term its **Return on capital employed** (ROCE) objective.

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

Net indebtedness

Net indebtedness as of December 31, 2010 totaled 5,039 million euros, up slightly compared to 2009. Excluding exchange rate impacts of 331 million euros, net debt would have decreased by 183 million euros. The debt to equity ratio amounted to 55% compared to 63% at year end 2009. This net improvement in the Group's financial structure, obtained in the context of a recovery in investments, was due to the high level of cash from operating activities, tight control over working capital requirements and improved asset management in the balance sheet.

ROCE

The Return on capital employed after tax rose by +50 basis points to reach 12.1%, marginally above the initial objective of between 11% and 12%.

Impact of acquisitions

Acquisitions in 2010 were focused on minor entities and therefore had no major impact on the Air Liquide balance sheet.

L'Air Liquide S.A. parent company figures

L'Air Liquide S.A. net profit totaled 822 million euros, compared to 816 million euros in 2009.

Dividend

At the Shareholders' Meeting of May 4, 2011, the payment of a dividend totaling 2.35 euros per share will be proposed to shareholders in respect of fiscal year 2010. This corresponds to a distribution rate of 48.7%.

The record date has been set for May 11, 2011 and the payment date for May 16, 2011.

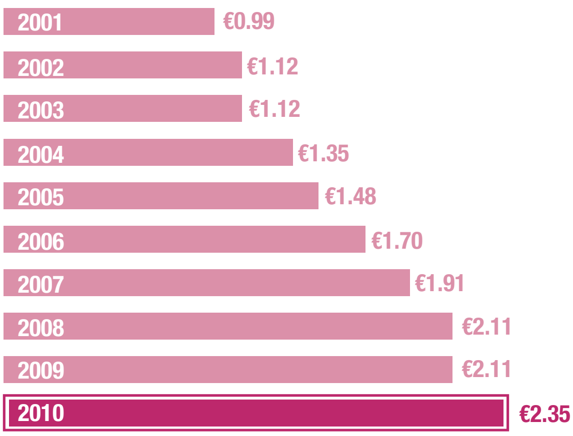
Average annual dividend per share growth rate over 10 years: +9.7%

Total shareholder return over 10 years: +10.2%

Dividend yield at 2010 year-end: +2.5%

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

ADJUSTED DIVIDEND PER SHARE OVER 10 YEARS
(in euros)



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

Funding policies

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

In 2010, the prudential principles already in place have been maintained:

- 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 24 and 27 to the Consolidated financial statements for the year ended December 31, 2010 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 renewal of funding at maturity, and in accordance with the Group's internal policy, the Group wishes to limit its debt short-term maturities 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 totaling 8 billion euros, the utilization of which is delegated to the Board of Directors. At the end of 2010, outstanding notes under this program amounted to 3.8 billion euros (nominal amount). During the year, the Group conducted two bond exchange offers covering four EMTN bonds, in order to extend the average maturity of Group debt, smooth the bond maturity profile and benefit from attractive market conditions. The Group also obtains funding through bank debt (loans and lines of credit) and private placements.

The Note 24 to the Consolidated financial statements breaks down Group indebtness, in particular by instrument type and currency.

NET INDEBTEDNESS BY CURRENCY

	2009	2010
EUR	47%	33%
USD	19%	25%
JPY	21%	24%
Other currencies	13%	18%
TOTAL	**100%**	**100%**

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

Group net indebtedness converted into euros increased between 2009 and 2010, primarily due to foreign currency fluctuations (translation differences). Net indebtedness in euros as a percentage of total Group indebtedness mainly decreased, while indebtedness in other currencies increased, in line with the substantial rise in investments carried out by the Group in emerging countries.

CENTRALIZATION OF FUNDING AND EXCESS CASH

To benefit from economies of scale and facilitate capital markets funding (bonds and commercial paper), the Group uses a dedicated subsidiary, Air Liquide Finance. This subsidiary centralizes the Group's funding activities, particularly in Europe, Japan and North America. As of December 31, 2010, Air Liquide Finance granted, directly or indirectly, the equivalent of 4.7 billion euros in loans and received 3.2 billion euros in cash surpluses as deposits. These transactions were denominated in 13 currencies (primarily the euro, US dollar, Japanese yen, British pound sterling, Swiss franc and Singapore dollar) and extended to approximately 170 subsidiaries.

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

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

DEBT MATURITY AND SCHEDULE

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

The two bond exchange offers in 2010 smoothed the Group's bond maturity profile, by reducing the total amount of medium-term bond maturities (less than 5 years), in return for new maturities of 8 and 10 years.

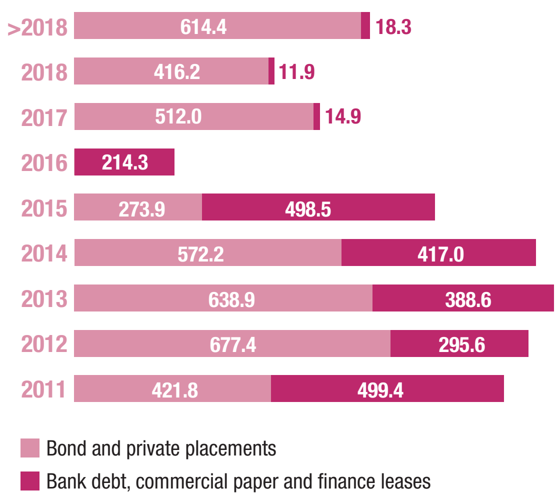
The following chart represents the debt maturity schedule. The single largest annual maturity represents approximately 16% of gross debt.

The maturity date for outstanding commercial paper coincides with that of confirmed credit back-up lines to support the program.

The average debt maturity stood at 4.4 years in 2010 compared to 4.1 years in 2009, reflecting the spreading of debt maturities. The increase in this maturity primarily stems from bond exchanges carried out in 2010.

Debt maturity schedule is given in Note 24 to the Consolidated financial statements.

DEBT MATURITY SCHEDULE
(in millions of euros)

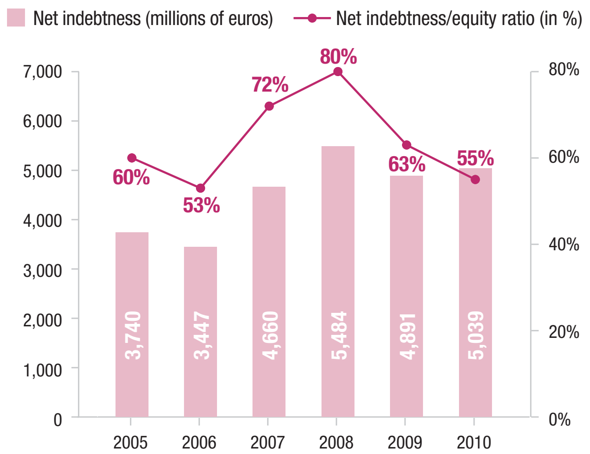


CHANGE IN NET INDEBTEDNESS

Net indebtedness stood at 5,039 million euros as of December 31, 2010 compared to 4,891 million euros as of December 31, 2009, an increase of 148 million euros. This increase primarily reflects the negative impact of foreign currency fluctuations, the Group's investments in 2010 having been backed by a significant level of cash generated from operations, combined with an effective management of the working capital requirement.

The Statement of change in net debt is given on page 141.

NET INDEBTEDNESS AS OF DECEMBER 31
(in millions of euros)



The net indebtedness to equity ratio was 55% at the 2010 year-end (compared to 63% at the 2009 year-end). The improvement in 2010 gearing is the result of a controlled increase in Group net indebtedness (+3%) combined with solid equity growth (+17%), driven by Group earnings in 2010. The equivalent ratio calculated using the US method: net indebtedness/(net indebtedness + shareholders' equity) reached 36% at the end of 2010 compared to 39% at the end of 2009. The financial expense coverage ratio (operating income recurring + share of profit of associates)/net finance costs stood at 10.0 in 2010, compared to 8.9 in 2009.

The average cost of net indebtedness stood at 4.9% in 2010, an increase compared to 2009 (4.6%). Cost of net indebtedness is calculated by dividing net finance costs for the fiscal year (253.9 million euros in 2010, excluding capitalized interest) by the year's average outstanding net indebtedness. The latter is calculated using a monthly average.

The average cost of gross indebtedness remained steady in 2010, due to the hedging of a significant portion of the debt at a fixed rate in recent years, pursuant to the principles of the Group's financial policy.

The increase in the average cost of net indebtedness in 2010 primarily stems from the increase in the average volume of cash in bank (with a low interest rate over the period), and the rise in the portion of the foreign currency debt at higher interest rates.

The breakdwon is presented in Note 24 to the Consolidated financial statements.

BANK GUARANTEES

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

LONG-TERM CREDIT RATING

The Air Liquide long-term credit rating from Standard & Poor's remained unchanged at "A/stable" in 2010. The short-term credit ratings from Standard & Poor's and Moody's also remained unchanged at "A-1/stable" and "P-1/stable," respectively.

The main indicators analyzed by the rating agencies are the net indebtedness/equity ratio and the cash flow from operations before change in working capital/adjusted net indebtedness ratio, notably to take into account pensions liabilities.

Strategy, investments and outlook

STRATEGY

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

COMPOUND AVERAGE GROWTH RATE (CAGR) OVER 30 YEARS

Revenue: +7.2%

Cash flow from operating activities before changes in working capital: +8.5%

Net profit per share: +8.6%

Dividend per share: +9.9%

ALMA: providing leverage for the medium-term strategy

As a result of the significant development of the portfolio of opportunities in 2006 and 2007, the ALMA program was launched at the beginning of 2008 to position annual Group sales growth at an average of between +8% and +10%, and improve competitiveness in order to generate a Return on capital employed (ROCE) of between 11% and 12%. It was structured around four strategic initiatives:

- take leading positions;
- lower our cost base with both efficiency programs and competitive technologies;
- expand our portfolio of applications through innovation in new market segments; and
- prepare and empower the new generation of talents.

Five solid growth drivers

Identified in 2007, as the basis from which to launch of the ALMA program, the five growth drivers, Developing Economies, Energy, the Environment, Health and High Technology, have not been affected by the global economic slowdown in 2008-2009.

- **Opportunities offered by developing economies**: These countries are investing heavily in their industrial infrastructures. This is driving oxygen demand, with production being increasingly outsourced. Industrial development in general generates growth in demand for gas in a variety of applications.

  Air Liquide Gas and Services revenue growth in developing economies was +29% in 2010.

  The share of Gas and Services revenue realized in developing economies continues to increase, reaching 19% in 2010 thanks to a record number of 18 start-ups in 2010 and 10 expected in 2011 in these regions. Further, 77% of the Group's investment opportunities and 54% of investment decisions are now located in developing economies.
- **Energy concerns and Environmental protection**: Industrial gases can help customers improve their energy efficiency and are also used directly in the production of certain alternative energies. As an example, the biomass or coal gasification process and the development of renewable energies, such as photovoltaics, consume substantial volumes of gas. Further down the road, more potential for industrial gas consumption will come from the development of hydrogen fuel cell technology to supplement or replace fossil fuels for motor transportation and electricity supply in remote places. The majority of solutions to reduce CO_2 in the atmosphere require the supply of industrial gases and Air Liquide has the necessary proprietary technologies to offer innovative solutions to its clients. Three major trends were confirmed in 2010:
  - **Development of hydrogen sales**: Increasingly restrictive regulations on sulfur content in refined petroleum fuels, coupled with the use of heavier raw materials by refiners has significantly boosted demand for hydrogen. In addition, the need to replace aging hydrogen production facilities and the existence of pipeline networks in key basins is helping to convince refiners to outsource this supply. Over the last 10 years, hydrogen volumes produced by the Group increased by close to +16% annually on average. Sales totaled 1.3 billion euros in 2010, representing 32% of Large Industries sales.

- The **use of oxygen** in certain industrial processes can improve combustion yields, thereby reducing energy consumption and consequently, CO_2 emissions. The combustion with pure oxygen, instead of air, of coal or other carbon-based fuels, produces highly concentrated CO_2 emissions that are ready for capture, storage or direct use in other applications, such as enhanced oil recovery.
- Certain countries with substantial coal reserves, wishing to secure their energy independence with regard to hydrocarbons, **use gasification processes** to create synthetic fuels or chemical products. These processes consume extremely high quantities of oxygen and are environmentally friendly when a CO_2 recovery unit is installed, facilitated by the purity of the CO_2 emission.

Energy challenges, combined with the desire to protect the environment, will therefore generate extremely high demand for oxygen and hydrogen and also other specialty gases, for example, for photovoltaic applications. The Group estimates the potential market for these processes at 30 billion euros in 2020.

- Regular growth in the **Healthcare** market is primarily led by an aging population, changes in lifestyle and the arrival of health insurance in developing economies. In addition, health system budget restraints are encouraging the development of homecare solutions that reduce the cost to the community. Air Liquide is strategically positioned in this sector, particularly as the leading player in Europe, providing an expanding range of therapies. Lastly, with respect to longer term projects, research teams are innovating in the area of therapeutic gases used for cardiac surgery, anesthesia and pain relief. The marketing of these gases has now been launched in Europe and will develop progressively, as authorizations to market are obtained.
- There has been significant development in the **High technology** market, driven by numerous consumer product innovations and, more generally, by the increasing complexity of our industries. Hence, the demand for high purity industrial gases has risen substantially to meet the needs of semi-conductor, flat panel or solar panel manufacturers, particularly in Asia. In addition, as a result of its expertise in very low temperature technologies, the Group is providing major contributions to large projects aiming at knowledge enhancement in many fields such as fundamental physics, space or energy (nuclear fusion, superconductivity).

Air Liquide is extremely well placed to benefit from all these growth opportunities. In addition to its position as the world leader in oxygen, the Group now has proprietary technologies in hydrogen and strengthened expertise in engineering, particularly since the acquisition of Lurgi in 2007, a leading position in the solar panel sector and a highly promising R&D portfolio, with 60% of research projects focused on improving the environment and preserving life.

The Group also participated in pilot CO_2 sequestration projects, such as the major FutureGen 2.0 project with the US Department of Energy.

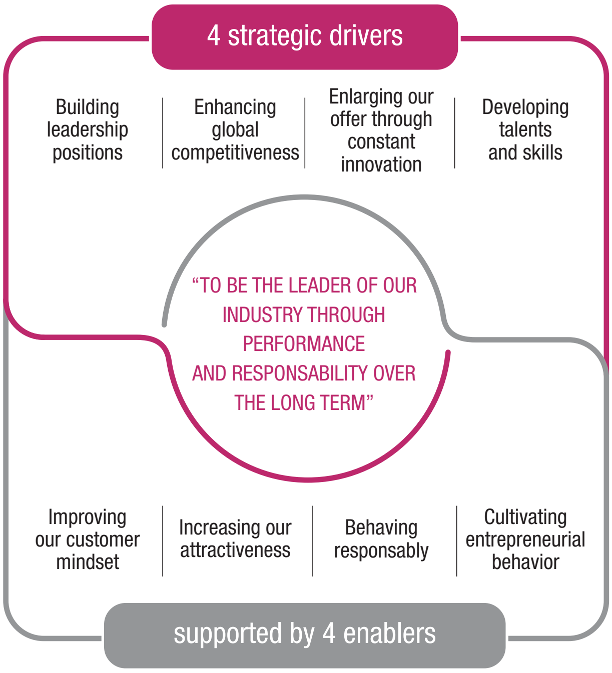
Launch of ALMA 2015

In 2010, there was a return to sustained sales growth. Added to this, project signatures provided confirmation of the solidity of the five growth drivers which the Group had identified. Within this context, at the end of December, the Group launched its new ALMA 2015 program. At the same time, the Group reaffirmed its ambition to be industry leader through performance and responsibility over the long-term, reinforcing the commitment to responsibility.

Based on annual growth estimates for the industrial gas market of between +7% and +8% to 2015, the Group has set new ambitious **performance objectives for 2015**:

- revenue growth of between +8% and +10% per annum on average, in a normal environment, based on an investment budget of 12 billion euros for the 2011-2015 period;
- continued operational efficiencies of more than 200 million euros each year;
- improved ROCE which should rise to between 12% and 13% by 2015.

In the framework of the **ALMA 2015 program**, Air Liquide is placing **performance and responsibility at the heart of its ambition**. The Group has undertaken a reflection to define objectives for the 2011-2015 period concerning **Key Responsibility Indicators**. These Responsibility objectives, which will take into account a certain number of elements in the Sustainable Development approach, will be an integral part of the Group's strategy in the same way as the performance objectives of sales growth, efficiency and returns on invested capital.



To meet these objectives, the Group maintains its four existing strategic axes:

- establish **leading positions** in developing economies, emerging technologies and new markets;
- strengthen its operational **competitiveness** through efficiency and investment optimization;
- expand its offering through constant product and process **innovation**;
- develop the **talents and expertise** in order to support growth.

Four enablers have been introduced to increase the Group's capacity to develop its four strategic axes in a dynamic and responsible manner:

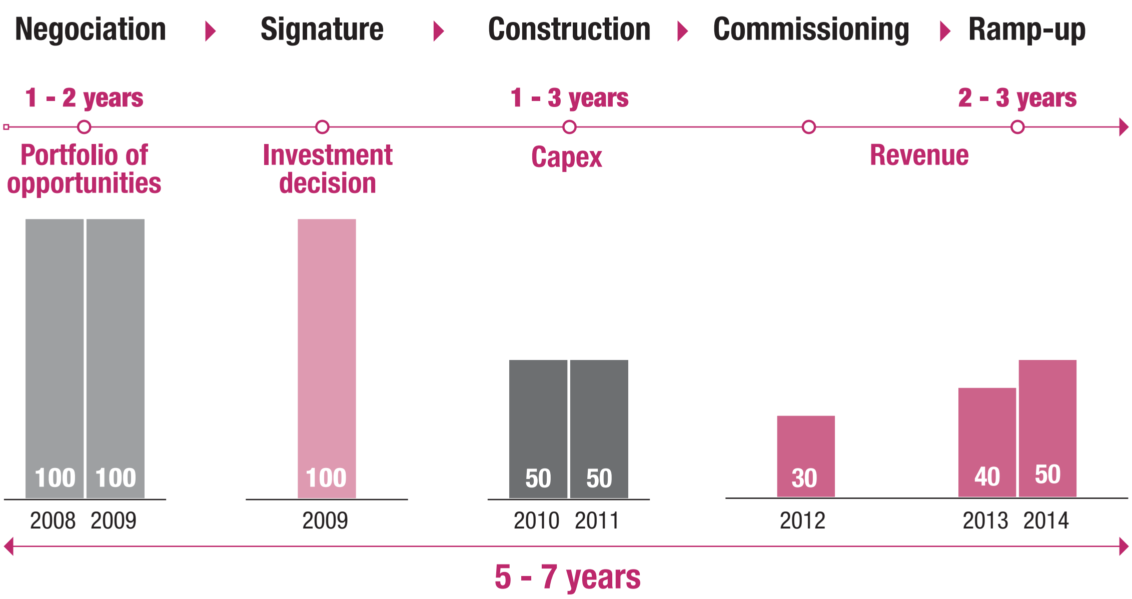
- improve customer mindset;
- increase the Group's attractiveness;
- behaving responsibly towards all stakeholders;
- cultivate an entrepreneurial culture.

ALMA 2015 will be implemented via a series of projects in all countries and regions and in each world business line in order to deliver a high level of performance in a responsible manner over the long-term.

INVESTMENTS

The long-term nature of industrial gas activities is a key characteristic. It is particularly evident in the investment cycle, where there is approximately a 5-year span between the study of a new construction project for a Large Industries customer and the first corresponding gas sales. The following flow-chart sets out each stage in this process.

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



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

Stages

Negotiation: projects exceeding 10 million euros of investment are negotiated with the customer within the portfolio of potential opportunities. Several outcomes are then possible: 1. The contract is signed, it is removed from the portfolio and so becomes an investment decision. 2. The project is abandoned by the client. 3. The client decides not to outsource its gas supply, or the project is awarded to a competitor. 4. The project is delayed beyond 12 months: it is removed from the 12-month portfolio but remains in the long-term portfolio.

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

Construction: capital expenditure begins with the construction of the unit by Air Liquide, which takes approximately 12-24 months and sometimes up to three years depending on the size of the project.

Sales – Commissioning: the unit starts up. Sales begin at the take-or-pay* level, guaranteeing minimum profitability from the beginning of the contract.

Sales – Ramp-up: 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) exceeding 12%, in line with Group objectives. In the following years, ROCE continues to increase.

* *See glossary*

Portfolio of opportunities

Despite the significant number of signatures in 2010, the 12-month portfolio of opportunities remains at a high level, standing at 3.9 billion euros at the end of 2010, compared to 3.7 billion euros at the end of 2009, thereby confirming the recovery of the investment cycle of its clients. The size of projects in developing economies remains stable, while the portfolio increase stems from projects in advanced economies.

Most of the projects exceeding 10 million euros naturally fall under the Large Industries activity, as the Industrial Merchant, Healthcare and Electronics projects fall below this level. Energy, refining and conversion, is the leading sector concerned, followed by metals and chemicals.

More than 77% of the projects in the 12-month portfolio of opportunities are in developing economies, such as China, Middle Eastern countries, Russia, or India. The development of infrastructures in these countries often results in the rationalization of small and sub-par production tools and their replacement by much more significant plants and, therefore, the outsourcing of gas supply contracts.

The increase in outsourcing is also visible through the 11 site takeover projects in the portfolio at the end of 2010. The economic context has in fact encouraged the outsourcing trend. For the customer, the outsourcing of gas supplies to an industrial gas producer, amongst other things, frees up his capital, allowing him to focus his resources on his core business. Outsourcing also provides greater supply reliability and flexibility, better energy efficiency and more competitive pricing due to asset pooling. Three clients have thus agreed to sell their gas production assets to Air Liquide, following the economic crisis, in return for a long-term gas supply contract.

Due to significant investments by the steel and, to a lesser extent, the chemical sector, two thirds of the projects involve air gas production units.

Investment decisions

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

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

Strict discipline drives investment decisions, as they commit the Group over the long term. A dedicated process involving top management is in place to ensure that projects selected comply with the Group's golden rules and sustain long-term growth with a required minimum Return on capital employed.

The Return on capital employed (ROCE) for a major Large Industries long-term contract will change over the term of the contract. It is lower in the first four to five years, due to customer ramp-up in demand, relative to straight-line depreciation over time. Return on capital increases rapidly thereafter (refer to "The theoretical lifespan of a 15-year contract in Large Industries" on page 38).

INVESTMENT DECISIONS PROCESS

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

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

- **location of the contract:** the analysis will take into account whether the project is based in an industrial basin with high potential, whether it is connected to an existing pipeline network, or whether it is in an isolated location;
- **competitiveness of the site:** based on size, production process, cost of raw materials and access to markets;
- **customer risk;**
- **contract clauses;**
- **type of product;**
- **quality of the technical solution;**
- **country risk: evaluated on a case by case basis and can lead to specific financing policies and supplementary insurance cover.**

INVESTMENT DECISIONS

In billions of euros	Industrial investment decisions	Financial investment decisions	Total investment decisions
2006	1.5	0.6	2.1
2007	2.1	0.9	3.0
2008	2.2	0.2	2.4
2009	1.0	0.1	1.1
2010	1.8	0.4	2.2

In 2010, industrial and financial investment decisions, representing Group commitments to invest, totaled 2.2 billion euros, following an exceptionally low 1.1 billion euros in 2009 due to the economic slowdown and the global downturn in the investment cycle. The Group has thus returned to pre-crisis levels.

For the first time, the majority of decisions (54%) concern projects in developing economies.

Large Industries decisions accounted for 1 billion euros, equally distributed between air gas and hydrogen and synthetic gas production units. These decisions included 153 million euros for site takeovers, which immediately contributed to 2010 sales. Site takeovers are recorded as financial or industrial investments according to the structure of the transaction.

Industrial Merchant decisions are equally spread between developing and advanced economies. Total industrial and financial investment decisions in Healthcare amounted to more than 230 million euros, including four acquisitions which are already finalized: DinnoSanté, Snore Australia, Medions Homecare and GlobalMed. Homecare represented 70% of the year's Healthcare investment decisions. The Electronics activity returned to the pre-crisis decision level, for projects involving the manufacture of integrated circuits, solar panels and flat screens, mostly in Asia.

Capital expenditure

In 2010, capital expenditure amounted to 1.8 billion euros and disposals of assets to 44 million euros, bringing the net capital expenditures to 1.7 billion euros. Gas and Services capex represented 14.7% of revenue. This figure takes into account the recovery in industrial investments, three site takeovers, acquisitions and purchases of minority interests. It has risen compared to the 1.5 billion euros reached last year, when the economic context imposed a highly selective investment payment strategy.

Start-ups

Fiscal year 2010 was a record year with 24 start-ups, as a result of the numerous decisions taken in 2007 and 2008. Developing economies accounted for 18 of the start-ups, including eight in China. Air gas units accounted for 20 of the start-ups. Although fewer in number, hydrogen start-ups contributed substantially to sales. Start-ups for 2011 are estimated at 19 units, broken down evenly between advanced and developing economies.

OUTLOOK

The recovery of the long-term investment cycle, as demonstrated by the signing of new contracts in all of the Group's businesses, has led to the doubling of the amount of investment decisions compared to 2009, reaching 2.2 billion euros.

The new momentum is already established, spurred by the ALMA 2015 program, and supported by the five growth drivers (Energy, Environment, Developing economies, Health, High Tech). This momentum will allow the Group to seize many growth opportunities and accelerate its long-term development.

In this context and assuming normal economic conditions, Air Liquide is confident in its ability to continue to generate steady growth of net profit in 2011.

10-year consolidated financial summary

	Notes	2001	2002	2003	2004
Key figures *(in millions of euros)*					
Consolidated income statement					
Revenue		8,328.3	7,900.4	8,393.6	9,376.2
of which Gas and Services		*7,256.7*	*6,887.0*	*7,388.5*	*8,275.2*
Operating Income Recurring	(a)	1,177.6	1,161.6	1,196.0	1,276.9
Operating Income Recurring/revenue		14.1%	14.7%	14.2%	13.6%
Net profit (Group share)		701.9	703.2	725.6	777.5
Consolidated statement of cash flows					
Cash flow from operating activities before changes in working capital	(b)	1,627.4	1,514.1	1,542.2	1,694.9
Purchase of property, plant and equipment and intangible assets		769.8	632.8	746.8	875.4
Purchase of property, plant and equipment and intangible assets/revenue		9.2%	8.0%	8.9%	9.3%
Acquisition of subsidiaries and financial assets		332.4	306.9	74.9	2,858.5
Distributions related to fiscal year and paid in the following year	(c)	298.1	330.5	327.5	391.2
Consolidated balance sheet					
Shareholders' equity at the end of the period		5,353.3	5,219.3	5,079.2	5,373.6
Net indebtedness at the end of the period		2,583.5	2,022.3	1,730.2	3,790,3
Capital employed at the end of the period	(d)	8,259.8	7,474.4	7,269.4	9,505,4
Share capital					
Number of shares issued and outstanding at the end of period		90,821,483	100,818,441	99,912,917	109,180,823
Adjusted weighted average number of shares outstanding	(e)	287,550,492	284,281,641	282,065,598	280,282,818
Key figures per share *(in euros)*					
Net profit per share	(f)	2.44	2.47	2.57	2.78
Dividend per share		3.20	3.20	3.20	3.50
Total dividend (including tax credit until 2003)		4.80	4.80	4.80	3.50
Adjusted dividend per share	(g)	0.99	1.12	1.12	1.35
Ratios					
Return on equity (ROE)	(h)	13.2%	13.4%	14.1%	14.9%
Return on capital employed after tax (ROCE)	(i)	10.7%	10.8%	11.6%	11.3%

Loyalty dividend:

Since 1995, a 10% loyalty 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 2010 is 2.35 euros per share, and the enhanced dividend is 2.58 euros per share representing a total distribution of 684.2 million euros. The tax credit associated to dividends is no longer applicable since fiscal year 2003.

(a) *Operating income from 2001 until 2004.*

(b) *Funds provided by operations from 2001 until 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 in 2002 and 68.0 million in 2001, and including a loyalty dividend of 14.7 million in 2009, 15.0 million in 2008, 13.5 million in 2007, 12.5 million in 2006, 10.4 million in 2005, 9.1 million in 2004, 7.8 million in 2003, 7.8 million in 2002, and 7.5 million in 2001.*

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

2004 IFRS	2005	2006	2007	2008	2009	2010
9,428.4	10,434.8	10,948.7	11,801.2	13,103.1	11,976.1	13,488.0
8,275.2	*9,147.7*	*9,628.0*	*9,998.5*	*11,027.6*	*10,191.8*	*11,885.7*
1,374.6	1,517.6	1,659.2	1,794.1	1,949.0	1,949.0	2,252.2
14.6%	14.5%	15.2%	15.2%	14.9%	16.3%	16.7%
780.1	933.4	1,002.3	1,123.1	1,220.0	1,230.0	1,403.6
1,691.7	1,804.8	1,889.3	2,054.4	2,206.7	2,274.5	2,660.9
901.0	975.2	1,128.2	1,359,3	1,908.3	1,411.0	1,449.8
9.6%	9.3%	10.3%	11.5%	14.6%	11.8%	10.7%
2,858.5	76.2	72.3	1,308.2	242.3	109.2	239.9
391.2	432.1	497.0	551.0	602.0	609.2	684.2
4,916.3	5,930.5	6,285.8	6,369.5 [k]	6,757.4 [k]	7,583.7	8,903.5
4,012.5	3,739.8	3,446.6	4,660.2	5,484.4	4,890.8	5,039.3
9,245.0	9,948.5	10,013.4	11,179.8 [k]	12,386.1 [k]	12,642.7	14,151.8
109,180,823	109,538,475	121,149,189	238,844,710 [j]	260,922,348	264,254,354	284,095,093
280,282,818	279,788,860	282,756,384	281,751,555	277,362,290	279,350,557	281,491,673
2.78	3.34	3.54	3.99	4.40	4.40	4.99
3.50	3.85	4.00	2.25	2.25	2.25	2.35
3.50	3.85	4.00	2.25	2.25	2.25	2.35
1.35	1.48	1.70	1.91	2.11	2.11	2.35
16.3%	17.2%	16.4%	17.7% [k]	18.6% [k]	17.2%	17.0%
11.9%	11.7%	11.9%	12.3% [k]	12.2% [k]	11.6%	12.1%

(e) Adjusted to account for, on the basis of the weighted number of shares outstanding, the two-for-one share split (in 2007), free share attribution (declared in 2010, 2008, 2006, 2004 and 2002), stock offerings (from 2001 to 2010) and treasury shares.
(f) Calculated on the adjusted weighted number of shares outstanding during the year (excluding treasury shares).
(g) Adjusted to account for share capital movements.
(h) Return on equity: (Net profit Group share) / (weighted average of shareholders' equity over the year).
(i) Return on capital employed after tax: (Net profit after tax before minority interests - net cost of debt (financial result before 2004) after taxes) / weighted average for the year of (shareholders' equity + minority interests + net indebtedness).
(j) The L'Air Liquide S.A. two-for-one share split on June 13, 2007.
(k) Corresponds to the amounts as of December 31 restated for the impacts of the application of the option offered by the revised IAS19 "Employee Benefits", to immediately recognize all actuarial gains and losses and adjustments arising from the asset ceiling, net of deferred tax, in addition to the first-time adoption of IFRIC14.

Sustainable Development Report

Introduction

Sustainable Development seeks to bring together, in one approach, requirements that have sometimes been 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, long-lasting relations with its customers and the strong loyalty of employees and shareholders demonstrate this commitment.

Air Liquide therefore developed a sustainable development model, specific to the Company, with four dimensions formalized in 2003 by a commitment from Benoît Potier, the Group's Chairman and CEO:

- **creating value for shareholders** by developing the Company's business performance over the long term and with transparency;
- **developing the potential of men and women of the Company** 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.

This Sustainable Development approach relies on the reporting of over 170 indicators, presented in the following pages, to measure the Group's performance in the four areas that now comprise this approach. These indicators are collected worldwide and are published each year at the same time as the financial indicators in the Reference Document.

During the 2005 to 2009 period, the Group set objectives concerning important indicators on sustainable development. These objectives especially concerned 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.

After the unprecedented economic slowdown that characterized the end of 2008 and the year 2009, the year 2010 appeared as a year of transition. In the framework of the ALMA 2015 corporate program, Air Liquide is placing Performance and Responsibility at the heart of its ambition. The Group has undertaken a reflection to define objectives for the 2011-2015 period concerning Key Responsibility Indicators. These Responsibility objectives, which will take into account a certain number of elements in the Sustainable Development approach, will be an integral part of the Group's strategy in the same way as the Performance objectives of growth in revenues, efficiency improvement and return on capital.

Just like financial reporting, extra-financial reporting or Sustainable Development has been reviewed each year since 2003 by the Statutory Auditors. You will find, at the end of the Sustainable Development Report, the report of the Statutory Auditors who, each year, conduct a mission on a selection of indicators not only on the corporate level but also at a dozen industrial sites or Human Resources Departments of subsidiaries. This year, this mission concerned five large industrial sites or pipeline networks for energy and environmental data, six units for safety data and six Human Resources Divisions of subsidiaries for indicators in this area.

This review is not a legal obligation today. It reflects Air Liquide's commitment to give more value to all these indicators.

Creating value for shareholders

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

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

THE SHAREHOLDERS' CHARTER

Air Liquide has formalized these privileged and long-term relationships 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 in the long term;**
- **listening to and informing shareholders;**
- **service provided to the shareholders, notably thanks to a dedicated service within the Company.**

BALANCED SHARE OWNERSHIP

Air Liquide's share ownership is evenly balanced between individual shareholders and French and non-French institutional investors. 390,000 individual investors hold 36% of the capital. French and non-French institutional investors represent respectively 23% and 40% of the capital.

At the end of 2010, the share of capital held by employees and former employees of the Group is estimated at 2.1%, of which 1.6% (in the meaning of article L. 225-102 of the French Code of Commerce) corresponds to shares subscribed by employees during employee reserved capital increase operations or held through mutual funds.

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Registered capital	29%	27%	28%	30%	31%	32%	37% [a]	33%	32%	34%
Capital eligible for loyalty bonus	26%	24%	24%	24%	25%	26%	26%	26%	25%	25%
Individual shareholders	42%	40%	40%	39%	38%	38%	37%	38%	38%	36%
French institutional investors	20%	21%	23%	24%	25%	24%	30%	26%	26%	23%
Non-French institutional investors	35%	37%	35%	36%	36%	37%	32%	35%	36%	40%
Treasury shares	3%	2%	2%	1%	1%	1%	1%	1%	>0%	<1%

(a) In 2007, the share of capital owned by institutional investors holding direct registered shares increased notably due to one important institutional investor that sold its shares in 2008.

AIR LIQUIDE, A LONG-TERM INVESTMENT

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

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

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

Air Liquide creates value by developing its activities and optimizing its performance over the long run. Over the last 30 years, Air Liquide's revenue has shown an average annual growth of 7.2%. This growth has been profitable: the Group's earnings have followed a similar trend, with an annual average growth of the net profit per share of 8.6%.

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 9.7%.

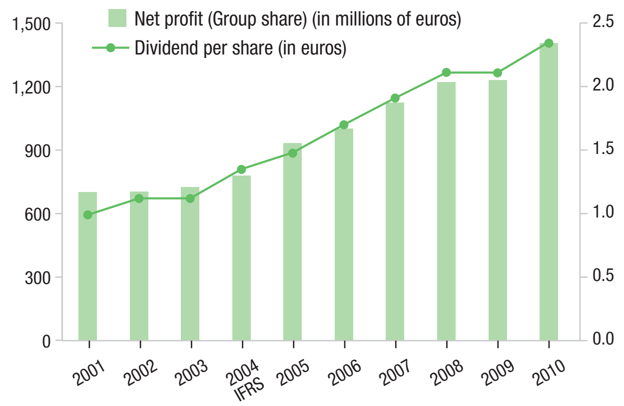
To further increase the investment value of Air Liquide shares, subscribing to registered shares permits shareholders who chose this option to benefit from a privileged relationship with Air Liquide and a loyalty bonus: +10% on the amount of dividends received and +10% on the number of free shares granted. This loyalty bonus is granted to shareholders who have held direct registered or intermediary registered shares for two calendar years and who still hold them on the date of dividend payment and the allocation of free shares.

During the last 10 years, the return rate for an Air Liquide shareholder was on average +10.2% per year, with gross dividends reinvested in shares, allocations of free shares and loyalty bonuses to registered shareholders.

	2001	2002	2003	2004 IFRS	2005	2006	2007	2008	2009	2010
Net profit (Group share) *(in millions of euros)*	702	703	726	780	933	1,002	1,123	1,220	1,230	1,404
Net profit per share *(in euros)* [(a)]	2.44	2.47	2.57	2.78	3.34	3.54	3.99	4.40	4.40	4.99
Dividend per share *(in euros)* [(a)]	0.99	1.29	1.12	1.35	1.48	1.70	1.91	2.11	2.11	2.35

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

NET PROFIT AND DIVIDEND



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

A social enterprise and corporate citizen

43,600 men and women in 80 countries compose multicultural teams with a host of skills. Air Liquide is involved in promoting diversity, facilitating and accelerating knowledge transfer, motivating and involving its employees and encouraging a social and human commitment, notably through the Air Liquide Foundation.

A SOCIAL ENTERPRISE

Diversity / Parity

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, educational background). The diversity of its employees makes it possible to better 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 adapt to this complexity while increasing performance. The fact that 27 different nationalities were represented among the Group's senior managers in 2010 is a considerable asset from this viewpoint and continues to be a strong growth track for Air Liquide.

The Group'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. The five poles concerning diversity in the Group are: nationality, gender, educational background, age and the handicap. In the Human Resources Division, a manager with his team is in charge of steering the Group's diversity projects. Another person is responsible for highlighting the knowledge and competencies of seniors in the Group.

Equality between men and women is an essential point in the expression of this diversity. For the last several years, Air Liquide has made commitments accompanied by the implementation of a global action plan. For example, between 2003 and 2010, the percentage of women among Managers and Professionals positions rose from 14% to 24%, an increase of over 70%. This 24% figure for women Managers and Professionals in the Group is very close to the global percentage of women in the Group (25%) and illustrates the good representation of women in Air Liquide's management. In addition, women now represent 40% of employees considered high potential, which is the highest percentage reached by the Group in this area. 15 Executive Management positions in the subsidiaries are held by women in the Group; the number of women in this type of position has increased fivefold since 2007. Moreover, two women are now members of the Group's Board of Directors.

These results are the fruit of a concrete, rigorous and global human resources strategy based on four focuses:

1. Recruiting:

Strengthening the place of women in the Group, in particular through hires of Managers and Professionals. In this area, the Group's objective is to reach 33% women among Managers and Professionals by 2015.

2. Developing careers and increasing responsibilities for women in the Company:

- For every management position that becomes available, Human Resources examines the application of at least one woman among the applicants.
- Regular Human Resources review dedicated to women with high potential bring together the Group's Executive Committee.
- A meeting before and after maternity leave has been organized in a certain number of units in France.

3. Communicating with and involving all the managers:

In the framework of Air Liquide's policy on promoting parity, the hiring and career development of women, and strengthening their place and responsibilities in the Company, a program on aware-raising and exchanges on "men/women" differences and the benefits that parity induces has been organized in the Group since 2007, aimed at managers. More than, 700 managers in the Group have followed this program.

4. Better balancing professional and private life:

The CESU (Universal Service Employment Check), whose aim is to facilitate childcare in the home, has been implemented for certain units in France since 2007 for men and women in the Group who have young children.

The Diversity Charter that Air Liquide signed in France is available on this organization's website and is an illustration of the Group's commitment to diversity.

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

Training

Air Liquide is committed to training its employees on a regular basis. Training is an integral part of the Company's growth. It allows employees to work safely as well as improving their performance, contribution and employability. In 2010, 74% of the Group's personnel had at least one training session during the year. The average number of training days per employee and per year reached three days in 2010.

The Group has invested in better professional qualifications and training programs for young people to ease their integration into the business world. As a result, 294 young people have benefited from work-study contracts in France and abroad, combining theoretical learning in their university or school and a practical internship at Air Liquide.

In 2009, Air Liquide founded its corporate university. Based on a decentralized model that permits a very large number of employees to be trained, with modern pedagogic techniques like e-learning, it has a dual objective:

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

Since its creation, the Air Liquide University has already trained over nearly 3,000 Group employees.

Remuneration

Employee remuneration is based on local market conditions, internal equity and applicable legislation. It is generally made up of a base salary plus complementary compensation elements. In 2010, 51% of employees received an individual variable share in their remuneration. For some of the employees, this individual variable share includes sustainable development objectives: they focus on subjects such as safety, energy efficiency and diversity.

In addition, remuneration can also include benefits such as profit-sharing and medical expenses. In 2010, 98% of the employees benefited from some sort of social coverage through the Group.

Health

Air Liquide is particularly concerned with improving its employees' working conditions. This is notably demonstrated through preventive actions after risk analyses at work stations and the implementation of specific rules of the Group's Industrial Management System (IMS). In addition, studies on work station ergonomics are conducted in the framework of the preventive approach. In Italy, for example, an ergonomic study was carried out on the transportation of cylinders in forklifts in a gas filling center. This study led to the improvement of material handling and comfort of use of lifts as well as to a better prevention of professional illnesses such as muscular-skeletal disorders (MSD).

As for pandemics, there is a specific crisis management procedure integrating local legal obligations and the Group's recommendations. This procedure was implemented during the influenza A (H1N1) epidemic in 2009.

In addition, part of Air Liquide's activities is focused on disinfection, through the Group's subsidiaries that are specialized in this area, Schulke and Anios, that make their products available to the Group's units.

Concerning AIDS, local initiatives, notably in the South African and Senegalese subsidiaries, help raise the awareness of employees on this subject.

Finally, there are training programs in Air Liquide's training catalogue to promote the Group's rules and good practices on health, safety and risk management at work stations.

The handicapped

For Air Liquide, diversity and equal opportunity also mean better insertion of handicapped employees into its teams, and through subcontracting to specialist companies or associations. In 2010, handicapped employees represented 1.2% of the Group's personnel.

The three agreements the Company signed with social partners in France are in line with this commitment.

Other actions have been implemented and are currently underway, in particular, offering internships or on-the-job training programs for handicapped people, maintaining handicapped workers in their work place at Air Liquide and increasing cooperation with aid-through-work centers. This approach is coordinated in France by the Mission Handicap Air Liquide. This program also conducts awareness-raising operations in-house. So, each year in November, on the occasion of the week for the employment of the handicapped in France, Air Liquide mobilizes to fully take part in this event. This week of awareness-raising and actions permits employees to acquire a better understanding of handicaps and to look at differences in a new way.

Social dialogue

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

Today, 79% of Air Liquide's employees have access to a representation, dialogue or consultation structure.

Employee awareness-raising on sustainable development

Many initiatives are created at Air Liquide to raise employee awareness on sustainable development issues and encourage them to promote them in their daily activities. "Earth Day", "Water Day" and the "Better and Cleaner" Olympiads between Research Centers are a few examples.

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

The "Better and Cleaner" Olympiads, focused on sustainable development and launched at the end of 2009 between all of Air Liquide's Research Centers, had strong participation throughout 2010.

The purpose of this challenge is to raise awareness at the Research Centers on environmental questions by bringing them together around a common project whose goal is to reduce the consumption of utilities and greenhouse gas emissions. This competition should make it possible to decrease the carbon footprint of each unit, while finding the best environmental practices developed by researchers worldwide.

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

The best global performance and the greatest improvement compared to the previous year are both rewarded. Three outstanding local initiatives, because of their role in lowering environmental impact, in sustainable development, or their social benefits, are also selected.

A CORPORATE CITIZEN

Principles of action

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

Social and Environmental Responsibility Policy

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

In the BLUEBOOK, the Social and Environmental Responsibility Policy defines the commitments taken by the Group in the framework of its activities to promote the respect for and safety of men and women, the protection of the environment, ethics and participation in the economic and social environment of the regions in which it operates. In particular, it is specified that Air Liquide respects human rights and the dignity of its employees, subcontractors, temporary workers and suppliers. In this framework, the Group's units notably exclude any form of discrimination, harassment, the use of forced labor or child labor.

This Social and Environmental Responsibility Policy has implemented a coherent Sustainable Development approach on every level of the Company and defines the orientations on this subject for the subsidiaries and departments. It is available on the website in French and English: www.airliquide.com

Employee Codes of conduct

The Group's subsidiaries are encouraged to implement local Codes of conduct. This decentralized approach combines respect for local customs and regulations and Air Liquide's ethical commitment. It also helps the subsidiaries to embrace the Group's ethical principles by writing their own Codes of conduct themselves in their working language. As a result, at the end of 2010, 71% of the Group's employees belonged to subsidiaries that have a local Code of conduct.

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

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

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

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

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

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

Respect for competition law

Instructions and Codes on the central level were established as to proper behavior concerning respect for competition law, especially in Europe and the United States. The most important rules on competition law are also included in the employees' local Codes of conduct. For some of the Group's activities, healthcare in particular, specific Codes of conduct have been developed on competition law as well.

Finally, awareness-raising meetings on compliance with competition law are regularly held throughout the Group. In 2010, meetings like these were held in several European and Asian units.

Anti-corruption Code of conduct

In 2009, the Group formalized an anti-corruption Code of conduct that was made available to all the subsidiaries. This Code, which is linked to the Social and Environmental Responsibility Policy of the BLUEBOOK, provides a reminder of the laws on the fight against corruption and deals with relations with intermediaries, particular cases such as mergers, acquisitions and partnerships, types of payments requiring particular attention, as well as administrative and accounting traceability requirements.

To strengthen the rollout of this anti-corruption Code of conduct throughout the Group, Air Liquide launched a training program in 2010 dedicated to disseminating knowledge of the anti-corruption Code of conduct and its good practices to the Group's employees. This training course is now an integral part of the Air Liquide University program and is specifically aimed at sales and purchasing teams as well as managers. It has been gradually rolled out throughout the Group.

Corporate philanthropy – the Air Liquide Foundation

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

The calling of the Air Liquide Foundation, created in 2008, is to encourage and develop these initiatives. It has a worldwide scope and supports projects in the 80 countries where 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 healthcare and respiration field, it supports scientific research on improving the human respiratory function;
- in the area of Micro-Initiatives, the Foundation encourages proximity actions with local anchoring in the regions of the world where the Group is present and in which it has expertise, for example, in education, training, etc. Each Micro-Initiative is followed by a sponsor, an Air Liquide employee who is a volunteer. The Group's employees who wish to get involved can sponsor a project that arouses their interest and to which they are geographically close. Today, over 100 Group employees are involved alongside the Foundation.

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

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

Projects can be submitted on line, in French or in English, on the Foundation's site, www.fondationairliquide.com.

In 2010, the Air Liquide Foundation supported 33 projects, three research projects in the environment and healthcare sectors and 30 Micro-Initiatives.

Among the research projects, the Foundation is supporting the work of the Carnegie Institution for Science, a private not-for-profit research organization based in the **United States**. The study carried out by Carnegie's Department of Global Ecology concerns evaluating ammonia concentration in the atmosphere and understanding the phenomena responsible for its variations. This study will help refine existing climate simulation models because ammonia acts as a marker for certain atmospheric phenomena.

In the medical field, the Air Liquide Foundation is supporting the Centre Hospitalier Universitaire of Grenoble in **France** in its research program on the influence of chronic obstructive lung disease and sleep apnea syndrome on cardiovascular risks.

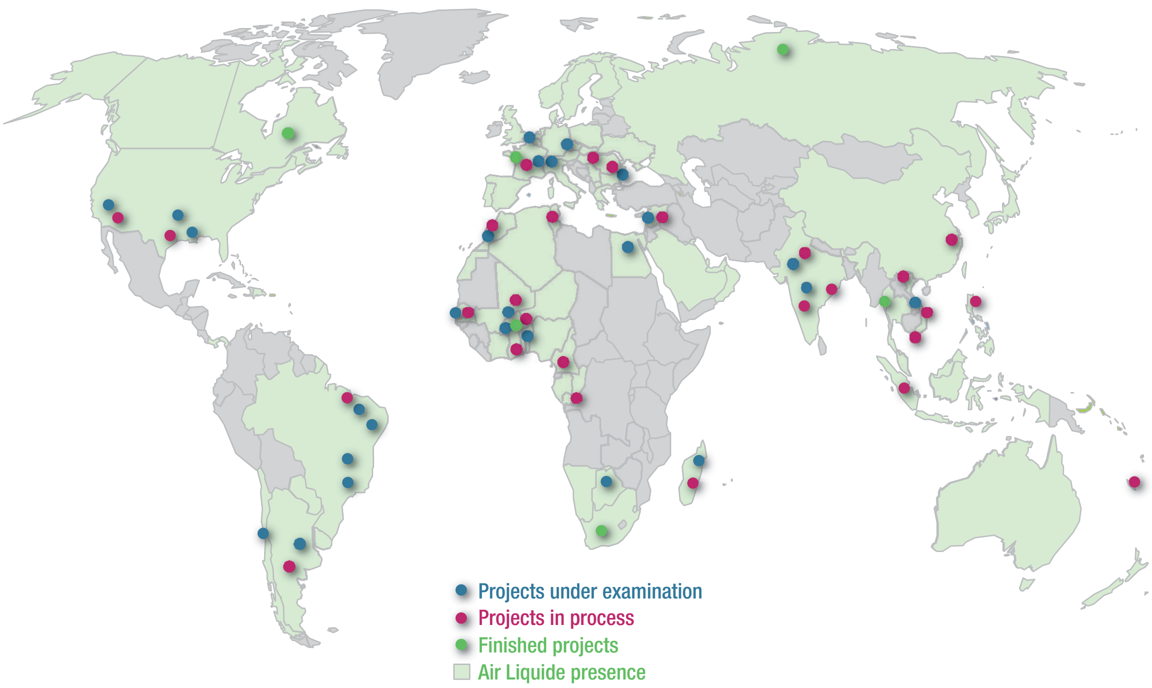
In the framework of its support for Micro-Initiatives encouraging local development, the Air Liquide Foundation joined forces with the Virlanie Foundation for the renovation of an itinerant school for the street children of Manila, in the **Philippines**. In **Senegal**, it helped in the construction and complete equipping of four classrooms in a high school in Sandiara, an initiative launched by the Senegalese association *Passeport pour l'avenir*. The Foundation, working with two associations, *Enfance Maghreb Avenir* and *Initiatives*, contributed to the renovation of two middle schools in Casablanca, **Morocco**. In **Argentina**, in the city of Neuquèn, the Foundation permitted the *Fundación Leer* to create libraries in four schools so that 1,400 students could improve their reading and writing skills.

In Tripoli, in **Lebanon** and in Deir Ez-Zor in **Syria**, over 100 micro-entrepreneurs could learn the basics of management techniques developed by the *Institut Européen de Coopération et de Développement*. These techniques enable them to develop and continue their economic activity over the long term. The Air Liquide Foundation also supports reinsertion actions for people in precarious situations through work and training. In **Romania**, for example, it is supporting the *Ateliere fara Frontiere* association, which trains people excluded from society in computers in its workshop in Bucharest. They can then be hired to repair computers and printers. The revamped computer equipment is then made available to Romanian NGOs. In **France**, the Foundation equipped an office automation training workshop for young people in difficulty.

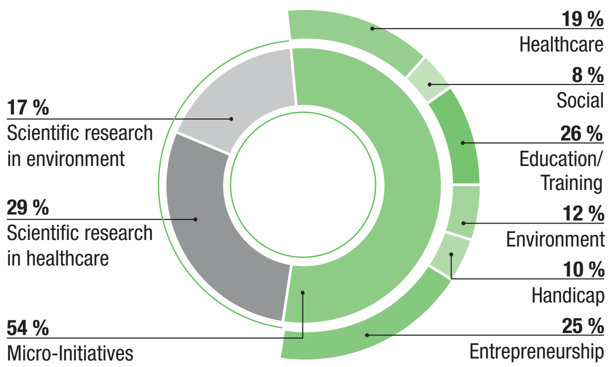
Apart from these Air Liquide Foundation actions, the Group's units can carry out their own philanthropic projects. For example, in 2010, Air Liquide Canada and its employees gave over 100,000 euros to the *Centraide du grand Montréal* association, which fights against all forms of poverty in **Canada**. Following the earthquake that devastated Port-au-Prince in **Haiti** in January 2010, the Air Liquide teams in the Americas zone contributed their support by supplying medical oxygen, a critical gas for emergency first aid. In **Chile**, the Air Liquide subsidiary mobilized to help the victims of the earthquake that struck the country in February 2010.

Air Liquide Medical Systems, a unit specialized in respiratory assistance materials, provided equipment to rescue teams, helping victims of the floods that occurred in **Pakistan** in August 2010.

BREAKDOWN OF THE AIR LIQUIDE FOUNDATION PROJECTS WORLDWIDE IN 2010



BREAKDOWN BY MISSION OF THE FOUNDATION



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

Subcontracting

The total amount of subcontracting of the Air Liquide Group was 1,348 million euros in 2010. Subcontracted activities are mainly those that are not core businesses of the Group, that require specific resources or that can be called on to handle production overload.

Since 2008, Air Liquide has published the number of accidents of its subcontractors and temporary workers. In 2010, there were 155 lost time accidents of this type.

Responsible procurement in the Group

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

The Group's responsible procurement policy makes use of several tools:

- First, the **buyers' Code of conduct**, which is a code that is integrated into the Group's purchasing policy (one out of the 12 policies of the BLUEBOOK, presented in the Social and Environmental Policy paragraph of this report) spells out the ethical principles of sustainable development on which procurement is based. Translated into 13 languages, it specifies that suppliers must be transparently and fairly evaluated and that they are bound to respect Air Liquide's sustainable development commitments.
- In addition, sustainable development clauses are being gradually included in certain Group **framework contracts**. These clauses allow for the possibility of conducting external audits at the suppliers' and subcontractors' concerned. They also include reporting elements for the supplier, in particular on safety and energy and water consumption.
- Since 2009, the responsible procurement policy has been strengthened by the distribution of a **sustainable development questionnaire**, now accessible to all the Group's buyers who are required to present it to the new major suppliers. Certain answers are considered eliminatory: for instance, the absence of a commitment on health and safety, of regular inspections of high-risk tools, of respect for local legislation on minimum wage and finally, of the measurement of energy consumption.

Air Liquide is developing, with all its subsidiaries, this evaluation approach concerning its suppliers, with the support of a partner specialized in responsible procurement. After a first campaign in 2009 with 50 suppliers, a second evaluation campaign covering nearly 200 suppliers was launched in 2010. The evaluation includes the following themes: the environment, social issues, the ethics of business and these suppliers' own procurement policy.

In 2010, **risk mapping** on procurement was created to target critical suppliers and to determine specific audits at these suppliers.

STOREBRAND

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

ETHIBEL SUSTAINABILITY INDEX

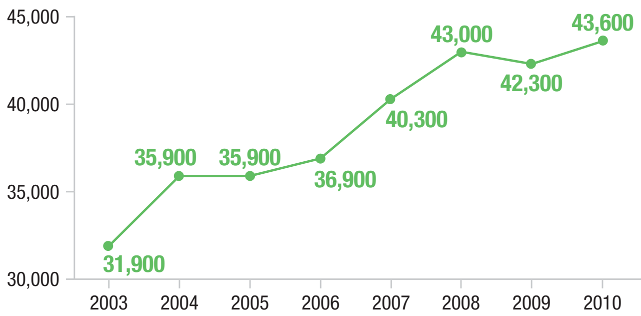
Ethibel, a European extra-financial rating agency, that is part of the VIGEO group, selected Air Liquide as one of the leaders in sustainable development for the sixth consecutive year, including it in its "Ethibel Excellence" index.

INDICATORS FOR THE GROUP AS A WHOLE

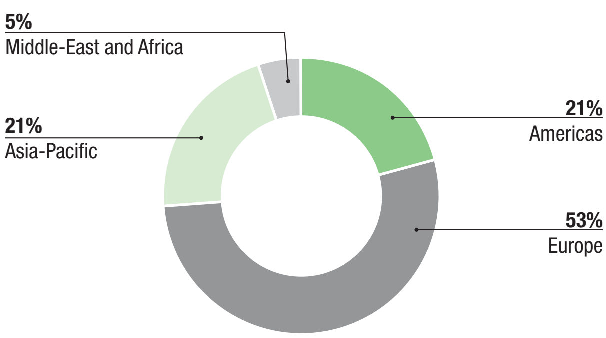
Employees [a]	2005	2006	2007	2008	2009	2010
Group employees	35,900	36,900	40,300	43,000	42,300	43,600 *
■ Women	8,310	8,670	9,630	10,300	10,300	11,100
in %	23%	23%	24%	24%	24%	25%
■ Men	27,590	28,230	30,670	32,700	32,000	32,500
in %	77%	77%	76%	76%	76%	75%
Joining the Group [b]				19.2%	10.5%	15.1%
Leaving the Group [c]				12.5%	12.2%	11.9%
% of employees having resigned during the year [d]	3.7%	4.8%	5.0%	5.0%	3.2%	4%

(a) *Employees under contract, excluding temporary employees.*
(b) *Hiring or integration due to acquisitions. The percentage is based on the number of employees as of December 31 of the preceding year.*
(c) *Retirement, resignations, lay-offs, departures due to disposals… The percentage is calculated based on the number of employees as of December 31 of the preceding year.*
(d) *Since 2009, calculated on the number of employees as of December 31 of the preceding year.*
* *Indicator verified by the statutory auditors in the framework of limited assurance.*

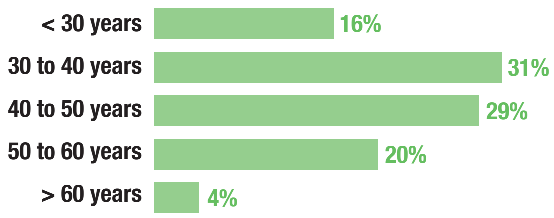
DISTRIBUTION OF EMPLOYEES OVER 8 YEARS



DISTRIBUTION OF EMPLOYEES BY ZONE



DISTRIBUTION OF EMPLOYEES BY AGE



Parity and Diversity	2005	2006	2007	2008	2009	2010
Parity						
% women among Managers and Professionals	17%	18%	19%	22%	24%	24%
% women among Managers and Professionals hired during the year	28%	29%	30%	29%	29%	29% *
% women among employees considered high potential	24%	27%	32%	32%	36%	40%
Number of nationalities						
Among expatriates	36	40	40	48	46	53
Among senior managers	20	23	22	22	25	27
Among employees considered high potential	40	43	44	42	47	46

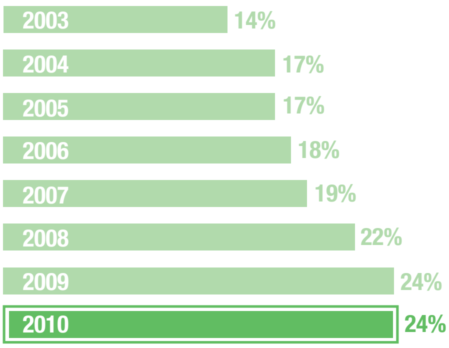
* *Indicator verified by the Statutory Auditors in the framework of limited assurance.*

	2005	2006	2007	2008	2009	2010
Training						
% total payroll allocated to training	About 3%	About 3%	About 3%	About 3%	About 2%	About 2%
Average number of days of training per employee and per year	2.6 days	2.7 days	2.9 days	3.1 days	2.4 days	3.0 days * [(b)]
% employees who attended a training program at least once during the year [(a)]	67%	70%	68%	71%	71%	74%
Remuneration						
% employees with an individual variable share as part of their remuneration	41%	43%	49%	51%	50%	51%
Performance review						
% employees who have had a performance review meeting with their direct supervisor during the year	72%	70%	71%	68%	73%	76% * [(c)]
% employees who have had a career development meeting with the HR Department during the year		13%	20%	16%	14%	15%
Ethics						
% employees belonging to a unit with a local Code of conduct				55% [(d)]	67% [(d)]	71%
Social performance						
Average seniority in the Group	12 years	12 years	11 years	10 years	11 years	10 years
% handicapped employees [(e)]	1.3%	1.3%	1.2%	1.2%	1.2%	1.2%
% employees having access to a representation / dialogue / consultation structure	74%	77%	83%	81%	82%	79%
% employees belonging to a unit at which an internal satisfaction survey was conducted within the last three years [(f)]	56%	71%	64%	58%	37%	43%
% employees with benefits coverage through the Group [(g)]	98%	97%	98%	98%	97%	98%
Employee shareholders						
% capital held by Group employees [(h)]	1.2%	1.1%	1.1%	1.0%	1.4%	1.6%
% Group employees that are shareholders of L'Air Liquide S.A.	About 60%	About 50%	About 50%	Over 40%	Over 60%	Over 60%

(a) Calculated in average number of employees during the year.
(b) 22.5 hours a year according to the new calculation method in hours (base: 1 day = 7 hr. 30 min).
(c) In 2010, calculated on the basis of employees with "long-term contracts".
(d) Value revised following the 2010 reporting.
(e) For the countries where regulations allow this data to be made available.
(f) Indicator for units of over 300 employees.
(g) Includes notably retirement benefits.
(h) In the meaning of article L. 225-102 of the French Code of Commerce.
* *Indicator verified by the Statutory Auditors in the framework of limited assurance.*

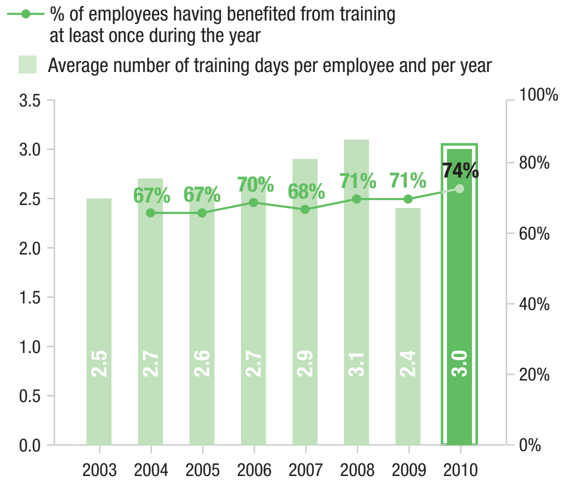
Parity

PERCENTAGE OF WOMEN AMONG MANAGERS AND PROFESSIONALS OVER 8 YEARS



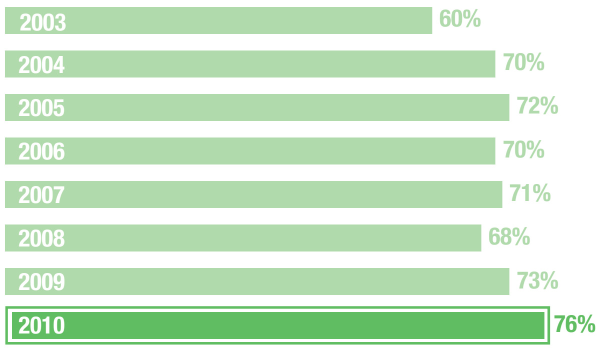
Training

AVERAGE NUMBER OF TRAINING DAYS PER EMPLOYEE AND PER YEAR / PERCENTAGE OF EMPLOYEES HAVING BENEFITED FROM TRAINING AT LEAST ONCE DURING THE YEAR



Performance review

PERCENTAGE OF EMPLOYEES WHO HAVE HAD AN ANNUAL PERFORMANCE REVIEW WITH THEIR DIRECT SUPERVISOR DURING THE YEAR



Preserving life and the environment

SAFETY

Continuously and durably improving the health and safety in the workplace of its employees and subcontractors is one of Air Liquide's major challenges, which is expressed by the keyword "zero accident" on each site, in each region, in each unit. Employees are mobilized through active communication on this objective. In addition, safety objectives are part of the variable remuneration of the Group's senior managers.

In 2010, Air Liquide added another safety indicator : the average number of days of lost time per accident, meaning the average number of calendar days of lost time per accident for Air Liquide employees, excluding death. In 2010, this indicator was estimated at 16 days. This indicator takes into account the average seriousness of lost-time accidents.

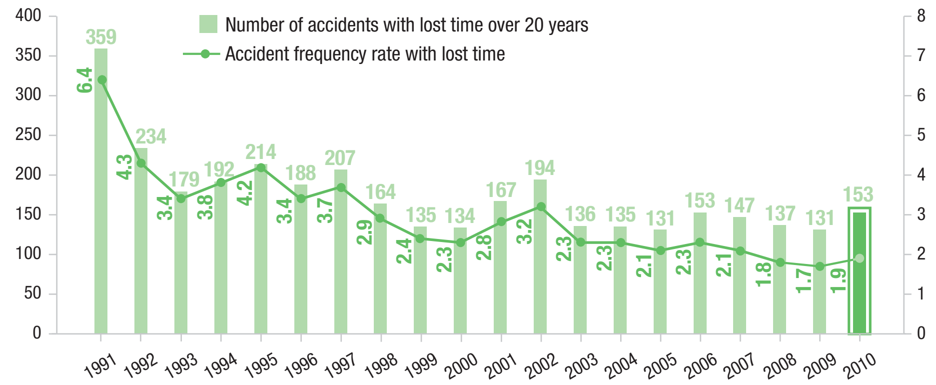
The Group's accident frequency rate with lost time in 2010 was 1.9. Although over the last 20 years, this rate has been among the best recorded by the Group, it nevertheless represents an increase compared to 2009. As a result, actions to consolidate the rollout of the IMS (Industrial Management System), to strengthen the involvement of managers and to more strongly raise awareness in the employees about safety were implemented as of the end of 2010 and will be continued throughout the year 2011.

SAFETY INDICATORS FOR THE GROUP AS A WHOLE

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Number of lost time accidents of Group employees	167	194	136	135	131	153	147	137	131	153 (a)
Accident frequency of Group employees (b)	2.8	3.2	2.3	2.3	2.1	2.3	2.1	1.8	1.7	1.9 *
Number of accidents of subcontractors and temporary workers (c)								154	148	155 (d)

(a) Fatal accidents: one in 2010, none in 2009 and 2008.
(b) Number of accidents involving lost time, of at least 1 day, 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 one fatal accident.
** Indicator verified by the Statutory Auditors in the framework of limited assurance.*

NUMBER OF ACCIDENTS WITH LOST TIME OVER 20 YEARS



ENVIRONMENT

Over 40 industrial and medical gas applications preserve life and the environment for the Group's **customers**: these applications represent **42% of revenue** [(a)].

In its **production** activities, the main elements concerning the environmental data in 2010 are as follows:

- The volumes of air gases produced very considerably increased compared to 2009. As a result, electricity consumption, mainly used by the air separation units, rose, as well as indirect CO_2 emissions, which are linked to it. The energy consumption per m^3 of air gas produced, i.e., the energy efficiency of these units considerably improved, thanks to start-ups of large units benefiting from the latest technologies, and the return of most units to operating modes much closer to optimal conditions. The global efficiency level reached in 2010 was higher than the one observed before the crisis in 2007 and also constitutes the best level reached since 1998.
- The total consumption of thermal energy and direct CO_2 emissions significantly rose due to the ramping up of new hydrogen production units, the acquisition of a syngas [(b)] unit in Germany and the sharp recovery of hydrogen sales in 2010. The energy efficiency of the hydrogen units continued to improve between 2009 and 2010.
- The thermal energy consumption of the cogeneration units remained stable between 2009 and 2010 but the **CO_2 emissions these units avoided** increased slightly because of the sale of one less efficient unit concerning these emissions avoided while other more efficient units experienced a growth in their activity.

In order to distinguish the differentiated growth dynamics between advanced economies and developing economies, Air Liquide decided, as of this year, to segment its direct and indirect CO_2 emissions between these economies.

The table of the most relevant environmental indicators, found below, takes into account this new segmentation for the Group's direct and indirect emissions.

(a) Percentage calculated on 2009 data.

(b) Gas mainly containing hydrogen and carbon monoxide

ENVIRONMENTAL INDICATORS FOR THE GROUP AS A WHOLE

Presented here are the environmental elements most representative of the Group's businesses, covering a total of 497 Air Liquide production units or sites. They concern:

- large air separation units;
- hydrogen and carbon monoxide units;
- cogeneration units;
- acetylene units;
- nitrous oxide units;
- carbon dioxide liquefaction and purification units;
- units in the Hygiene and Specialty Chemicals sectors;
- units for Welding equipment and products;
- Engineering and Construction units;
- Research and Development Centers and Technical Centers;
- transportation;
- waste and byproducts.

THE MOST RELEVANT ENVIRONMENTAL INDICATORS FOR THE TOTAL OF THE 10 TYPES OF PRODUCTION UNITS AND TRANSPORTATION (497 UNITS)

	Scope	2006	2007	2008	2009	2010
Total annual electricity consumption *(in GWh)*	World	22,281	23,232	23,223	21,139	24,924 *
Total annual thermal energy consumption *(in LHV Terajoules)*	World	155,725	160,033	177,395	183,381	204 434 *
Evolution of energy consumption per m³ of air gas produced	World	100.0	99.0	100.2	102.4	98.2 *
Evolution of energy consumption per m³ of hydrogen produced [(a)]	World	100.0	99.9	98.7	98.8	98.2 *
Total annual water consumption *(in millions of m³)*	World	55.6	57.4	59.7	59.9	66.1 *[(b)]
Annual amount of CO_2 emissions avoided by cogeneration and on-site units *(in thousands of tonnes)*	World	- 913 [(c)]	- 781 [(c)]	- 781 [(c)]	- 967 [(c)]	- 1 020
Total direct greenhouse gas (GHG) emissions into the atmosphere *(in thousands of tonnes CO_2 eq.)* [(d)]	World	7,917	8,100	9,014	9,386	10,181 *[(e)]
Of which direct GHG emissions in developing economies	*Developing economies*					*487*
Of which direct GHG emissions in advanced economies	*Advanced economies*					*9,694*
Total indirect GHG emissions *(in thousands of tonnes CO_2)* [(f)]	World	7,631	7,995	7,952	7,447	9 294 *
Of which indirect GHG emissions in developing economies	*Developing economies*					*3,949*
Of which indirect GHG emissions in advanced economies	*Advanced economies*					*5,345*
Total direct and indirect GHG emissions *(in thousands of tonnes CO_2 eq.)*	World	15,548	16,095	16,966	16,833	19,475 *
Of which direct and indirect GHG emissions in developing economies	*Developing economies*					*4,436*
Of which direct and indirect GHG emissions in advanced economies	*Advanced economies*					*15,039*

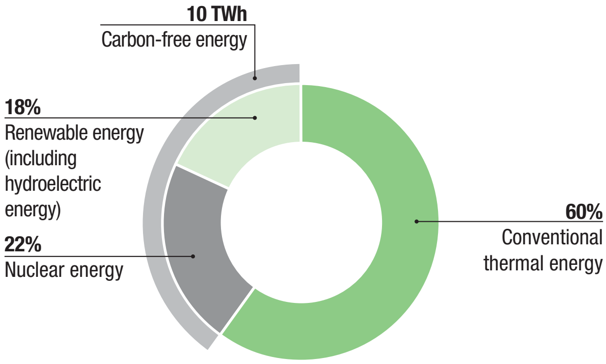
In this report, the advanced economies are defined in accordance with the financial reporting: Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Great Britain, Greece, Italy, Japan, the Netherlands, Norway, Portugal, Spain, Sweden, Switzerland, United States; The developing economies refer to the other countries in which Air Liquide operates.

(a) *Also includes the quantities of carbon monoxide produced in these units.*
(b) *Representing less than 0.5 one-thousandth of the industrial water consumption of the economies under review.*
(c) *Value revised during the 2010 reporting.*
(d) *Includes CO_2 emissions and nitrous oxide emissions.*
(e) *Representing less than 1 one-thousandth of GHG emissions in the economies under review.*
(f) *Total indirect GHG emissions generated by the production of electricity purchased outside the Group. The indirect emissions only concern CO2 emissions. Calculation takes into account the primary energy source each country uses to produce electricity (source: International Energy Agency).*
* *Indicator verified by the Statutory Auditors in the framework of limited assurance.*

Graphic analysis of direct and indirect emissions and the origin of the electricity used

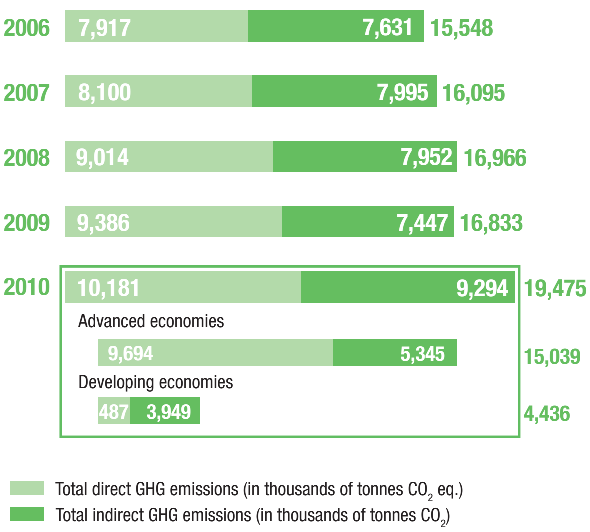
ORIGIN OF ELECTRICITY USED IN 2010 [(a)]

Taking into account the different natures of primary energy of the countries where the Group is present, it is possible to present the breakdown of the origin of the electricity used worldwide.

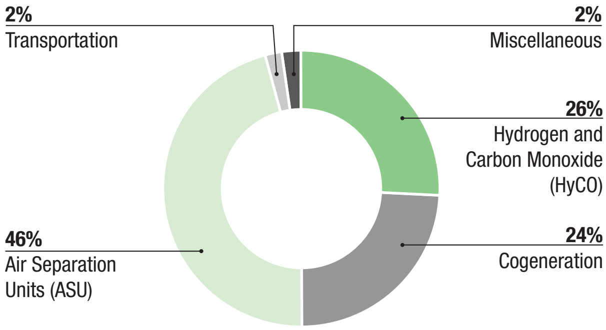


(a) The calculation takes into account the different natures of primary energy that each country uses to produce electricity (source: International Energy Agency).

DIRECT AND INDIRECT GREENHOUSE GAS EMISSION



BREAKDOWN OF DIRECT AND INDIRECT GREENHOUSE GAS EMISSIONS OF THE GROUP IN 2010



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

1. Air separation units

Worldwide, Air Liquide operates **287 large air separation units**. In 2009, there were 265 of them. These units produce oxygen, nitrogen and argon, with some sites producing rare gases like krypton and xenon.

Environment: These **factories "without chimneys"** do not use any combustion processes. Since **they discharge almost no CO_2**, sulfur oxide (SOx) or nitrogen oxide (NOx) emissions, they are particularly environmentally friendly. They consume electricity almost exclusively: worldwide, they use about **2,700 MW** each instant, the equivalent of the production of two nuclear power plant units. Their cooling systems require back-up water.

Air separation units	Scope	2006	2007	2008	2009	2010
Annual electricity consumption *(in GWh)* [(a)]	World	21,379	22,296	22,235	20,141	23,774
Evolution of energy consumption per m³ of gas produced [(b)]	**World**	**100.0**	**99.0**	**100.2**	**102.4**	**98.2 ***
Annual back-up water consumption *(in millions of m³)*	World	34.2	36.2	34.6	33.2	36.7
Evolution of back-up water consumption per m³ of gas produced [(c)]	**World**	**100.0**	**97.7**	**95.4**	**101.7**	**99.6**
Discharge to water: oxidizable matter *(in tonnes)*	World	Below 500	Below 500	Below 250	Below 250	Below 250
Discharge to water: suspended solids *(in tonnes)*	World	Below 500	Below 500	Below 250	Below 250	Below 250

(a) Also including small volumes of purchased steam.
(b) Gases produced (oxygen, nitrogen, argon) calculated in m3 o' equivalent gaseous oxygen. Base 100 in 2006.
(c) Excluding the energy consumption of units with an open cycle water cooling system. Base 100 in 2006.
* *Indicator verified by the Statutory Auditors in the framework of limited assurance.*

EVOLUTION OVER FIVE YEARS OF ENERGY CONSUMPTION PER M3 OF GAS PRODUCED, AIR SEPARATION UNITS

2. Hydrogen and carbon monoxide production units

Worldwide, Air Liquide operates **39 large hydrogen and carbon monoxide production units**. In 2009, there were 36 of them. These units also produce steam for certain customers. Carbon monoxide is an indispensable raw material for producing plastics in the chemical industry. These units primarily use natural gas and certain amounts of water required for the reaction that produces hydrogen.

Environment: The **desulfurization of hydrocarbons** to produce sulfur-free fuels is one of the main applications for hydrogen. In 2010, the hydrogen Air Liquide supplied to refineries throughout the world resulted in **avoiding about 740,000 tonnes of sulfur oxide emissions being discharged into the atmosphere**, which is more than two times higher than all the sulfur oxide emissions from a country like France. These units emit CO_2 and nitrogen oxides (NOx) but produce practically no sulfur oxide (SOx). They also consume electricity and their cooling systems require back-up water. The energy efficiency of these units per m^3 of gas produced continued to improve in 2010 and has improved by almost 1.8% compared to 2006.

Hydrogen and carbon monoxide units	Scope	2006	2007	2008	2009	2010
Annual thermal energy consumption *(in LHV Terajoules)*	World	86,699	94,880	102,717	95,306	119,205
Annual electricity consumption *(in GWh)*	World	507	512	518	478	620
Evolution of energy consumption per m^3 of gas produced (a)	**World**	**100.0**	**99.9**	**98.7**	**98.8**	**98.2 ***
Emissions into the air: CO_2 *(in thousands of tonnes)*	World	3,389	3,795	4,226	3,923	4,875
Emissions into the air: NOx (nitrogen oxide) *(in tonnes)*	World	800	950	860	750	850
Emissions into the air: SOx (sulfur oxide) *(in tonnes)*		Below 500	Below 250	Below 250	Below 250	Below 250
Annual consumption of process and back-up water *(in millions of m^3)*	World	9.6	9.8	10.6	10.2	13.0
Discharge to water: oxidizable matter *(in tonnes)*	World	Below 100	Below 100	Below 200	Below 200	Below 200
Discharge to water: suspended solids *(in tonnes)*	World	Below 500	Below 500	Below 1,000	Below 1,000	Below 1,000

(a) Hydrogen and carbon monoxide. Base 100 in 2006.
** Indicator verified by the Statutory Auditors in the framework of limited assurance.*

EVOLUTION OVER FIVE YEARS OF ENERGY CONSUMPTION PER M3 OF GAS PRODUCED, HYDROGEN AND CARBON MONOXIDE UNITS

3. Cogeneration units

Worldwide, Air Liquide operates **17 cogeneration units**. In 2009, there were 18 of them. These units produce steam and electricity simultaneously. They consume natural gas and water, most of which is converted into steam for customers. Most of the steam is condensed by these customers and then reused in the cogeneration unit. In most cases, the electricity produced is supplied to the local electricity distribution network.

Environment: Combustion of natural gas produces CO_2 and leads to nitrogen oxide (NOx) emissions, but practically no sulfur oxide (SOx) emissions. The cogeneration units are more energy efficient concerning CO_2 emissions than separate production units for electricity and steam. They therefore help reduce CO_2 emissions in the industrial basins they supply. In 2010, the Group's cogeneration units **avoided 954,000 tonnes of CO_2 emissions being discharged into the atmosphere**, so they were about **17% more efficient** than the separate production of electricity and steam.

Cogeneration units	Scope	2006	2007	2008	2009	2010
Annual natural gas consumption (or thermal energy) *(in LHV Terajoules)*	World	68,584	64,685	74,168	87,642	84,763
Annual amount of CO_2 emissions into the atmosphere prevented through cogeneration units [(a)] *(in thousands of tonnes)*	World	- 849 [(b)]	- 718 [(b)]	- 718 [(b)]	- 909 [(b)]	- 954
Emissions into the air: CO_2 *(in thousands of tonnes)*	World	3,848	3,629	4,161	4,917	4,755
Emissions into the air: NOx (nitrogen oxide) *(in tonnes)*	World	2,630	2,300	2,700	3,160	2,650
Emissions into the air: SOx (sulfur oxide) *(in tonnes)*	World	Below 100	Below 50	Below 50	Below 50	Below 50
Annual water consumption *(in millions of m^3)*	World	8.7	7.9	11.5	13.5	13.1

(a) Calculation takes into account the primary energy source that each country uses to produce electricity (source: International Energy Agency).
(b) Values revised during the 2010 reporting.

4. Acetylene production units

Worldwide, Air Liquide operates **50 acetylene production units** (a gas used mainly in welding and metal cutting). 49 of them produce this gas through the decomposition of a solid – calcium carbide – using water. One unit fills cylinders with this gas, which is delivered by another industrial company.

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

Acetylene units	Scope	2006	2007	2008	2009	2010
Annual electricity consumption *(in GWh)*	World	12	11	10	10	10
Annual water consumption *(in millions of m^3)*	World	0.4	0.4	0.4	0.3	0.3
Annual calcium carbide consumption *(in tonnes)*	World	38,100	38,500	41,100	34,100	31,800
Estimate of emissions of volatile organic compounds (VOC) into the air *(in tonnes)* [(a)]	World		170	140	150	140

(a) Losses of acetylene and acetone into the atmosphere.

5. Nitrous oxide production units

Worldwide, Air Liquide operates **nine nitrous oxide production units**. Nitrous oxide is used primarily as an anesthetic gas in the healthcare sector and as a sweetening agent in the food industry. It is produced from ammonium nitrate in solid form or as a solution in water.

Nitrogen oxide units	Scope	2006	2007	2008	2009	2010
Annual electricity consumption *(in GWh)*	World	7	6	6	5	6
Annual water consumption *(in millions of m^3)*	World	0.1	0.1	0.1	0.1	0.1
Annual ammonium nitrate consumption *(in tonnes)*	World	24,540	21,500	20,000	19,000	21,000
Emissions of nitrous oxide into the air *(in tonnes)*	World	800 [a]	780	550	410	430 [b]

(a) Estimate for the year 2006.
(b) Which corresponds to the equivalent of 133,300 tonnes of CO_2.

6. Carbon dioxide liquefaction and purification units

Worldwide, Air Liquide operates **62 carbon dioxide liquefaction and purification units**. Carbon dioxide has many industrial applications but is used mainly in the food industry to deep-freeze foods or to produce carbonated beverages.

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

Carbon dioxide liquefaction and purification units	Scope	2006	2007	2008	2009	2010
Annual electricity consumption *(in GWh)*	World	320	340	375	411	420
Annual water consumption *(in millions of m^3)*	World	1	1.2	1.3	1.7	1.8
Discharge to water: oxidizable matter *(in tonnes)*	World	Below 50	Below 50	Below 50	Below 150	Below 150
Discharge to water: suspended solids *(in tonnes)*	World	Below 50	Below 50	Below 50	Below 50	Below 50

7. Hygiene and specialty chemicals production units

Hygiene and specialty chemicals production units are located at **eight sites** in France, Belgium, Germany and China. These units consume natural gas, electricity and water. Combustion of natural gas produces small quantities of CO_2.

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

Hygiene and specialty chemicals units	Scope	2006	2007	2008	2009	2010
Annual electricity consumption *(in GWh)*	World	18	20	22	21	22
Annual thermal energy consumption *(in LHV Terajoules)* [a]	World	245	245	274	234	272
Air emissions: CO_2 *(in thousands of tonnes)*	World	9	9	10	9	10
Air emissions of volatile organic compounds (VOC) *(in tonnes)*	World		320	250	150	190
Annual water consumption *(in millions of m^3)*	World	0.5	0.5	0.6	0.4	0.5
Discharge to water: oxidizable matter *(in tonnes)*	World	Below 1,100	Below 1,000	Below 1,000	Below 800	Below 1,000
Discharge to water: suspended solids *(in tonnes)*	World	Below 100	Below 100	Below 100	Below 100	Below 100

(a) Including thermal energy corresponding to steam purchases.

8. Welding equipment and products production units

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

Welding equipment and products production units	Scope	2006	2007	2008	2009	2010
Annual electricity consumption *(in GWh)*	World	57	67	68	49	52
Annual thermal energy consumption *(in LHV Terajoules)*	World	197	223	218	166	160
Emissions of CO_2 into the air *(in thousands of tonnes)*	World	11	13	12	9	9
Annual water consumption *(in millions of m³)*	World	1.1	1.2	0.5	0.4	0.5
Annual consumption of raw materials *(in thousands of tonnes)* [(a)]	World		150	170	116	130

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

9. Engineering and Construction units

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

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

Engineering and Construction units	Scope	2008	2009	2010
Annual electricity consumption *(in GWh)*	World	10	11	11
Annual water consumption *(in millions of m³)*	World	0.1	0.1	0.1
Annual consumption of raw materials *(in thousands of tonnes)* [(a)]	World	7.7	4.5	4.5

(a) Mainly metals.

10. Principal Research and Development Centers and Technical Centers

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

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

Research and Development centers and Technical Centers	Scope	2008	2009	2010
Annual electricity consumption *(in GWh)*	World	8	13	9
Annual thermal energy consumption *(in LHV Terajoules)*	World	18	33	34
Emissions of CO_2 into the air *(in thousands of tonnes)*	World	1	2	2
Annual water consumption *(in millions of m³)*	World	0.02	0.02	0.01

(a) Apart from the Research Centers of the Hygiene and Specialty Chemicals activity, wich are included in paragraph 7.

11. Transportation

In 2010, trucks delivering Air Liquide liquid gases or gas cylinders traveled **361 million kilometers** throughout the world and emitted about **396,000 tonnes of CO_2**. On-site nitrogen, oxygen and hydrogen units reduced truck deliveries, a source of CO_2 emissions. These on-site units were able to **save the 61 million extra kilometers** travelled by trucks and therefore the emission of **66,000 tonnes of CO_2**.

Environment: Supplying large customers via pipeline from the Group's production units also considerably limits truck transportation. These pipeline systems, which are environmentally friendly and safe, total over **8,700 kilometers worldwide**. For air gases and hydrogen, which represent most of the volumes the Group delivers, **86% of deliveries are made via pipeline or through on-site units. As a result, only 14% of all air gases or hydrogen are delivered by trucks.**

	Scope	2006	2007	2008	2009	2010
Kilometers traveled by all vehicles delivering gas in liquid or cylinder form *(in millions of km)*	World	375	377	395	363	361
Estimate of CO_2 emissions generated by these vehicles *(in thousands of tonnes)*	World	411	413	433	399	396
Evolution of the efficiency of deliveries for liquefied gases (oxygen, nitrogen, argon, carbon dioxide) [(a)]	**World**	**100.0**	**101.3**	**100.4**	**98.8**	**97.7**
Estimate of truck transport kilometers avoided through on-site customer units *(in millions of km)*	World	- 60	- 59	- 58	- 54	- 61
Estimate of CO_2 emissions avoided by these on-site units *(in thousands of tonnes)*	World	- 64	- 63	- 63	- 58	- 66
Percentage of deliveries of air gases and hydrogen via pipeline or *on-site*	World	85%	84%	84%	85%	86%

(a) In kilometers per tonne delivered. Base 100 in 2006. Values revised following the 2010 reporting.

EFFICIENCY OF TRUCK DELIVERIES OF LIQUID GASES (OXYGEN, NITROGEN, ARGON, CARBON DIOXIDE)

12. Waste and byproducts

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

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

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

Waste and byproducts	Scope	2008	2009	2010
Waste and byproducts that are not dangerous				
■ Annual quantity of lime produced (extracted dry equivalent) by the acetylene production units *(in tonnes)*	World	47,000	39,400	36,900
% recycled	World	Over 90%	Over 90%	Over 90%
■ Metal waste *(in tonnes)* [b]	World	9,500	6,000	9,200
% recycled	World	Over 99%	99%	Over 99%
■ Oils *(in tonnes)*	World	700	600	750
% recycled	World	88%	89%	90%
Total non-dangerous waste and by products *(estimate in tonnes)*	World	**57,200**	**46,000**	**46,850**
Dangerous waste				
■ Paints and solvents *(in tonnes)*	World	200	200	200
% recycled	World	8%	30%	45% [c]
TOTAL WASTE AND BY PRODUCT *(estimate in in tonnes)*	**WORLD**	**57,400**	**46,200**	**47,050**

(a) *Calculation is based on the weight of the waste.*
(b) *Metal waste that is not dangerous.*
(c) *In addition, 44% is incinerated.*

COMPLEMENTARY ENVIRONMENTAL INDICATORS

As a complement of the main environmental indicators presented at the beginning of the environment chapter, there are other environmental indicators for the Group but that are of lesser importance and relevance for Air Liquide's business. Among them and with a concern for transparency and exhaustiveness in reporting, Air Liquide presents below the synthesis table of emissions into the atmosphere of nitrogen oxide (NOx), sulfur oxide (SOx), volatile organic compounds (VOC), discharge to water of oxidizable matter and waste and byproducts.

COMPLEMENTARY ENVIRONMENTAL INDICATORS FOR THE GROUP AS A WHOLE

	Scope	2006	2007	2008	2009	2010
Total emissions into the air: NOx (nitrogen oxide) *(in tonnes)*	World	3,430	3,250	3,560	3,910	3,500
Total emissions into the air: SOx (sulfur oxide) *(in tonnes)*	World	Below 600	Below 300	Below 300	Below 300	Below 300
Total volatile organic compounds (VOC) emitted into the atmosphere *(estimate, in tonnes)*	World		490	390	300	330
Total discharge to water: oxidizable matter *(in tonnes)*	World	Below 2,650	Below 1,650	Below 1,500	Below 1,400	Below 1,600
Total waste and byproducts *(in tonnes)*	World			57,400	46,200	47,050

"CARBON CONTENT" OF AIR LIQUIDE'S MAIN PRODUCTS

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

"CARBON CONTENT" OF AIR LIQUIDE'S MAIN PRODUCTS IN 2010 (gCO_2/Nm^3 [c])

		Europe					North America		Asia	
		France	**Germany**	**Italy**	**Spain**	**Sweden**	**United States**	**Canada**	**Japan**	**China**
Oxygen	Oxygen via pipeline [d]	67	267	244	270	34	170	137	311	444
	Liquid oxygen	140	480	449	489	96	317	265	566	777
	Oxygen in cylinders [e]	446	786	762	778	338	598	609	631	1 171
Nitrogen	Nitrogen via pipeline [d]	22	88	81	89	11	56	45	102	147
	Liquid nitrogen	99	317	300	324	75	213	181	376	506
	Nitrogen in cylinders [e]	403	615	605	604	316	489	521	431	886
Argon	Argon in cylinders [e]	544	1 180	1 122	1 176	388	848	811	1 089	1 827
CO_2	Liquid CO_2 [h]	57	112	122	124	33	70	67	[f]	156
		Belgium					**United States**			
Hydrogen	Hydrogen via pipeline [g]	604					680			

(a) The methodology and calculations for the model of these figures were validated by Ecofys, a consulting firm specialized in sustainable development. These calculations take into account in each country the different energy sources used to produce electricity (source: International Energy Agency). In the USA, the calculation of indirect emissions for air gases takes into account the data from the main electricity production units that supply Air Liquide.
(b) Concerning the CO_2 emissions from electricity production consumed by Air Liquide.
(c) $Nm^3 = m^3$ of gas at atmospheric pressure at 0 °C.
(d) At 40 bar, pressure standard for these pipelines.
(e) At 200 bar, pressure standard for cylinders.
(f) Not available.
(g) At 100 bar, pressure standard for these pipelines.
(h) In the specific case of liquid CO_2, data is expressed in terms of gCO_2/kg.

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

In 2004, the Group launched a new Industrial Management System (IMS) to strengthen safety, reliability, the preservation of the environment and industrial 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. Between 2007 and 2010, **60 units** were audited, representing **91%** of the Group's activities in terms of revenue. In four years, almost the entire Group was audited for the implementation of its Industrial Management System (IMS).

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 71% of the Group's revenue.

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

Furthermore, Air Liquide adopted the QHSAS 18001 certification concerning occupational health and safety management, covering about 12% of the Group's revenues.

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

The worldwide **"Responsible Care"** Charter is an initiative of the International Council of Chemical Associations. It formalizes the commitment of the signatories to improve the global performances of the chemical industries in health, safety and protection of the environment. Many Air Liquide subsidiaries had already signed this charter locally. Air Liquide signed it in 2010 on the Group level, confirming many principles that the Company already very largely follows.

	Scope	2006	2007	2008	2009	2010
Estimate of the Group entity's accumulated revenue that had an internal IMS audit	World		46%	71% [a]	76%	91% [a]
Estimate of Group entity's revenue covered by an ISO 9001 quality certification	World	73%	73%	75%	74%	71%
Estimate of Group entity's revenue covered by an ISO 14001 environmental certification	World	22%	24%	24%	25%	25%
Estimate of Group entity's revenue covered by an OHSAS 18001 occupational health and safety management system	World				14%	12%

(a) In 2010, the reporting method was modified taking into account the actual revenue consolidated by the subsidiaries and the internal IMS audit cycle.

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, 96 “low threshold” and 24 “high threshold” Air Liquide sites are involved. Seveso regulations apply only to Europe but if the Seveso “high threshold” criteria were applied worldwide, 22 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 CO_2, this directive only applied, for the 2005-2007 period, to Air Liquide’s five cogeneration sites and two hydrogen production sites in France, the Netherlands and Spain. Air Liquide’s quotas (about 1.2 million tonnes of CO_2 per year) for the 2005-2007 period covered the emissions observed.

For the second period (2008 to 2012), the directive will only apply to seven cogeneration sites in France, Germany, the Netherlands and Spain and a single hydrogen production site in Belgium. Air Liquide’s quotas (about 3.3 million tonnes of CO_2 per year) should cover the anticipated emissions[(a)].

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

(a) The amount of the allocated quotas is calculated following the same consolidation rules as the environment and energy indicator reporting.

EUROPEAN REACH REGULATION

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

Air Liquide’s main products such as oxygen, nitrogen, rare gases, CO_2, hydrogen and helium are excluded from the scope of REACH. Nevertheless, four products (carbon monoxide, acetylene, methanol [(b)] and lime [(c)]) and a few specialty gases in the Electronics business such as silane fall under this regulation. In addition, about one quarter of the revenue of the Specialty Chemicals business is concerned by REACH.

This regulation went into effect on June 1, 2007, and the registration and authorization procedures are be spread out over about 12 years. In accordance with REACH’s calendar, Air Liquide registered the four products mentioned above on November 30, 2010, corresponding to annual quantities produced or imported to Europe of 1,000 or more tonnes. The other products, for annual quantities from 100 to 999 tonnes, must be registered by June 1, 2013.

In total, less than 6% of the Group’s revenue is concerned by REACH.

(b) Methanol is the raw material used to produce hydrogen in one of the Group’s units.
(c) Lime is a byproduct of the acetylene activity (cf. paragraph of the report on the acetylene units).

An innovative company

Air Liquide was founded in 1902 through an innovation, a new liquefaction and air separation technology. Innovation remains an essential value of the Company. Air Liquide files around **300 patents a year**. Innovation and sustainable development are inseparable.

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

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

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

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

Over 60% of the Group's R&D budget is devoted to work on life – for example, concerning therapeutic gases –, the environment and sustainable development with five subjects that hold an important place in it:

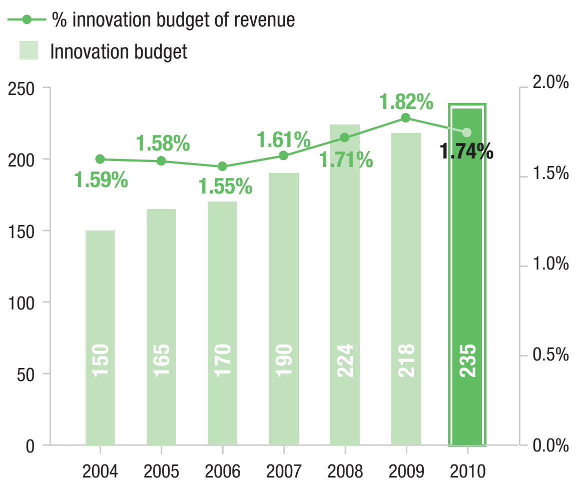
- **energy efficiency;**
- **CO_2 capture and storage;**
- **hydrogen, a clean energy carrier;**
- **second-generation biofuels;**
- **development of industrial gas applications in the photovoltaic industry.**

INDICATORS FOR THE GROUP AS A WHOLE

	2010
Number of researchers	1,000 researchers of 30 nationalities
Number of research centers	8
Industrial partnerships	Over 100
Academic collaborations with universities and research institutes	Over 120

Innovation budget	**2004**	**2005**	**2006**	**2007**	**2008**	**2009**	**2010**
Innovation budget *(in millions of euros)*	150	165	170	190	224	218	235
Revenue of the Group *(in millions of euros)*	9,428	10,435	10,949	11,801	13,103	11,976	13,488
% INNOVATION BUDGET OF REVENUE	**1.59%**	**1.58%**	**1.55%**	**1.61%**	**1.71%**	**1.82%**	**1.74%**

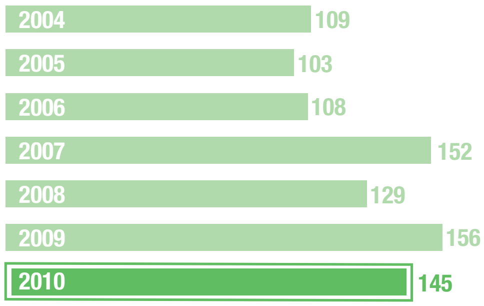
EVOLUTION OF THE INNOVATION BUDGET AND THE PERCENTAGE OF THIS INNOVATION BUDGET *VIS-À-VIS* THE GROUP'S REVENUE



Patents	2004	2005	2006	2007	2008	2009	2010
Number of inventions patented	2, 601	2,680	2,668	2,847	2,640	2,508	2,830
New inventions patented during the year	225	236	267	263	257	280	301
Patents filed directly in the Group's four main zones of operation [(a)]	109	103	108	152	129	156	145

(a) Europe, United States, Japan, China.

NUMBER OF PATENTS FILED IN THE FOUR MAIN ZONES WHERE THE GROUP OPERATES



These patents are strategic for Air Liquide and are directly valid in all four of the Group's main zones: Europe, the United States, Japan and China.

Reporting methodology

PROTOCOL AND DEFINITIONS

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

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

SCOPE AND CONSOLIDATION METHODS

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

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

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

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

REPORTING AND RESPONSIBILITIES

The 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 responsibility of the Human Resources Department;
- the energy consumption and CO_2 emissions indicators from the main air separation units, cogeneration, hydrogen and carbon monoxide units are tracked by the Large Industry business line using a dedicated intranet tool;
- as a complement, the collection of environmental and safety data is carried out by the Safety and Industrial System Department using a dedicated intranet tool, and includes accident reporting:
  - for all entities the data of the Group's accident reporting,
  - for the units mentioned above, other environmental indicators (atmospheric emissions, water consumption, discharge to water, etc.),
  - for the smaller units (acetylene, nitrous oxide, carbon dioxide units and hygiene and specialty chemical products units), the welding units and the Engineering and Construction units, the Research and Development centers and the technical centers all indicators (energy use, atmospheric emissions, water consumption, discharge to water, etc.);
- indicators on kilometers traveled are the responsibility of the Industrial Merchant business line;
- the estimate of the percentage of the Group's revenue where the Industrial Management System (IMS), the ISO standards 9001 and 14001 and the OHSAS 18001 are being rolled out are indicators under the responsibility of the Safety and Industrial System Department;
- finally, indicators for the "carbon content" of the Group's main products are established by the Industrial Merchant Division and the Energy Services Group Department from energy and transportation indicators.

CONTROLS

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

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

METHODOLOGICAL LIMITS

The methodologies used for certain human resources, safety and environmental indicators can have certain limits:

- the absence of nationally or internationally recognized definitions, in particular for indicators on managers and professionals and social performance indicators;
- how representative the measurements taken and necessary estimates are, in particular, concerning indicators on CO_2 emissions avoided, water consumption, kilometers avoided per on-site units and training.

Statutory Auditors' limited assurance report
on a selection of Human Resources, Safety and Environment indicators

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

Further to L'Air Liquide S.A.'s request and in our capacity as Statutory Auditors of L'Air Liquide S.A., we have performed a review in order to express a limited assurance on a selection of Human Resources, Safety and Environment indicators for the financial year 2010. These specific Indicators, published and identified by the "*" symbol (the "Indicators") in the Sustainable Development Report included in the Reference Document (the "Sustainable Development Report"), have been prepared in accordance with the Group's Sustainable Development reporting procedures applicable in 2010 (the "Reporting Criteria").

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

It is our responsibility to express a conclusion on these Indicators on the basis of our review. Our assurance engagement has been planned and performed in accordance with the ISAE 3000 international standard of IFAC [1]. Our independence is defined by legal and regulatory texts as well as our professional code of ethics. A higher level of assurance would have required more extensive work.

Nature and scope of our review

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

- we have assessed the Reporting Criteria with respect to its accuracy, its completeness, its neutrality, its understandability and its relevance;
- at the Group level, we have conducted the following tasks:
  - within the appropriate Departments (Sustainable Development Department, Human Resources Department, Safety and Industrial System Department, Large Industries business line), we have interviewed the persons in charge of collecting the data upon which the Indicators are calculated,
  - we have assessed the application of the Reporting Criteria, implemented analytical procedures and, on a sampling basis, we have verified the calculation and consolidation of the Indicators;
- we have selected a sample of six entities [2] for Human Resources Indicators, six entities [3] for Safety Indicators and five production units or networks [4] for Environment Indicators. This selection was made on the basis of their activity, their contribution to the Indicators, their location, and the results of the review performed during prior financial years. At these entities and units level, we have verified the understanding and application of the Reporting Criteria and probed the data in order to verify calculations and compare inputs with supporting documents;
- we have reviewed the presentation of the Indicators of the Sustainable Development Report.

On average, the selected entities and units account for 35% of the consolidated value of Environment Indicators [5], 10% of the consolidated value of Human Resources Indicators [6], and 24% of the consolidated worked hours upon which Safety Indicators are calculated.

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

(2) AL Poland, Pharmadom, AL Italy, AL Australia, subgroup AL BV. and Aqualung.

(3) Pharmadom, AL Italy, AL Poland, AL China, Grande Industrie Europe and AL AMERICA L.P..

(4) The air gases and hydrogen and carbon monoxide networks of the Northern region of Large Industries Europe (France, Belgium and the Netherlands) and of the Gulf Coast (USA), the air separation unit of ALSGIG (China), the hydrogen production unit of Estarreja (Portugal) and the cogeneration unit of Pergen (the Netherlands).

(5) On average 23% of the produced air volumes from the air separation units, 32% of the produced volumes from HyCO units, 19% of water consumption, 20% of electricity consumption, 43% of thermal energy consumption, 44 % of direct CO_2 emissions.

(6) On average 10% of headcount, 16% of women hired during the year among engineers and managers, 9% of training time, 10% of employees who had an annual performance review with their supervisor.

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

Information about the Reporting Criteria

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

- the Group presents the main methodologies used for data reporting in the "reporting methodology" section of the Sustainable Development Report, as well as in the comments and footnotes associated with the Indicators published in tables within the Sustainable Development Report;
- the different reporting perimeters for the Indicators related to Human Resources, Safety and the Environment are detailed in the "scope and consolidation methods" part of the Sustainable Development Report;
- compared with the review of the previous financial year, we have noticed the following improvements as part of the continuous effort of the Group to strengthen the reliability of its reporting:
  - for Safety Indicators, the definition of "worked hours" appeared more consistent between audited business units integrating more frequently overtime and the realization of a reconciliation with Human Resources data,
  - for Human Resources Indicators, efforts initiated last year to clarify some definition of the Reporting Criteria were carried on in 2010;
- we have also identified the following areas for improvement:
  - for Environment Indicators, the Group should clarify the definition of "water consumption" data so as to ensure a common understanding throughout all business units and notably for new production units. The Group could also provide them with specific tools of water consumption assessment to facilitate their reporting and its consistency,
  - for Human Resources Indicators, the controls undertaken by business units which consolidate multiple subsidiaries should be strengthened, in particular with respect to data related to training and annual performance reviews.

Conclusion

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

Courbevoie and Neuilly-sur-Seine, March 7, 2011

The Statutory Auditors

MAZARS	ERNST & YOUNG et Autres
Lionel Gotlib	Jean-Yves Jégourel

Appendix

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

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

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

Corporate Governance

Management and Control

BOARD OF DIRECTORS

Benoît Potier Chairman and Chief Executive Officer Expiration date of term: 2014	**Béatrice Majnoni d'Intignano** Director Expiration date of term: 2014
Thierry Desmarest Director Expiration date of term: 2013	**Thierry Peugeot** Director Expiration date of term: 2013
Alain Joly Director Expiration date of term: 2013	**Paul Skinner** Director Expiration date of term: 2014
Professor Rolf Krebs Director Expiration date of term: 2012	**Jean-Claude Buono** Director Expiration date of term: 2012
Gérard de La Martinière Director Expiration date of term: 2011 [a]	**Karen Katen** Director Expiration date of term: 2012
Cornelis van Lede Director Expiration date of term: 2011 [a]	**Jean-Paul Agon** Director Expiration date of term: 2014

(a) Renewal of term proposed to the Annual General Meeting of May 4, 2011

Appointment proposed to the Annual General Meeting of May 4, 2011

Siân Herbert-Jones, Director

Central Works Council delegates

Philippe Bastien

Jean-Luc Cron

Christian Granday

Marie-Pascale Wyckaert

EXECUTIVE MANAGEMENT AND EXECUTIVE COMMITTEE

Benoît Potier Chairman and Chief Executive Officer Born in 1957 - French	**Guy Salzgeber** Vice-President, Northern and Central Europe Born in 1958 - French
Pierre Dufour Senior Executive Vice-President Born in 1955 - Canadian	**Augustin de Roubin** Vice-President, Southern and Eastern Europe (including France) Also supervising Welding and Diving activities Born in 1953 - French
Jean-Pierre Duprieu Executive Vice-President [(a)] Born in 1952 - French	**Michael J. Graff** Vice-President, Americas Also supervising Safety and Industrial Systems Born in 1955 - American
François Darchis Senior Vice-President Engineering and Construction, Research and Technology Also supervising the Industrial Merchant, Electronics and Healthcare World Business Lines Born in 1956 - French	**Mok Kwong Weng** Vice-President, North-East Asia Born in 1953 - Singaporean
Jean-Marc de Royere Senior Vice-President Asia-Pacific Born in 1965 - French	**François Abrial** [(a)] Vice-President, Human Resources Born in 1962 - French
Fabienne Lecorvaisier Group Vice-President, Finance and Operations Control Born in 1962 - French	**Pascal Vinet** [(a)] Vice-President, Healthcare activities Born in 1962 - French
Ron LaBarre Group Vice-President, Large Industries World Business Line Born in 1950 - American	

(a) Since February 2011.

Report from the Chairman of the Board of Directors

(approved by the Board of Directors on February 14, 2011)

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

As of December 31, 2010, the Board of Directors was comprised of twelve members appointed by the Annual Shareholders' Meeting, including four foreign members (German, British, Dutch and American) and two female members. A Director's term of office is four years. Renewals are staggered. Since May 2006, the Board of Directors has elected to assign the role of Chief Executive Officer to the Chairman. As announced, at the meeting held at the close of the Annual Shareholders' Meeting of May 5, 2010, the Board of Directors renewed the terms of office of Mr. Benoît Potier as Chairman and Chief Executive Officer of the Company for the length of his term of office as Director.

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

CODE OF CORPORATE GOVERNANCE

The Board of Directors confirmed that, in keeping with the Group's previous practices, the AFEP/MEDEF Code of corporate governance for listed companies is the code to which the Company voluntarily refers. This Code, as last updated in April 2010, is available on the site http://www.medef.com ("Publications" section, under "Economy").

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

The measures adopted during 2010 and in early 2011 to properly align the Company's corporate governance practices with the provisions of the AFEP/MEDEF Code of corporate governance are set out in this report and the Report on the remuneration of Executive 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 members of the Executive Officers and Directors.

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

PROFESSIONAL ETHICS OF DIRECTORS – RIGHTS AND OBLIGATIONS OF DIRECTORS

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

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

  Each Director undertakes to meet the obligations imposed upon him by the articles of association and the various legal, regulatory or internal Company provisions and, more specifically, the internal rules relating to the prevention of insider trading or the obligations to report transactions in 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 by 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, the last version having been adopted in June 2010.

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 (four 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 objective of increasing the number of female members on the Board of Directors will be pursued. Since 2010, the internal regulations have been published in their entirety on the Company's website.

INDEPENDENCE OF BOARD MEMBERS

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

"A member of the Board of Directors is independent when he/she has no relationship of any kind with the Company, its Group or its management which may interfere with his/her freedom to exercize his/her judgment.

In this frame of mind, the criteria which may provide guidance to the Board in order to classify a member as independent will be as follows:

- he/she is not and has never been an employee or member of the Executive Management of the Company;
- he/she does not hold office as Chairman, Chief Executive Officer, Chairman or member of the Management Board of a company in which the Chairman of the Board of Directors, the Chief Executive Officer or a Senior Executive Vice-President of Air Liquide is a Director or member of the Supervisory Board;
- he/she must not have any business relations with the Air Liquide Group which represent a significant part of the business activities (i) of the Company of which the Director is a member of the Executive Management or (ii) of Air Liquide;
- he/she does not have any close family links with the Chief Executive Officer or a Senior Executive Vice-President;
- he/she must not have been an auditor of the Company during the previous five years."

The criteria used are mainly based on the aforementioned AFEP/MEDEF Code of corporate governance. However, the Board did not consider that terms of office exceeding 12 years would disqualify a Board member from being independent, as the experience acquired is an asset in a group characterized by long-term investment cycles. Conversely, it considered that former employees or officers of the Company may not be considered as independent even if the termination of their duties took place more than five years earlier.

An assessment of the independence of the members is included on the agenda for Board meetings once a year. To support its analysis, the Board uses a chart summarizing the purchases and sales implemented during the previous year between companies of the Air Liquide Group and companies of the Group within which an Air Liquide Director (or proposed Director) also holds a term of office. Such figures are weighted against the total purchases and sales of each group to measure their significance. For fiscal year 2010, 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, 2010, the following members are independent: Béatrice Majnoni d'Intignano, Thierry Desmarest, Cornelis van Lede, Gérard de La Martinière, Rolf Krebs, Thierry Peugeot, Karen Katen, Paul Skinner and Jean-Paul Agon. Thus, nine of the twelve members of the Board of Directors are independent as of December 31, 2010. The Board of Directors also considered that Siân Herbert-Jones, who is proposed as a candidate to the Annual Shareholders' Meeting of May 4, 2011, is independent. At the close of the Annual Shareholders' Meeting of May 4, 2011 called to make a decision on the renewal of the terms of office of Gérard de La Martinière and Cornelis van Lede and on the appointment of Siân Herbert-Jones, ten out of the thirteen members of the Board of Directors will be independent.

ROLE OF THE BOARD OF DIRECTORS

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

It ensures the implementation of these orientations by Executive Management.

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

The internal regulations stipulate that the **specific powers** legally attributed to the Board of Directors include in particular the choice of Executive Officers, the determination of the terms and conditions governing the remuneration and performance of their duties, the convening of Shareholders' Meetings, 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 exercizes the **powers granted to it by the Shareholders' Meeting**, particularly with regard to the granting of stock options or the Conditional Grant of Shares to Employees, issues of marketable securities, or share buyback or employee savings programs.

RELATIONSHIP WITH EXECUTIVE MANAGEMENT

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

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

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

FUNCTIONING OF THE BOARD OF DIRECTORS

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

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

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

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

APPRAISAL OF THE BOARD OF DIRECTORS

The internal regulations stipulate that:

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

An evaluation of the functioning of the Board of Directors is carried out every year, alternating between a full appraisal questionnaire leading to a summary showing the replies and the adoption of recommendations for action one year and a questionnaire aimed at making an assessment of the actions implemented in the light of the recommendations made the next. Following on from the formal appraisals carried out most recently in 2005 and 2007, the functioning of the Board of Directors and its Committees was formally evaluated in 2009. The summary of responses revealed an overall very positive assessment of the Board's operation, with again particular emphasis on the freedom of expression within the Board. Among the wishes expressed during this appraisal was the strengthening of the Board's composition in terms of competencies (marketing, finance) and diversity (increase in the number of female

Board members, good knowledge of Asia). The appointment of Jean-Paul Agon by the 2010 Annual Shareholders' Meeting and the proposal of the appointment of Siân Herbert-Jones to the 2011 Annual Shareholders' Meeting are in line with these reflections. Furthermore, with regard to the Board's scope of involvement, it was agreed to bolster competitive strategy analyses, develop the reports of the Audit and Accounts Committee concerning Group risk management and organize a presentation on the Group's consideration of sustainable development issues. Finally, requests were made for the schedule of Board meetings to be reviewed.

A further questionnaire was prepared in 2010 in order to enable the Directors to assess the actions taken in the light of the agreed recommendations for action and to make new comments, where applicable.

The summary of replies presented by the Chairman of the Appointments and Governance Committee to the February 2011 Board meeting highlights areas of satisfaction with regard to the measures implemented and more particularly those concerning (i) a review of the strategy within the framework of the presentations made by the Executive Vice-Presidents responsible for each of the Group's business lines and a review of the competitive strategy, the main items on the agenda for the meeting in June, which was a full-day session; (ii) a review of risk management through the work conducted by the Audit Committee within the framework of the methodology defined, on which a report was made to the Board; (iii) the scheduling of the Board meetings which included, in 2010, in June and also in November at the time of the trip to Singapore, precious opportunities for discussion and exchanges of views with the Group's main managers. Sustainable development issues will be subject to a detailed review in 2011 at a meeting which will be more particularly devoted to this topic.

Due to the collective nature of the Board, the assessment questionnaire concentrates on an appraisal of the overall contribution of members to the Board's operation; for this same reason, the internal regulations do not provide for the meeting of external Board members without the presence of internal Directors. Through the amendment to the internal regulations introduced in early 2010, the Appointments and Governance Committee was however given the task of assisting the Chairman and Chief Executive Officer, at his request, in his dealings with independent Directors, and acting as an instrument of dialogue aimed at preventing potential situations of conflict on the Board.

THE BOARD'S WORK IN 2010

In 2010, the Board of Directors met five times with an effective attendance rate or attendance rate by telephone of 95% of its members. A full-day meeting was held in June in Paris outside the company's premises. The November meeting took place in Singapore. At the time of this trip, the Directors were invited to visit the Company's industrial sites, meet customers and exchange views and ideas with all the management executives of the Asia/Pacific region present, in particular in workshops, with regard to all the questions concerning the Group's development in the region.

The Board's activities related to the following issues:

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

- reviewing the **quarterly activity reports** presented by Executive Management; the annual and interim parent company and consolidated **financial statements** in the presence of the Statutory Auditors used to determine the **dividend distribution policy** and authorize the distribution in 2010 of one free share for every 15 shares held;
- reviewing, at each meeting, the Group's **financial position** in the context of the gradual exit from an unprecedented international economic crisis;
- reviewing the **minutes** of **Committee** meetings;
- making **decisions**, in particular with respect to the investments necessary for the Group's medium-term development and corresponding financing capacities, the EMTN program and the note exchange programs, the stock option and Conditional Grant of Shares to Employees plans or the development of employee savings schemes through the launch of a subscription in November 2010 and monitoring of the results obtained;
- reviewing at each meeting the **report on acquisitions, disposals and major projects in progress**;
- 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 and other reports contained in the Reference Document prepared or approved by the Board of Directors, responses to shareholders' written questions).

Monitoring of the Group's main strategies on significant issues

As part of the presentations made by Executive Management and certain senior executives, the Board of Directors closely considered the following in 2010 (i) **questions relating to strategy** and in particular the performances and strategy by business line (June); the competitive strategic analysis (June); the efficiency programs (June); the medium-term objectives for 2011-2015 (November); the Yanbu project (February, May and July) and the developments in large projects and (ii) **governance issues** concerning in particular the project for governance of industrial operations in France (July and November); the rules of corporate governance (February, May) with particular attention to the status of Executive Officer (February, May), the role of the Audit and Accounts Committee and the Appointments and Governance Committee (February), an increase in the number of female members of the Board of Directors (May, July, November) and the renewal of the terms of office of the Statutory Auditors (February).

Functioning of the corporate governing bodies

Pursuant to the AFEP/MEDEF Code of corporate governance, the Board of Directors decided to amend certain decisions 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 Executive Officers.

Furthermore, the Board of Directors reviewed the tasks entrusted to the Appointments and Governance Committee in particular by proceeding to enlarge the competencies of this Committee with regard to governance issues; it also reviewed the roles of the Audit and Accounts Committee and clarified the methodology enabling the Committee to monitor the effectiveness of the Group's internal control and risk management systems.

These measures are described in detail below.

Concerning Executive Management:

The Executive Management team consists of Pierre Dufour as Senior Executive Vice-President and Jean-Pierre Duprieu, Senior Vice-President, who assist the Chairman and Chief Executive Officer, Benoît Potier.

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

In accordance with the AFEP/MEDEF Code of corporate governance, which recommends that Chairmen and Chief Executive Officers of listed companies do not combine an employment contract with their corporate office, Benoît Potier put an end to his employment contract, effective as of May 5, 2010, at the time of the renewal of his term of office as Director and Chairman and Chief Executive Officer. To take into account the consequences arising from the termination of this employment contract, Benoît Potier's status was reviewed. The changes relating to the termination indemnity and the indemnity to compensate for the loss of pension rights and the applicable pension scheme, decided by the Board of Directors at its meeting on February 12, 2010 pursuant to the regulated agreements procedure, were made public on the Company's website and also in the 2009 Reference Documents; they were approved by the Annual Shareholders' Meeting on May 5, 2010 in a specific resolution concerning the corporate officer concerned. They are summarized in the Report on remuneration set out below

REMUNERATION

The Board determined the remuneration policy applicable to the Executive Officers which is set out in detail in the Report on remuneration set out below.

SHAREHOLDING OBLIGATION

The rules with regard to the holding of shares set by the Board of Directors are described in detail in the Report on remuneration set out below.

Concerning the Board of Directors itself:

COMPOSITION

Appointment – Renewal of terms of office

- At the Annual Shareholders' Meeting of May 5, 2010, the Board of Directors proposed to renew the terms of office of Béatrice Majnoni d'Intignano and Paul Skinner as well as that of Benoît Potier, and to appoint Jean-Paul Agon as a new Director. The terms of office of Béatrice Majnoni d'Intignano and Paul Skinner as members of the Audit and Accounts Committee were renewed at the close of the Annual Shareholders' Meeting.
- The Board of Directors proposed the renewal of the terms of office of Gérard de La Martinière and Cornelis van Lede as Directors that expire at the end of the Annual Shareholders' Meeting of May 4, 2011 and to appoint Siân Herbert-Jones as a new Director. The terms of office of Gérard de La Martinière as Chairman of the Audit and Accounts Committee and of Cornelis van Lede as Chairman of the Remuneration Committee and member of the Appointments and Governance Committee will be renewed at the close of the Annual Shareholders' Meeting.

REVIEW OF THE ROLE OF CERTAIN COMMITTEES

Appointments and Governance Committee

The Board of Directors decided to **increase the role of the Appointments Committee with regard to governance issues**, this Committee being called the "Appointments and Governance Committee" as from 2010. Through an amendment made to the internal regulations, the Committee has become, like lead Directors in certain foreign countries, the instrument of dialogue to assist the Chairman and Chief Executive Officer, at his request, in his dealings with the independent Directors and prevent situations of conflict on the Board. It now has the task of reviewing the changes in the rules of corporate governance, in particular in relation with the code to which the company refers and following up on the application thereof; it makes sure of the information given to the shareholders on this topic. It has finally been given the task of overseeing the proper functioning of the governance bodies and in particular the provision of the information requested by independent Directors.

Audit and Accounts Committee

In 2010, the Board carried out a **review of the tasks and functioning** of the Committee in the light of the provisions of article L. 823-19 of the French Commercial Code introduced by the ordinance of December 8, 2008 and also of the AMF report on the Audit Committee of July 22, 2010. Following an in-depth analysis of the Committee's work over the last few years, it was concluded that, for the most part, the definition of the role of the Committee and its implementation were in compliance with the new legislative provisions and the recommendations of the AMF.

In a changing environment, the Committee however wanted its role to be reviewed by the Board as regards the monitoring of the effectiveness of the internal control and risk management systems and monitoring of the process for the preparation of financial information. With regard to the first point, the Board confirmed that, in accordance with longstanding practice in the Group, the Committee was tasked with carrying out the monitoring of the management of all the risks identified by the Group, even if particular attention was to be paid to accounting or financial risks; a methodology for the monitoring of each type of risks identified by the Group (including, in particular, the identification of the management and control bodies and procedures) and an appropriate time scale (annual review or regular review at less frequent intervals depending on the type of risks) were defined.

On the second point, it was agreed that the Committee's oversight with regard to the process for preparation of financial information would be reinforced in particular by the provision of additional financial information documents *ex ante* or *ex post* (for example, draft press release or presentation to financial analysts). It was decided that the Committee's annual work time would be extended, notably by holding one full-day meeting.

DIRECTORS' FEES

The Board decided to maintain, in its substance, for 2010 the formula for distributing Directors' fees among its members within the budget authorized most recently by the Annual 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. It has however been decided to increase the fixed annual amount form 15,000 euros to 20,000 euros. Since January 1, 2010, Benoît Potier no longer receives Directors' fees with respect to his term of office as Director. In order to take into consideration the changes in composition of the Board of Directors and the extension of the work of the Board and its Committees, it is also proposed that the Annual Shareholders' Meeting of May 4, 2011 increase the total amount of the authorized budget for Directors' fees from 650,000 euros to 800,000 euros.

APPRAISAL

- In 2010, the Board carried out an evaluation of its functioning within the scope of a new survey.
- 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 such as performance and strategy for each business line in June 2010, members of the Executive Committee or senior managers were 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 follow 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, 2010, the Audit and Accounts Committee had four members: Gérard de La Martinière, Chairman of the Committee, Paul Skinner, Béatrice 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 secretary general of the COB (formerly the French securities and exchange regulatory body) and former member of the Management Board and Vice-President of Finance, Audit and Strategy of the AXA Group, Gérard de La Martinière provides the Committee with his extensive financial expertise and knowledge of stock market regulations.

COMPOSITION AND PURPOSE AS DEFINED IN THE INTERNAL REGULATIONS

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

Tasks

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

By receiving reports:

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

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

Concerning the following points:

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

In order to reach:

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

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

The Committee:

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

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

An initial verbal report is given to the Board by the Committee Chairman. Written minutes of the meeting, approved by the Committee members, are transmitted to the Directors. The Committee may ask to convene 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 2010

The Audit and Accounts Committee met four times with an effective attendance rate or attendance rate by telephone of 100%. A full-day meeting was held in June at the Company's registered office.

- The Committee carried out a **review of its tasks and its functioning** particularly with regard to the monitoring of the effectiveness of the internal control and risk management systems and monitoring of the process for the preparation of financial information to take into consideration developments in the regulations.
- The Committee **reviewed the parent company and consolidated annual and interim financial statements** and took due note of the Company's financial situation, cash flow position and commitments. During the Chief Financial Officer's presentation, the Committee more particularly analyzed provisions, other operating income and expenses, cash flow, taxation, risk exposure and off-balance sheet items. In the context of the gradual exit from the economic crisis, the Committee heard reports on the Group's financing and debt position at each meeting. It reviewed the draft press releases relating to the financial statements.
- 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. Within this framework, the Committee reviewed the main points of the Group's **Ethics Plan** (report on the ethics actions for the year in progress; areas of focus for the following year). The Committee also regularly monitored the process for **deployment of the risk management procedure** within the Group. It reviewed the Group's risk map and the changes made to it. More specifically, a presentation is made to it on an annual basis of a summary of weaknesses and actions for improvement in the area of internal control and risk management. 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 reviewed the amount of the Statutory Auditors' fees in respect of the prior year.
- As the Company's Statutory Auditors' terms of office expired in 2010, the Committee coordinated the selection procedure and recommended to the Board of Directors that it renew the terms of office as Statutory Auditors of Ernst & Young et Autres and Mazars, with replacement of the signatory partners of each firm.
- In addition, **specific presentations** were made to the Committee on the following matters: the Blue book of Group policies (February); the SEPA project for harmonization of means of payment in Europe (July); derivatives (July); tax disputes/risks (October); raising awareness with regard to compliance with antitrust rules (October); insurance (October); monitoring of the internal and risk management procedures with regard to the following risks in accordance with the methodology adopted: procurement management, protection of information systems, steering of investments, management of country risk and management of complex Engineering projects (June and October).

Several days prior to each meeting, a file of meeting documentation is sent out to Committee members. Each Committee meeting is preceded by a preparatory meeting attended by the Committee Chairman assisted by the Committee secretary and a member of Executive Management, if necessary, the Chief Financial Officer, the Group's Chief Internal Auditor and the Group executives who will make presentations to the Committee. During the meeting, presentations given, if necessary with the presence of 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 review meetings are followed by discussions. A verbal report, then written minutes of each meeting are 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, the two Committee meetings with regard to review of the financial statements were held the morning before Board of Directors' meetings; in these circumstances, the financial statements cannot be reviewed by the Committee at least two days prior to the Board's review as recommended in the AFEP/MEDEF Code of corporate governance. However, Committee members are in a position to review the financial statements well in advance through other means (preparatory meeting with the Committee's Chairman more than one week prior to the meeting as provided for above; dispatch of files to Committee members several days in advance).

The Appointments and Governance Committee

As of December 31, 2010, the Appointments and Governance Committee had three members: Thierry Desmarest, Chairman of the Committee, Alain Joly and Cornelis van Lede. Of the three Committee members, two are independent. The Chairman is independent.

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

The Appointments and Governance 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 at least three times a year. The conclusions of Committee meetings are presented by the Committee Chairman for discussion and decision-making at the next Board of Directors' meeting.

Tasks

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

1. Concerning the Board of Directors:

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

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

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

3. Concerning governance:

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

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

THE APPOINTMENTS AND GOVERNANCE COMMITTEE'S WORK IN 2010

The Appointments and Governance Committee met five times in 2010 with an effective attendance rate or attendance rate by telephone of 100%.

The Committee reviewed the possible future changes in the composition of the Board of Directors. It recommended proposing the renewal of the terms of office of the Directors that were due to expire and the renewal of the duties of such members on the Committees. It recommended the appointment as Director of Jean-Paul Agon to the Annual Shareholders' Meeting of May 5, 2010. It also recommended renewing the term of office of Benoît Potier as Chairman and Chief Executive Officer on this date.

Taking into account the recommendation included in the AFEP/MEDEF Code of corporate governance in April 2010 aimed at increasing the number of female members on the Boards of Directors of listed companies, the Committee recommended a methodology including the assistance of an outside recruitment firm and a timetable making it possible to give priority to the quality of the candidates who will be proposed. It coordinated the procedure for the search for and assessment of possible candidates (April, July, October) and recommended to the Board that the proposal of the appointment of Siân Herbert-Jones be made to the 2011 Annual Shareholders' Meeting.

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

The Committee looked at the composition of the Executive Committee and its prospects for changes as well as the pool of high-potential young talents (April, October).

The Committee issued recommendations on the strengthening of the Committee's role in corporate governance issues. These new principles approved by the Board of Directors are part of the amended internal regulations, now published in their entirety on the Company's website (January).

The Committee participated in the process of assessment of the Board' operation (updating of the questionnaire; review of the summary of responses and recommendations; report by the Committee Chairman to the Board of Directors, October 2010, January 2011).

The Committee also reviewed the personal situation of each member of the Board with regard to the independence criteria defined in the internal regulations. In this context, it reviewed, in particular, the 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 candidate proposed for such duties) also holds a term of office. It issued its recommendations to the Board (January).

Finally, at the beginning of the fiscal year, the Committee reviewed the practices adopted by the Company with regard to (i) the AFEP/MEDEF Code of corporate governance and (ii) the recommendations of the AMF's Annual Report on corporate governance. It issued its recommendations. It reviewed the draft of this report and recommended its approval by the Board of Directors (January 2011).

The Remuneration Committee

As of December 31, 2010, the Remuneration Committee had three members: Cornelis van Lede, Chairman of the Committee, Alain Joly and Thierry Desmarest. Of the three Committee members, two are independent. The Chairman is independent.

COMPOSITION AND PURPOSE AS DEFINED IN THE INTERNAL REGULATIONS

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

Tasks

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

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

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

THE REMUNERATION COMMITTEE'S WORK IN 2010

The Remuneration Committee met four times in 2010 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 2010, based on developments in the financial results and individual performance appraisals. It made proposals regarding the fixed remuneration and the formulas used to calculate the variable remuneration of Executive Management members applicable for fiscal year 2011 (for further details on all these points, see the report on remuneration on page 105. 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 Remuneration Committee, without the presence of the Senior Executive Vice-President and the Senior Vice-President.

The Committee reviewed the draft report relating to the remuneration of the Executive Officers and Directors prior to its publication in this Reference Document (January).

The Committee recommended the launch of a new employee share subscription plan in 2010 and regularly followed up on the conduct of this transaction (January, October).

The Committee analyzed the employee profit-sharing scheme in accordance with the December 2008 law governing revenue from employment, prepared recommendations for 2010 and followed up on the measures for its implementation (January, April).

The Committee reviewed the components of the medium/long-term incentive policy. It recommended the set-up in 2010, on the basis of the authorizations renewed by the Annual Shareholders' Meeting in May 2010, of a new plan for the Conditional Grant of Shares to Employees (ACAS plan) under the existing plan regulations. It proposed performance criteria governing the definitive allocation of the shares. At the same time, the Committee reviewed the 2010 stock option plan and prepared recommendations, in accordance with the AFEP/MEDEF Code of corporate governance, on the performance criteria governing all the options granted to Executive Officers. It recommended that, as from 2010, the principle of granting stock options subject to performance requirements be extended to a greater number of employee beneficiaries (see the Report on remuneration – page 107). It recommended the adoption of restrictions on the granting of options to Executive Officers pursuant to the AFEP/MEDEF Code of corporate governance. It recommended the adoption for 2011 of a new schedule for the allocation of the options to take into account the change in the schedule of Board meetings.

The Committee reviewed the status of the Executive Officer in relation with the renewal of the terms of office of the Chairman and Chief Executive Officer at the close of the Annual Shareholders' Meeting on May 5, 2010 and issued its recommendations.

At the beginning of the fiscal year, the Committee reviewed the practices adopted by the Company with regard to (i) the AFEP/MEDEF Code of corporate governance relating to remuneration and (ii) the recommendations of the AMF's Annual Report on the remuneration of Executive Officers of listed companies and prepared its recommendations (January).

The Committee made recommendations regarding the amount of Directors' fees to be allocated in respect of the 2010 financial year within the scope of the overall budget authorized by the Shareholders' Meeting. The Committee furthermore recommended proposing to the Annual Shareholders' Meeting of May 4, 2011 to increase the total authorized amount of Directors' fees from 650,000 euros to 800,000 euros per fiscal year starting from the 2011 fiscal year, in order to take into account the changes in composition of the Board and the extension of the work of the Board and its Committees.

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 280 to 286 of this Reference Document).

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

In accordance with article L. 225-37 of the French Commercial Code, the factors likely to have an impact in the event of a takeover bid are set out and explained pursuant to article L. 225-100-3 of the French Commercial Code on page 290 of this Reference Document.

Internal control and Risk Management procedures instituted by the Company

The Group Control 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 Management Control, Group 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 and Accounts Committee.

The report is based on the "Internal Control and Risk Management Systems Reference Framework", developed under the supervision of the AMF.

In 2010, the Group pursued the actions undertaken in 2009, with 57 material Group entities reviewing the appropriateness of their internal control system in relation to the reference framework.

These 57 entities (compared to 22 in 2009) also implemented actions aimed to improve the scope and traceability of operating controls (primarily for the assets cycle, purchasing and the management of information system access).

These actions were monitored by the Control Department and the Finance and Operations Control Department, which reported their findings to Executive Management.

INTERNAL CONTROL OBJECTIVES

In addition to the "Principles of Action", which reaffirm the Group values for each major Zone (shareholders, customers, employees, etc.), the Group's policies are grouped together since 2009 in an overall Reference Document, the BLUEBOOK, which is available to employees on the intranet. They constitute a set of internal control and risk management procedures, which should be implemented by each entity included in the Group's consolidated financial statements according to local specificities.

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

This system aims to ensure that:

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

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

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

In 2010, the Group continued its measures to improve the quality of its internal control system, with in particular:

- the enhancement of the BLUEBOOK in several areas (finance, human resources, energy);
- tighter supervision and control over the most significant commitments by certain "Group" Committees:
  - the Engineering Risk Committee saw its scope of action extended in 2010 to encompass the Engineering activities of the Electronics global business line,
  - the organization and functioning of the Finance Committee were adapted to increase focus on financial strategies decisions;
- the development of an anti-corruption program founded on a specific code and supplemented in the Engineering and Construction business line by procedures and training courses. This program is being extended to other Group Business Lines.

ORGANIZATION

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

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

The organization breaks down into:

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

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

- the **Finance and Operations Control Department**, which is responsible for:
  - the reliability of accounting and financial information,
  - the Group financial risk management,
  - the Management Control through the drafting and monitoring of Group objectives on the basis of financial data prepared by the accounting teams;
- the Group **Control Department**, which:
  - provides expertise and assistance to entities in the roll-out of their risk management approach (see below) and builds a Group consolidated vision,
  - 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, developed based on the risk analysis, is regularly monitored by the Audit and Accounts Committee itself. Audit reports are systematically supplemented by corrective action plans, which are supervised by a member of the Executive Committee. These reports, as well as subsequent follow-up reports, are the subject of various communications and periodic discussions with the Statutory Auditors,
  - helps Group entities ensure compliance with the Group's ethical values (particularly training and awareness-raising actions and the treatment of fraud and deviations);
- the **Legal Department**, which identifies legal risks, issues internal guidelines and codes, and then oversees their proper implementation. It also monitors the main litigation cases and manages insurance.

Finally, this organization relies on a framework of authorizations and delegations granted by Executive Management:

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

The managers of the various Group subsidiaries exercize their duties under the control of the Board of Directors and in accordance with laws and regulations applicable in the countries where they operate.

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 prudent and rigorous practices regarding the accounting and financial aspects of the activities.

In 2010, the Company rolled-out the risk management approach defined in 2009 across an initial scope of 20 Group entities. This approach aims to ensure:

- the regular identification of the different forms of risk encountered by the Group during the pursuit of business activity, which are assessed according to both potential damage and probability of occurrence;
- the assessment of the risk management level based on a common scale;
- the proper implementation of the main corrective action plans undertaken to mitigate the risks.

The Risk Management Department created in 2010 within the Group Control Department leads this approach using:

- resources dedicated by the Zones and Business Lines;
- the work of members of the Risk Committee that it coordinates. This Committee (created in 2009) brings together the main Group control functions, which contribute their expertise [(a)]. It meets twice a year, when it reports to Executive Management on progress in risk management.

This department also reports on progress in risk management to the Audit and Accounts Committee.

CONTROL ACTIVITIES

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

- a centralized, in-depth review (above certain thresholds) of investment requests and the medium and long-term contractual commitments which may arise there from;
- control of investment decisions through the specific follow-up of the authorizations granted;
- a comparative profitability analysis, for certain significant investments **prior and subsequent to completion** and the obligation for subsidiaries to report all budget overruns and implement corrective action plans aimed at ensuring the profitability of the investment concerned.

The main internal control and risk management procedures drafted and communicated by the Company in the BLUEBOOK 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:**

The Company has an Industrial Management System (IMS), which operates 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 IMS document base is updated and supplemented on an ongoing basis.

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

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

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

(a) Finance and Operations Control, Group Control, Legal and Safety and Industrial Systems.

- **ensure control of energy purchases, particularly with respect to availability and matching with Group commitments to customers:**

The energy management policy defines rules governing energy purchases and the related decision-making processes. The Enrisk Group Committee reviews the purchasing strategies of the entities, validates the most significant commitments and ensures the relevant policies are properly applied. Once monthly, this Committee meets with a member of the Executive Committee of the relevant Industrial Department, the Finance and Operations Control Department and the Energy Services Group Department.

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

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

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

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

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

- **ensure the development of the Group's expertise and talents:**

The Human Resources policy defines the main rules, together with the roles and responsibilities of the different parties in their implementation, in particular with respect to:

- the recruitment of required expertise,
- accompanying employees in their personal development,
- measuring and recognizing performance and contributions.

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

- in the legal area the Group legal policy, which encompasses:
  - a Group Procedure relating to Powers, Limitations and Delegations for use by Group entities,
  - a Group Procedure on subsidiaries governance (Boards of Directors),
  - an Insurance Guide for all Group entities,
  - Group instructions and codes on how to behave in order to comply with competition laws (mainly in Europe and the United States), followed by awareness meetings held in several European and Asian entities in 2010,
  - a memorandum, specifying the rules to be observed to prevent insider trading,
  - various contract guides (for Large Industries, Engineering and Construction, Industrial Merchant, Electronics and Financing) and codes of good practices (for Healthcare);
- in the intellectual property area, with a Group policy and procedures aimed at:
  - ensuring 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,
  - protecting Group inventions based on their identification (on an official filing basis) and favoring the recognition of their inventors.

- **manage and minimize financial risk:**

The Company has defined financial policies, which forbid speculative transactions notably on derivatives, and that are subject to regular review. The majority of these policies were brought together in a Group financial policy. These procedures set-out 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 external financing;
- 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);
- interest rate risk: 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 rate risk are consistent with Group objectives.

- exchange rate risk: the Company has defined methods for hedging exchange rate risk, whether this is carried by the holding companies or the operating entities, in terms of authorized hedging instruments, the decision process and the execution of transactions.

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

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

In 2010, the Finance and Operations Control Department adapted the rules and organization of the Finance Committee, in order to treat separately questions relating to financing strategies and operational issues relating to the implementation of the financial 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 the responsibility of independent departments, which report to the Finance and Operations Control Department.

Since 2009, the Group's accounting manual is included in the financial policy. This manual defines the accounting rules and principles as well as the consolidation methods applicable within the Group and states the formats applicable within the Group for reporting financial and accounting information. This manual is regularly updated by the Finance and Operations Control Department with the amendments to 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 to 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.

The reports primarily include:

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

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

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

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

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

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

Through regular controls, the Finance and Operations Control 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 Operations Control Department.

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

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

MONITORING OF CONTROL MEASURES

The Board of Directors exercizes 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 exercizes its control over risk management, particularly through monthly meetings with the Chairman and Chief Executive Officer, the Senior Executive Vice-President(s) aided by the Finance and Operations Control Director and 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;
- Risk Committee Meetings;
- Resources and Investment Committee Meetings;
- Work carried out by the Finance and Operations Control Department, and the Group Control 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 COMMITTEES

The Finance Committee as it existed in 2009 was split into two separate Committees, one dealing with financing strategies and the other with more operational issues.

- The Strategic Finance Committee

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

It brings together the Group Finance and Operations Control Director, the Corporate Finance and M&A Director and the Group Treasury and Financing Director, who meet under the authority of the Chairman and Chief Executive Officer.

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

- The Operational Finance Committee

The purpose of this Committee is to make day-to-day decisions concerning the financial management of the Group, to propose structuring transactions to the Strategic Finance Committee and to ensure their implementation after approval.

It brings together the Group Finance and Operations Control Director, the Corporate Finance and M&A Director and the Group Treasury and Financing Director, assisted by a Committee secretary.

The Committee meets every four to six weeks.

THE RESOURCES AND INVESTMENT COMMITTEES

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

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

Each Committee Meeting is chaired by the Executive Committee member responsible for the relevant Business Line, and brings together Directors of the Business Line and Zone concerned by investments and representatives of the Group Finance and Operations Control Department.

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

Statutory Auditors' Report

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

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

To the Shareholders,

In our capacity as Statutory Auditors of L'Air Liquide S.A., and in accordance with Article L. 225-235 of the French Commercial Code (Code de Commerce), we hereby report to you on the report prepared by the Chairman of the Board of Directors of your Company in accordance with Article L. 225-37 of the French Commercial Code (Code de Commerce) for the year ended December 31, 2010.

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

It is our responsibility:

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

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

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

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

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

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

Other information

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

Courbevoie and Neuilly-sur-Seine, March 9, 2011

The Statutory Auditors

ERNST & YOUNG et Autres	MAZARS
Jean-Yves Jégourel	Lionel Gotlib

Report on remuneration of the Executive Officers and Directors of L'Air Liquide S.A

The information reported in this document takes into account the provisions of the AFEP/MEDEF Code of corporate governance for listed companies (April 2010) 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.

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

- a **short-term component** systematically compared with the practices of other similar companies, comprising a fixed portion and a variable portion. The criteria governing the fixed and variable portions are set out below;
- a **long-term incentive** by granting share subscription options that are fully subject to performance requirements since 2009 and a shareholding obligation since the plan of May 9, 2007;
- **other conditions governing the terms of office** of the Executive Officers.
- Benoît Potier in his capacity of Chairman and chief Executive Officer and Pierre Dufour in his capacity of Senior Executive Vice-President and employees benefit from the **pension plans** applicable to senior managers and executives that break down into two parts: defined contribution plans and a defined benefit plan. The details relating to these pension plans as amended from January 1, 2010 onwards are set out below. 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. Benoit Potier and Pierre Dufour also benefit from **commitments to receive termination indemnities** in certain cases where their duties would be terminated on the Company's initiative and subject to performance conditions in accordance with the "TEPA" Law of August 21, 2007.

Benoît Potier, whose initially suspended employment contract was terminated at the close of the Annual Shareholders' Meeting of May 5, 2010, is entitled to the **unemployment insurance for company managers and corporate officers.** He is also entitled, if applicable, to an **indemnity to compensate for the loss of pension rights** until 2012 under a transitional plan, subject to performance conditions, authorized by the Board of Directors most recently on February 12, 2010 and approved by the Annual Shareholders' Meeting of May 5, 2010 pursuant to the regulated agreements and commitments procedure.

A full description of short- and long-term commitments as well as commitments relating to the termination of duties is set out in detail below. When such commitments are subject to the regulated agreements and commitments procedure, they are also described in the Special Auditors' Report on page 262.

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

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

SHORT-TERM BENEFITS

Executive Management

AMOUNTS PAID DURING FISCAL YEARS 2008, 2009 AND 2010

Table 1 below presents a summary of all remuneration components paid to Executive Officers with regard to fiscal years 2008, 2009 and 2010. More detailed information on these components is provided in the subsequent tables.

TABLE 1 - SUMMARY OF REMUNERATION AND STOCK OPTIONS GRANTED TO EACH EXECUTIVE OFFICER

In thousands of euros	2008	2009	2010
Benoît Potier			
Remuneration payable in respect of the fiscal year (see breakdown in Table 2)	2,522	2,201	2,660
Value of stock options granted during the fiscal year (see breakdown in Table 4)	1,803	1,005	1,302
TOTAL	**4,325**	**3,206**	**3,962**
Klaus Schmieder[(a)]			
Remuneration payable in respect of the fiscal year (see breakdown in Table 2)	1,296	1,257	-
Value of stock options granted during the fiscal year (see breakdown in Table 4)	902	-	-
TOTAL	**2,198**	**1,257**	-
Pierre Dufour			
Remuneration payable in respect of the fiscal year (see breakdown in Table 2)	1,167	1,044	1,336
Value of stock options granted during the fiscal year (see breakdown in Table 4)	744	457	739
TOTAL	**1,911**	**1,501**	**2,075**

(a) *Klaus Schmieder claimed his pension entitlements as of December 31, 2009. No stock options were allocated to Klaus Schmieder during the year in which he retired.*

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 his corporate office for the Chairman and Chief Executive Officer and both for his duties as employee, and those as corporate officer for the Senior Executive Vice-President, including the benefits in kind, amounted to the figures presented in Table 2 hereafter for fiscal years 2008, 2009 and 2010:

TABLE 2 - SUMMARY OF REMUNERATION PAID TO EACH EXECUTIVE OFFICER

	2008		2009		2010	
In thousands of euros	Amounts due	Amounts paid	Amounts due	Amounts paid	Amounts due	Amounts paid
Benoît Potier - Chairman and Chief Executive Officer [(a)] [(b)]						
- fixed remuneration	1,020	1,014	1,020	1,024	1,060	1,097
Including Directors' fees	*41*	*35*	*37*	*41*	*0*	*37*
- variable remuneration	1,492	1,428	1,171	1,492	1,590	1,171
- benefits in kind	10	10	10	10	10	10
TOTAL	**2,522**	**2,452**	**2,201**	**2,526**	**2,660**	**2,278**
Klaus Schmieder – Senior Executive Vice-President						
- fixed remuneration	600	600	600	600	-	-
- variable remuneration	674	668	563	674	-	-
- benefits in kind	22	22	23	23	-	-
- retirement indemnity			71	71	-	-
TOTAL	**1,296**	**1,290**	**1,257**	**1,368**	**-**	**-**
Pierre Dufour - Senior Executive Vice-President [(b)]						
- fixed remuneration	530	530	530	530	600	600
- variable remuneration	622	63	498	622	720	498
- benefits in kind	15	15	16	16	16	16
TOTAL	**1,167**	**608**	**1,044**	**1,168**	**1,336**	**1,114**

(a) *In accordance with the recommendations of the AFEP/MEDEF Code of corporate governance, Benoît Potier resigned from his employment contract at the time of the renewal of his terms of office as Director and Chairman and Chief Executive Officer in May 2010. Benoît Potier receives all his remuneration in his capacity as a corporate officer. His fixed remuneration included Directors' fees until the end of 2009.*

(b) *During 2010, the Company paid amounts to third parties with respect to supplementary defined contribution pension plans on behalf of Benoît Potier and Pierre Dufour (88,743 euros and 88,743 euros respectively) and the supplementary death and disability benefits plan (52,513 euros and 21,704 euros respectively) for a total of 251,703 euros. These plans are described below.*

At its meeting on February 14, 2011, and with respect to 2011, the Board of Directors decided to set the fixed portions and the maximum percentage of variable remuneration as compared to fixed remuneration as follows:

In thousands of euros	**Fixed remuneration**	**Maximum variable remuneration as a % of fixed remuneration**
Benoît Potier [(a)]	1,060	170%
Pierre Dufour	620	120%

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

CRITERIA

- **Fixed remuneration** is determined based on the level of responsibility and experience in the management function, as well as with reference to current market practices.
- The entire **variable part** of the remuneration, due in respect of a fiscal year, is paid in the following fiscal year, after approval of the financial statements by the Annual Shareholders' Meeting. The criteria, which consist of two financial criteria and personal objectives, 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 fiscal year-end, on the basis of the consolidated financial statements for the fiscal year approved by the Annual Shareholders' Meeting and the evaluation of the performance of each Executive Officer by the Board of Directors.

In 2009, 2010 and 2011, variable remuneration is assessed on the basis of two financial objectives: (i) growth in net Earnings per Share (excluding significant exceptional items and foreign exchange impact) and (ii) Return on capital employed (ROCE) after tax, which has the majority weighting.

The desired level of achievement of these quantitative criteria is set precisely by the Board of Directors every year and is based on:

- progress in line with or higher than historical performances for EPS,
- a significant outperformance as compared to the weighted average cost of capital for ROCE.

It is not made public for reasons of confidentiality.

Variable remuneration is also based on personal objectives:

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

  In 2010, the objectives shared by the two Executive Officers comprised objectives with regard to structural efficiency (maintaining the same level of margins, in particular through control over costs), maintaining control over changes in debt and a mid-term growth strategy based on the new momentum in relation with the ALMA project (in terms of investments, acquisitions and human resources).

  For 2010, the variable portion could reach a maximum of 150% of the fixed portion for the Chairman and Chief Executive Officer and 120% of the fixed portion for the Senior Executive Vice-President. During its meeting on February 14, 2011, the Board evaluated the performance of the Executive Officers. **The results obtained in 2010 were higher** than the net earnings per share objective and the ROCE objective. After evaluation of the performance of the Executive Officers, which was considered as very good in relation to common personal objectives in a context of a gradual economic recovery, the variable remuneration for 2010 was set at 150% of fixed remuneration for Benoît Potier and 120% for Pierre Dufour leading to the total amounts of annual gross remuneration (fixed and variable remuneration) for 2010 set out in table 2.

  For 2011, the personal objectives will be related in particular to investments making it possible to nurture the growth under the ALMA 2015 program and to Corporate Social Responsibility objectives (identification of significant indicators for the Group).

- The **benefits-in-kind** paid to the Executive Officers in 2010 include, for each of the two Executive Officers, the use of a company car and contributions to supplementary pension plans and supplementary death and disability plans, as well as:
  - for Benoît Potier, contributions to the unemployment insurance for company managers and corporate officers,
  - for Pierre Dufour, the provision of accommodation.

Board of Directors

AMOUNTS PAID IN 2009 AND 2010

Table 3 below summarizes the Directors' fees (in the absence of payment of any other exceptional remuneration) received by non-executive corporate officers in 2009 and 2010 and the amounts of Directors' fees payable in 2011 in respect of fiscal year 2010:

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

In thousands of euros	Amounts paid in 2009 in respect of FY 2008	Amounts paid in 2010 in respect of FY 2009	Amounts paid in 2011 in respect of FY 2010
Alain Joly [e]	50	52	54
Édouard de Royere [a]	21	-	-
Thierry Desmarest [f]	50	50	57
Rolf Krebs	61	59	74
Gérard de La Martinière [b]	68	73	79
Béatrice Majnoni d'Intignano	53	53	59
Cornelis van Lede [f]	64	68	82
Lindsay Owen-Jones [c]	54	27	-
Thierry Peugeot	41	37	43
Paul Skinner	43	57	66
Jean-Claude Buono [d] [e]	28	37	43
Karen Katen [d]	35	42	55
Jean-Paul Agon[g]	-	-	28
TOTAL	**568**	**555**	**640**

DIRECTORS' FEES RECEIVED BY EXECUTIVE OFFICERS

Benoît Potier [h]	41	37	-
TOTAL AMOUNT OF DIRECTORS' FEES	**609**	**592**	**640**

(a) *Term of office terminated on May 7, 2008.*
(b) *The indicated amounts include additional remuneration of 15,000 euros increased to 20,000 euros from fiscal year 2009 in respect of his duties as Chairman of the Audit and Accounts Committee.*
(c) *Term of office terminated on May 7, 2009. The indicated amount includes additional remuneration of 10,000 euros from fiscal year 2007 in respect of his duties as Chairman of the Appointments Committee and of the Remuneration Committee.*
(d) *Terms of office commencing May 7, 2008.*
(e) *Moreover, in 2010, the following gross amounts were paid to Alain Joly and Jean-Claude Buono pursuant to the retirement plan presented below in the section "Former Executive Officers – Pension benefit obligations" (in thousands of euros): Alain Joly: 1,023 and Jean-Claude Buono: 337. For Alain Joly, the amount takes into account his decision to expressly waive part of his pension benefits in favor of public interest charities or organizations.*
(f) *The amounts indicated include, on a pro rata basis to the number of meetings chaired, a supplementary amount of 10,000 euros with respect to the Chairmanship of the Appointments and Governance Committee for Mr. Desmarest for 2010 (4,000 euros in 2009, for his Chairmanship of the Committee from May to December 2009) and 10,000 euros with respect to the Chairmanship of the Remuneration Committee for Mr. van Lede (5,000 in 2009, for his Chairmanship of the Committee from May to December 2009).*
(g) *Term of office that began on May 5, 2010.*
(h) *Since January 1, 2010, Benoît Potier no longer receives Directors' fees with respect to his term of office as Director.*

CRITERIA

Total Directors' fees for allocation to members of the Board of Directors were set at 650,000 euros per fiscal year at the Annual Shareholders' Meeting of May 7, 2008. It is proposed to the Annual Shareholders' Meeting of May 2011 to increase this amount to 800,000 euros per fiscal year from the 2011 fiscal year onwards, in light of the changes in the composition of the Board of Directors and the extension of the work of the Board and its Committees.

The allocation formula adopted by the Board of Directors comprises a fixed remuneration and a variable remuneration based on 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 2010, the amounts calculated break down as follows:

Fixed remuneration (for a full fiscal year)

- Each member receives fixed annual remuneration of 20,000 euros for fiscal year 2010.
- The Chairman of the Audit and Accounts Committee receives supplementary fixed annual remuneration of 20,000 euros.
- The Chairmen of the Appointments and Governance Committee and the Remuneration Committee each receive a supplementary fixed annual remuneration of 10,000 euros.

Variable remuneration

Attendance at the various meetings is remunerated as follows:

- 1 meeting of the Board of Directors 4,000 euros
- 1 meeting of the Audit and Accounts Committee 4,000 euros
- 1 meeting of the Appointments and Governance/Remuneration Committees 2,500 euros
- 1 trip for a non-French resident
  - in Europe 2,500 euros
  - outside Europe 3,000 euros

Participation by telephone is remunerated at one-half of the lump-sum amounts set for each meeting.

Based on past practice, travel expenses incurred by non-French residents are reimbursed by the Company.

STOCK OPTIONS

Stock options granted to Executive Officers

GRANT POLICY: OVERVIEW

Stock options granted by the Board of Directors to both Executive Officers and employees are a long-term incentive, aligned with the interests of shareholders to create long-term value.

The granting of stock options is examined with regard to the total annual remuneration of the Executive Officer, taking into account several external market surveys and respecting the interests of shareholders. The allocation, examined by the Remuneration Committee at the same time as the allocation plan for Group employees and decided by the Board of Directors, is conducted as part of annual plans, approved at pre-defined periods, in the form of share subscription options granted without a discount. Due to the changes made to the schedule of Board meetings from 2011 onwards (replacement of the meetings in June and November by meetings in October and December), the stock option plans are from now on examined by the Board in the autumn.

The plan regulations are the same for all option beneficiaries within the Group, it being specified that, since 2009, the Executive Officers have been subject to the additional conditions set out below.

It is specified that pursuant to the 17th resolution of the Annual Shareholders' Meeting of May 5, 2010, Executive Officers are not entitled to benefit from the plan for the Conditional Grant of Shares to Employees (CGSE Plan).

PERFORMANCE CONDITIONS AS OF 2009

At its meeting on February 13, 2009, and pursuant to the AFEP/MEDEF Code of corporate governance, the Board of Directors decided that, as of 2009, stock options granted to Executive Officers would be subject to performance conditions in their entirety and would represent a certain percentage of the total amount of the allocation voted by the Extraordinary Shareholders' Meeting and of the Executive Officers' remuneration, in accordance with the terms defined by the Board of Directors at the time of grant and made public via a press release posted on the Company's website.

At the time of the Board of Directors' option allocation on June 28, 2010, it was decided in this manner that the number of stock options that could be exercized by each Executive Officer out of the total number of stock options allocated to him under the 2010 plan would be based:

- partly on the rate of achievement of an objective, set by the Board, of Group growth in undiluted earnings per share excluding foreign exchange impact and exceptional items (Recurring EPS) for fiscal year 2012, as compared to Recurring EPS for the 2009 fiscal year; and
- partly on an objective of shareholder return, set by the Board, defined as the compound annual growth rate for an investment in Air Liquide shares with respect to fiscal years 2010, 2011 and 2012.

The same performance conditions apply to any beneficiary of a number of stock options exceeding the threshold of 1,500; 50% of the stock options allocated over and above such threshold are subject to performance conditions. This provision applies to all Executive Committee members.

In 2010, in accordance with French law, the granting of the stock option plan was accompanied by a plan associating all employees in France to the Company's performance, mainly in the form of a supplementary incentive payment.

Pursuant to the most recent decision made by the Board of Directors on June 28, 2010, the total number of options allotted each year to Executive Officers may not from now on grant entitlement to a total number of shares exceeding:

- for all Executive Officers, 0.1% of the share capital within the scope of the total overall amount of the allocation last authorized for three years by the Annual Shareholders' Meeting of May 5, 2010 (currently a total amount of 2% of share capital);
- for each individual Executive Officer, a multiple determined on the basis of the fixed portion of his remuneration which represents approximately the amount of the Executive Officer's maximum gross annual remuneration, the options being valued under the applicable IFRS.

In addition, at its meeting of June 28, 2010, the Board of Directors stated 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 within the scope of a stricter rule than that provided for in the memo, Executive Officers may not exercize the stock options that have been allocated to them. These abstention periods begin 21 days before the date of publication of the results and end at the close of a period of three days after this date.

At its February 12, 2010 meeting, the Board ensured that in accordance with the AFEP/MEDEF Code of corporate governance and consistent Company practice, no active Executive Officer benefiting from stock options had made use of hedges and duly noted the commitment of Benoît Potier and Pierre Dufour not to make use of such instruments during their terms of office.

FISCAL YEAR 2010

Table 4 presents information on share subscription options granted to each of the Executive Officers in 2010. These grants (fixed and variable portions) were made by the Company and no grants were made by any other Group company.

TABLE 4 - SHARE SUBSCRIPTION OPTIONS GRANTED DURING THE 2010 FISCAL YEAR TO EACH EXECUTIVE OFFICER

	Plan grant date	Option type	Option value (pursuant to IFRS2) *(in thousands of euros)*	Number of options granted in 2010	Strike price in euros	Exercize period
Benoît Potier	06/28/2010	Share subscription options	1,302	88,000	83	06/28/2014 to 06/27/2018
Pierre Dufour	06/28/2010	Share subscription options	739	50,000	83	06/28/2014 to 06/27/2018

The adjusted fair value of stock options granted in 2010 and determined according to IFRS2 (as presented in note 21 Shareholders' equity on page 173) amounts to:

- 15.86 euros for the options not subject to performance conditions and options subject to performance conditions linked to the Group's results;
- 13.72 euros for the options subject to performance conditions linked to the change in the share price.

The options granted to the Executive Officers in 2010 represent 0.049% of the number of shares making up the share capital.

In accordance with French law, at the time of the grant of the 2010 stock option plan, the Board of Directors defined rules governing the holding of shares resulting from the exercize of options, applicable to Executive Officers (see the details set out below).

Table 5 presents the total number of stock options exercized by Executive Officers in 2010.

TABLE 5
SHARE SUBSCRIPTION OPTIONS EXERCIZED DURING THE 2010 FISCAL YEAR BY EACH EXECUTIVE OFFICER

	Plan grant date	Number of stock options exercized during the fiscal year	Strike price *(in euros)*
Benoît Potier	04/08/2004	106,518	52.20
Pierre Dufour	04/08/2004	35,153	52.20

TOTAL ADJUSTED STOCK OPTIONS GRANTED TO EXECUTIVE OFFICERS AND NOT EXERCIZED AS OF DECEMBER 31, 2010

	Total adjusted stock options not exercized	Average price *(in euros)*
Benoît Potier	602,790	69.11
Pierre Dufour [(a)]	131,516	74.51

(a) Stock options granted in respect of his corporate office since his appointment in November 2007.

TABLES 6 AND 7: PERFORMANCE SHARES GRANTED TO EACH EXECUTIVE OFFICER

Not applicable to L'Air Liquide S.A.

Shareholding obligation

- In accordance with article L. 225-185 of the French Commercial Code, the Board of Directors decided that for each allocation of stock options to an Executive Officer, starting with the May 9, 2007 plan and as from the exercize date of the granted options, the Executive Officer should hold a defined minimum quantity of registered shares arising from each exercize of stock options under each plan until the termination of their duties.

  This quantity will be calculated at the option exercize date based on the stock market price of the shares on this date (opening quoted price) and shall 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 exercize.

  However, this percentage may be revised downwards without falling below 10%, from the moment when the quantity of shares arising from the exercize 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 exercize 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 exercize of stock options concerned).

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

  This rule was reiterated by the Board of Directors in June 2010 when share subscription options were granted to the Executive Officers.

- In addition, in February 2008, the Board decided to impose on Executive Officers an obligation to hold a number of shares equivalent to double the annual gross fixed remuneration for the Chairman and Chief Executive Officer and equal to the annual gross fixed remuneration for the Senior Executive Vice-President. The number of shares includes the quantity of shares arising from the exercize 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 four years in order to satisfy this obligation. Recommendations encouraging the holding of a minimum number of shares of the Company equivalent to 0.5 times their annual gross fixed remuneration have also been issued to Executive Committee members since 2009.

LONG-TERM COMMITMENTS

Former Executive Officers

PENSION BENEFIT OBLIGATIONS

The Board has agreed that the Company will pay former Chairmen and Chief Executive Officers and Senior Executive Vice-Presidents who, as a result of their age or length of service, were entitled to the pension benefits applicable to all employees covered by the Company's collective agreement of December 12, 1978, as amended, additional benefits, over and above those payable under the normal pension plans, of a fixed amount determined by the Board which is in excess of the capped amount based on the rules of the Company's collective agreement.

These amounts were set on retirement of the parties concerned by the Board of Directors' meeting of November 14, 2001 for Alain Joly, taking into account changes in common practice regarding pension benefits for executive managers then in effect, and by the Board of Directors' meeting of May 10, 2006 for Jean-Claude Buono. All other conditions of this agreement (described in greater detail on page 178), 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 Directors. This plan, open to retired former employees and to employees aged 45 or older or with more than 20 years' length of service as of January 1, 1996, was closed on February 1, 1996.

In 2010, the amounts indicated in footnote (e) to Table 3 were paid to Alain Joly and Jean-Claude Buono under the aforementioned pension plans.

Members of the Executive Management

PENSION BENEFIT OBLIGATIONS

The Board of Directors has authorized that Benoît Potier in his capacity as Chairman and Chief Executive Officer and Pierre Dufour, in his capacity as Senior Executive Vice-President, who did not meet the age or length of service conditions allowing them to benefit from the above-mentioned collective agreement of December 12, 1978, shall benefit from the supplementary pension plans set up, as of January 1, 2001 for senior managers and executives meeting certain eligibility conditions. These plans were last amended as of January 1, 2010, as stated in the 2009 Reference Document. They allow senior managers and executives to constitute (i) for the portion of the remuneration up to 24 times the annual social security ceiling under defined contribution plans managed by a third party and (ii) for the portion of the remuneration exceeding 24 times the annual social security ceiling under a defined benefit plan, an additional annuity as well as an annuity paid to the surviving spouse, subject to certain conditions, particularly with regard to age. Benoît Potier, as a corporate officer, and Pierre Dufour, with respect to his duties both as a salaried employee and corporate officer, fall within this category.

- For the portion managed as part of defined contribution plans, the Company pays an outside fund manager a contribution representing, by tranche, a fixed percentage of the beneficiary's remuneration. Amounts paid as well as the corresponding investment income will be used to pay an additional pension benefit in the form of a life annuity, supplemented by an annuity paid to the surviving spouse, subject to the beneficiary being able to claim his pension entitlements under the standard old age pension plan applicable to all French retired employees. Should the term of office or employment contract be terminated, the contributions will cease to be paid.
- Pension benefits corresponding to the defined benefit plan are equal to 1% for each year of seniority based on the average of the three best years of the last five years' total annual remuneration exceeding 24 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, the beneficiary may nevertheless maintain his rights if he has reached at least 55 years of age with a length of service of at least five years and ceases all professional activity. Moreover, in accordance with the AFEP/MEDEF Code of corporate governance, a minimum length of service of three years is required for the defined benefit portion and included in the plan regulations to apply to all potentially eligible Executive Officers and senior managers.

As for all senior managers benefiting from the defined benefit plan, total pension benefits, under all pension plans, are capped in all cases 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 remuneration. Should this ceiling be reached, the amount paid under the defined benefit plan will be reduced accordingly.

The individual application of these plans, as last amended as of January 1, 2010, to Benoît Potier and Pierre Dufour was made by the Board of Directors' meeting of February 12, 2010 in accordance with the regulated agreements and commitments procedure. It was made public on the Company's website on February 17, 2010, and was approved by the Annual Shareholders' Meeting of May 5, 2010 in a specific resolution for each Executive Officer.

For the 2010 fiscal year, the amount paid by the Company to the fund manager for the supplementary defined contribution plans in favor of Benoît Potier and Pierre Dufour is disclosed in the footnotes to Table 2.

DEATH, DISABILITY AND RELATED BENEFITS PLAN

An additional death, disability and related benefits plan has been subscribed with an insurance company to enable senior managers, whose remuneration exceeds eight times the annual social security ceiling and satisfying certain age and length of service conditions, to receive benefits in the event of death or permanent and absolute invalidity. This benefit is equal to four times the portion of gross annual remuneration exceeding eight times the annual social security ceiling. The contributions corresponding to this plan are paid in full by the Company and added back to the remuneration of beneficiaries as benefits in kind. Benoît Potier, in his capacity as Chairman and Chief Executive Officer and Pierre Dufour in his capacity as Senior Executive Vice-President and employee, benefit from this plan.

For the 2010 fiscal year, the 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.

The individual application of this plan, as last amended as of January 1, 2010, to Benoît Potier and Pierre Dufour was authorized by the Board of Directors' meeting of February 12, 2010 in accordance with the regulated agreements and commitments procedure and approved by the Annual Shareholders' Meeting of May 5, 2010 in a specific resolution for each Executive Officer. It was also made public on the Company's website as of February 17, 2010.

COMMITMENTS RELATING TO TERMINATION OF DUTIES

Termination indemnities

BENOÎT POTIER

Termination indemnity

- In accordance with the TEPA law and the AFEP/MEDEF Code of corporate governance, most recently at its meeting on February 12, 2010, the Board of Directors set the terms of the agreement applicable to Benoît Potier as from the renewal of his terms of office as Chairman and Chief Executive Officer in May 2010, along the following main points:

(i) only the forced departure of Benoît Potier from his offices as Chairman and Chief Executive Officer (removal from office, non-renewal, request for resignation) related to a change of strategy or a change in control may give rise to an indemnity;

(ii) the amount of the indemnity in any of these cases is set at 24 months' gross fixed and variable remuneration;

(iii) the amount of the indemnity due decreases gradually as Benoît Potier, as Chairman and Chief Executive Officer, approaches the age limit defined in the Company's articles of association (63 years of age); in any event, no indemnity will be paid if he claims his pension entitlements at the time of forced departure;

(iv) the right to payment of the indemnity is subject to the achievement of performance conditions, the proportion of the indemnity due decreasing according to the rate of achievement of such conditions according to the formula described below (see section on "Performance conditions – Termination indemnities" below).

The decision made by the Board of Directors at its meeting on February 12, 2010 pursuant to the regulated agreements and commitments procedure provided for under the "TEPA" law was published in full on the Company's website. The commitment was approved by the Annual Shareholders' Meeting of May 5, 2010 in a specific resolution concerning Benoît Potier.

Indemnity to compensate for the loss of pension rights

- The Company had undertaken to grant all employee beneficiaries of the defined benefit pension plan mentioned on page 110 with a minimum age of 55 years and 20 years' length of service, in the event of early termination of their employment contract at the Company's initiative, except in cases of serious misconduct or gross negligence, benefits equivalent to those obtained under the plan in the form of a compensatory indemnity.

(a) Concerning Benoît Potier, whose employment contract was then suspended, and who had acquired this right to an annuity as part of the aforementioned plan in the event of removal from his corporate office or dismissal before the age of 55, the Board of Directors, in order to compensate for the loss of this right, decided to authorize the Company to undertake to pay Benoît Potier, in the event of termination of his term of office before the age of 55 at the Company's initiative, except for serious misconduct or gross negligence, and where he has acquired at least 20 years of seniority, an indemnity to compensate for the loss of pension rights, paid in installments and calculated in accordance with the provisions of the defined benefit pension plan mentioned on page 110.

(b) Pursuant to the new provisions of article L. 225-42-1 of the French Commercial Code introduced by the TEPA Law of August 21, 2007, the Board of Directors decided that in order to receive the above indemnity, the beneficiary would have to comply with certain performance conditions assessed in relation to the Company's performance. This commitment was approved by the Annual Shareholders' Meeting of May 7, 2008, in a specific resolution concerning Benoît Potier.

(c) The Board of Directors' meeting of February 12, 2010 decided that the aforementioned commitment would be amended, as of the date of renewal of the terms of office of Benoît Potier in May 2010, in order to use, for the assessment of the performance criteria on which the application of this commitment is contingent, the same decreasing formula as that applicable to the termination indemnity (see section on "Performance conditions – Indemnity to compensate for loss of pension rights in respect of corporate office" below). The commitment thus amended by the Board of Directors on February 12, 2010 pursuant to the regulated agreements and commintments procedure provided for by the TEPA law was published in full on the Company's website on February 17, 2010. It was approved by the Annual Shareholders' Meeting of May 5, 2010, in a specific resolution concerning Benoît Potier. It is specified that this commitment will automatically become null and void in 2012 when Benoît Potier reaches the age of 55.

(d) In agreement with Benoît Potier, the Board of Directors did not consider it appropriate to put an end to this entitlement to an indemnity to compensate for loss of pension rights. This decision is justified by the fact that the entitlement had been granted to Benoît Potier, appointed as Chairman of the Management Board in November 2001, in consideration of his highly specific situation, namely that of a young man rising to the highest management functions after devoting his entire career to the Company. From the beginning, this benefit had been granted by the Board and approved by the Annual Shareholders' Meeting pursuant to the regulated agreements procedure. Because of the regulatory change, the Board set up a transitional plan (maintaining this entitlement in the form of the commitment to pay an indemnity subject to performance conditions), which was reiterated on the renewal of the terms of office of Benoît Potier, but which remains temporary since it expires in 2012 on Benoît Potier's 55th birthday.

PIERRE DUFOUR

In accordance with the TEPA law and the AFEP/MEDEF Code of corporate governance, at its meeting on February 13, 2009, the Board of Directors set the terms of the agreement applicable to Pierre Dufour as Senior Executive Vice-President, regarding the following three points:

(i) only the forced departure of Pierre Dufour from his office as Senior Executive Vice-President (removal from office, non-renewal, request for resignation) related to a change of strategy or a change in control may give rise to an indemnity;

(ii) the amount of the indemnity in any of these cases (taking into account the statutory indemnities or the indemnities provided for by the collective bargaining agreement due, where applicable, in respect of termination of the employment contract and any non-competition indemnity due in respect of this termination) is set at 24 months' gross fixed and variable remuneration;

(iii) the right to payment of the indemnity is subject to achievement of the performance conditions, with the proportion of the indemnity due decreasing according to the rate of achievement of such conditions, based on the formula described below (see section on "Performance conditions – Termination indemnities" below).

The decision made by the Board of Directors at its meeting on February 13, 2009 pursuant to the regulated agreements and commitment procedure provided for under the "TEPA" law has been published in full on the Company's website. The commitment was approved by the Annual Shareholders' Meeting of May 7, 2009, in a specific resolution concerning Pierre Dufour. It will be reviewed on the renewal of his term of office as Senior Executive Vice-President in 2011.

Performance conditions

TERMINATION INDEMNITIES

The Board of Directors decided that payment of the termination indemnities due to Benoît Potier and Pierre Dufour mentioned above (excluding however for Pierre Dufour the statutory indemnity or the indemnity provided for in the collective bargaining agreement, as well as any non-competition indemnity which could be due in respect of termination of his employment contract) is subject to compliance, duly acknowledged by the Board of Directors at the time of or subsequent to the termination of their duties, with conditions relating to the beneficiary's performance assessed in relation to the Company's performance, defined at present as follows:

entitlement to the indemnity referred to above shall depend on, and the amount of the indemnity paid shall be adjusted on the basis of, the average of the annual variance between the Return on capital employed after tax (ROCE) and the Weighted Average Cost of Capital (WACC) (assessed using accounting net equity) calculated (based on the certified consolidated financial statements approved by the Shareholders' Meeting) with respect to the last three fiscal years prior to the fiscal year in which the departure occurs. For the purposes of this calculation, the variance between the ROCE and the WACC will be measured for each fiscal year and the average of the three annual variances over the three fiscal years prior to the fiscal year during which the departure occurs will be calculated.

The following formulas will be applied:

Average variance (ROCE – WACC)	Proportion of the indemnity due
≥ 200 bp [(a)]	100%
≥ 100 bp and < 200 bp	66%
≥ 50 bp and < 100 bp	50%
≥ 0 bp and < 50 bp	33%
< 0	0

(a) bp: basis point.

These conditions will be reviewed by the Board of Directors and, where applicable, amended to take account of changes in the corporate environment each time the beneficiary's term of office is renewed and, where applicable, during his term of office.

With respect to Benoît Potier, in the event of a forced departure in the 24 months preceding the date on which Benoît Potier as Chairman and Chief Executive Officer reaches the age limit provided for by the articles of association, the amount of the indemnity due will be capped at the number of months of gross remuneration separating the date of forced departure from the date when he reaches the age limit provided for by the articles of association (63 years of age). In any case, no indemnity shall be paid should the beneficiary claim his pension entitlements on the date of his forced departure.

INDEMNITY TO COMPENSATE 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, as described above ,will depend on, and the amount of the indemnity paid will be adjusted according to, the average of the annual variance between the Return on capital employed after tax (ROCE) and the Weighted Average Cost of Capital (WACC) (assessed using accounting net equity) calculated (based on the certified consolidated financial statements approved by the Shareholders' Meeting), for the last seven fiscal years preceding the fiscal year during which he leaves the Company. For purposes of the calculation, the variance between the ROCE and the WACC will be measured for each fiscal year and the average of the seven annual variances for the last seven fiscal years preceding the fiscal year during which he leaves the Company shall be calculated.

The following formulas will be applied:

Average variance (ROCE – WACC)	Proportion of the indemnity due
≥ 200 bp [(a)]	100%
≥ 100 bp and < 200 bp	66%
≥ 50 bp and < 100 bp	50%
≥ 0 bp and < 50 bp	33%
< 0	0

(a) bp: basis point.

These conditions will be reviewed by the Board of Directors and, where applicable, amended to take account of changes in the corporate environment each time that Benoît Potier's term of office is renewed, or where applicable, during his term of office. In any case, the commitment to compensate for the loss of pension rights will become null and void in 2012 when Benoît Potier reaches 55 years of age.

UNEMPLOYMENT INSURANCE FOR COMPANY MANAGERS AND CORPORATE OFFICERS

Pursuant to a decision of the May 2006 Board of Directors' meeting, Benoît Potier benefits, in his capacity as a corporate officer, from the unemployment insurance for Company managers and corporate officers subscribed by the Company. Contributions paid by the Company are added back to Benoît Potier's remuneration as benefits in kind.

Pursuant to the regulated agreements procedure, this decision was approved by the Annual Shareholders' Meeting of May 9, 2007.

At its meeting in May 2010, the Board of Directors confirmed that Benoît Potier would continue to benefit from this insurance within the scope of the renewal of his terms of office.

TABLE 8 (SEE PAGE 118) AND TABLE 9 (SEE PAGE 119)

TABLE 10

The table below summarizes commitments relating to the termination of duties of the Executive Officers as set out above.

Executive officers	Employment contract	Supplementary pension plan (see details above)	Indemnities or benefits due or that may be due on termination or a change of duties (see details above)	Non-competition indemnity
Benoît Potier Chairman and Chief Executive Officer Term of office start date: 2006 Date of renewal of term of office: 2010 Term of office end date: 2014	Suspended in May 2006. Terminated in May 2010.	**YES** Pension plan for senior managers and executives: ■ partly a defined contribution plan ■ partly a defined benefit plan	**YES** ■ Termination indemnity – Case: forced departure related to a change of strategy or a change in control – Maximum amount: 24 months of gross fixed and variable remuneration – Subject to performance conditions – Reduction as he approaches the age limit pursuant to the articles of association, exclusion should the beneficiary claim his pension entitlements on the date of a forced departure ■ Indemnity to compensate for loss of pension rights, subject to performance conditions, in the event his term of office is terminated at the Company's initiative, before the age of 55	**NO**
Pierre Dufour Senior Executive Vice-President Term of office start date: 2007 Term of office end date: 2011	**YES**	**YES** Pension plan for senior managers and executives: ■ partly a defined contribution plan ■ partly a defined benefit plan	**YES** ■ Termination indemnity – Case: forced departure related to a change of strategy or a change in control – Maximum amount (including any non-competition indemnity payable relating to termination of his employment contract): 24 months of gross fixed and variable remuneration – Subject to performance conditions	**YES** In respect of the employment contract: 16 months of remuneration as an employee, indemnity included in the overall maximum limit of 24 months' fixed and variable remuneration

Transactions involving Company shares performed by corporate officers and members of Executive Management

In 2010, the following transactions involving Company shares were performed by corporate officers and members of Executive Management:

	Nature of the transaction	Date of transaction	Average price *(in euros)*
Benoît Potier	Exercice of 106,518 share subscription options of L'Air Liquide S.A.	March 4, 2010	52.20
Pierre Dufour	Sale of 6,000 shares of L'Air Liquide S.A.	March 4, 2010	88.65
Pierre Dufour	Sale of 6,000 shares of L'Air Liquide S.A.	March 5, 2010	88.86
Benoît Potier	Sale of 50,000 shares of L'Air Liquide S.A.	March 8, 2010	88.98
Benoît Potier	Sale of 20, 000 shares of L'Air Liquide S.A.	March 9, 2010	88.69
Benoît Potier	Sale of 30,000 shares of L'Air Liquide S.A.	March 10, 2010	89.25
Jean-Claude Buono	Sale of 500 shares of L'Air Liquide S.A.	March 10, 2010	89.05
Pierre Dufour	Exercice of 35,153 share subscription options of L'Air Liquide S.A.	May 7, 2010	52.20
Natural person related to Pierre Dufour	Purchase of 119 shares of L'Air Liquide S.A.	May 14, 2010	85.00
Jean-Claude Buono	Sale of 500 shares of L'Air Liquide S.A.	May 18, 2010	84.74
Jean-Claude Buono	Sale of 5,000 shares of L'Air Liquide S.A.	June 8, 2010	80.01
Jean-Claude Buono	Sale of 500 shares of L'Air Liquide S.A.	June 22, 2010	86.43
Pierre Dufour	Purchase of 100 shares of L'Air Liquide S.A.	August 26, 2010	80.82
Jean-Claude Buono	Sale of 1,000 shares of L'Air Liquide S.A.	September 15, 2010	89.11
Jean-Claude Buono	Sale of 500 shares of L'Air Liquide S.A.	November 23, 2010	91.42
Pierre Dufour	Capital increase reserved for employees Purchase of 203 shares of L'Air Liquide S.A.	December 9, 2010	73.39
Jean-Pierre Duprieu	Capital increase reserved for employees Purchase of 1,353 shares of L'Air Liquide S.A.	December 9, 2010	74.32

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 and for the last time by the Combined Shareholders' Meeting of May 5, 2010.

The introduction of CGSE Plans since 2008 has enabled the Company to offer a medium-term compensation scheme with features that are complementary to the long-term share subscription option plan and to increase the number of beneficiaries.

The current share subscription option and conditional share grant system is therefore intended for three groups of beneficiaries:

- the Company's corporate officers and members of the Executive Committee, who can only receive options today and are not eligible for the CGSE Plans (pursuant to the resolution voted by the 2007 Extraordinary Shareholders' Meeting, renewed in 2010, for the Company's corporate officers and the recommendation of the Remuneration Committee for the members of the Executive Committee);
- Group managers who have a high level of responsibility or make specific contributions to the Group and benefit from a double allotment of both options and conditional shares (the conditional share grant partially replaces the options at a ratio of 4 options for 1 share);
- other employees corresponding to middle managers who receive options, and a category of new employee beneficiaries, who receive conditional shares only.

The criteria used to draw up the lists of employee beneficiaries reflect the business segments and geographical areas in which the Group conducts its business as well as the specific contribution or potential of the relevant persons. The list of employee beneficiaries is also prepared in such a way as to ensure a certain turnover and an increase in the number of beneficiaries.

The stock options granted to corporate officers can only be exercized, in their entirety, if certain performance requirements are met by the Company (for details of performance requirements, see page 107). As of 2010, any allocation to a beneficiary exceeding the threshold of 1,500 options is subject to the same performance requirements, in the amount of 50% of the options allocated exceeding the threshold.

Furthermore, the number of shares definitively vested by conditional share beneficiaries depends on the achievement of a performance target.

The total outstandings as of December 31, 2010 for CGSE and share subscription options allotted and the total CGSE and share subscription options authorized as of this date represented a number of shares amounting to less than 5% of the share capital at this same date.

SHARE SUBSCRIPTION OPTION PLANS

(Information to be regarded as the Special Report of the Board of Directors within the meaning of article L. 225-184 of the French Commercial Code)

Description

Pursuant to authorizations of Shareholders' Meetings and at the recommendation of the Remuneration Committee, the Board of Directors, the Supervisory Board and the Management Board have adopted, at Group level, share subscription option plans for certain employees (including corporate officers).

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

Stock options are granted for a minimum unitary amount equal to or greater than the average market price during the twenty trading days prior to the date they are granted. The maximum exercize period is seven years for options granted between May 4, 2000 and April 8, 2004 and eight years for those granted since that date.

Stock options granted after May 12, 1999 can only be exercized after a four-year minimum term from the date they were granted.

The total number of stock options, granted by the Board of Directors, the Supervisory Board, and the Management Board under the plans authorized by Shareholders' Meetings, but not exercized as of December 31, 2010 amounted, after adjustment, to 4,699,547 options or 1.65% of the share capital (average price of 67.66 euros), of which 734,306 options (average price of 70.07 euros) were granted to members of Executive Management.

Out of the total number of options issued pursuant to the authorization of the Shareholders' Meeting of May 5, 2010, 5,149,142 options were retained for possible allotment by the Board of Directors as of December 31, 2010.

Stock options granted in 2010 (Plan of June 28, 2010)

The Combined Shareholders' Meeting on May 5, 2010 authorized the Board of Directors to grant to employees and/or corporate officers of the Company and its subsidiaries options to purchase new shares of the Company to be issued to increase the capital, provided that the total number of shares for which options are thus granted does not exceed 2% of the Company's share capital on the date the options are granted.

Under this authorization, the Board of Directors, in its meeting on June 28, 2010, granted 532,760 options to purchase shares at a price of 83 euros each, equal to 100% of the average price of the twenty trading days immediately preceding the date on which the options were granted to the 305 beneficiaries.

These options can only be exercized after a four-year minimum term from the date they were granted and must be exercized within an eight-year maximum term as from such date.

These options are subject to performance requirements according to the conditions mentioned above and on page 107.

BREAKDOWN BETWEEN THE VARIOUS BENEFICIARY CATEGORIES

In 2010	Number of beneficiaries	Number of options
Corporate officers of L'Air Liquide S.A.	2	138,000
Senior Executives (not corporate officers of L'Air Liquide S.A.)	303	394,760

TABLE 8 - STOCK OPTIONS GRANTED DURING THE LAST TEN YEARS

	2001	2002	2002 [(a)]	2004	2004	2005	2006	2007	2007	2008	2009	2010
Date of authorization by the EGM	05/04/00	04/30/02	04/30/02	04/30/02	05/12/04	05/12/04	05/12/04	05/09/07	05/09/07	05/09/07	05/09/07	05/05/10
Date of grant by the Board of Directors or the Management Board	08/28/01	06/14/02	10/10/02	04/08/04	11/30/04	03/21/05	03/20/06	05/09/07	11/08/07	07/09/08	06/15/09	06/28/10
Total share subscription options granted [(b) (g) (h)]	5,900	955,400	769,130	500,000	35,385	428,000	444,000	431,150	4,000	513,392	484,292	532,760
including to officers and directors	0	75,000	60	57,000	15,000	70,000	90,000	75,000		168,300	128,000	138,000
Benoît POTIER [(b) (c)]		50,000	30	40,000		40,000	50,000	40,000		88,000	88,000	88,000
Jean-Claude BUONO [(c)]		25,000	30	17,000		15,000	20,000	15,000				
Klaus SCHMIEDER [(b) (c)]					15,000	15,000	20,000	20,000		44,000		
Pierre DUFOUR [(b) (c)]										36,300	40,000	50,000
including to top ten employees (excluding corporate officers) receiving the highest number of options	5,900	112,000	300	77,000	12,325	61,800	62,000	59,000		92,620	124,180	165,000
Number of beneficiaries [(h)]	2	481	31,012	448	38	520	500	535	1	328	308	305
Exercize period start date	08/28/05	06/14/06	10/11/06	04/08/08	11/30/08	03/21/09	03/20/10	05/09/11	11/08/11	07/09/12	06/15/13	06/28/14
Expiration date	08/27/08	06/13/09	10/10/09	04/07/11	11/29/12	03/20/13	03/19/14	05/08/15	11/07/15	07/08/16	06/14/17	06/27/18
Subscription price in euros	155.00	168.00	128.00	139.00	131.00	138.00	168.00	183.00	94.00	84.00	65.00	83.00
Subscription price in euros as of 12/31/2010 [(d)]		56.09	48.08	48.86	50.66	53.36	64.97	77.86	79.98	78.63	60.84	83.00
Restated total number of share subscription options granted as of 12/31/2010 [(d) (g)]	7,466	2,428,417	1,365,617	1,339,630	87,499	1,080,716	1,130,721	1,009,043	4,702	548,232	517,475	532,760
Total shares subscribed as of 12/31/2010 [(g)]	4,766	2,354,624	1,039,616	945,681	66,993	319,042	113,377					
Total share subscription options cancelled as of 12/31/2010 [(d) (f) (g)]	2,700	73,793	326,001	23,322	1,891	17,004	21,702	33,387		7,392	1,440	
Total share subscription options remaining as of 12/31/2010 [(d)]				**370,627**	**18,615**	**744,670**	**995,642**	**975,656**	**4,702**	**540,840**	**516,035**	**532,760**

(a) Exceptional plan approved in 2002, for the Company's 100th year celebration and involving all Group employees who met certain conditions, including seniority.
The plan expired on October 12, 2009, the stock exchange being closed on October 10, 2009.

(b) Stock options granted in November 2007, 2008, 2009 and 2010 take into account the one-for-two share split on June 13, 2007 (par value split from 11 euros to 5.50 euros).

(c) Stock options granted during office as corporate officer (in historical data).

(d) Adjusted to take into account share capital increases through free share issues (2010, 2008, 2006, 2004) and the two-for-one share split (11 euros par value split to 5.50 euros) on June 13, 2007.

(f) Loss of exercize rights.

(g) Number of shares or stock options expressed historically.

(h) The number of beneficiaries and stock options granted decreased in 2008, following the first implementation of a CGSE Plan in addition to a stock option plan. Corporate officers and directors are not entitled to CGSE Plans.

TABLE 9

TABLE 9.1 - OPTIONS GRANTED TO THE TEN EMPLOYEES (EXCLUDING CORPORATE OFFICERS) WHO WERE GRANTED THE HIGHEST NUMBER OF OPTIONS

In 2010	Number of options	Average price *(in euros)*
L'Air Liquide S.A.	138,400	83.00
L'Air Liquide S.A. and its subsidiaries	165,000	83.00

The number, expiration date and subscription price of the share subscription options granted in 2010 to the corporate officers of the Company are described on page 117.

Stock options exercized in 2010

Some of the options granted, as the case may be, from 2004 to 2006 by the Board of Directors or the Supervisory Board and the Management Board were exercized in fiscal year 2010, for a total of 1,049,341 shares for an average price of 53.38 euros.

TABLE 9.2 - OPTIONS EXERCIZED BY THE TEN EMPLOYEES OF L'AIR LIQUIDE S.A. AND ITS SUBSIDIARIES (EXCLUDING CORPORATE OFFICERS) WITH THE HIGHEST NUMBER OF OPTIONS EXERCIZED

Grant date	Number of options exercized	Average price *(in euros)* [(a)]
April 8, 2004	82,046	50.13
November 30, 2004	6,055	54.12
March 21, 2005	32,563	54.86
March 20, 2006	9,054	64.97
TOTAL	**129,718**	**52.54**

(a) *The average prices are impacted by the allocation of the number of options whether exercized prior to or after the free share attribution of May 28, 2010.*

TABLE 9.3 - OPTIONS EXERCIZED BY THE TEN EMPLOYEES OF L'AIR LIQUIDE S.A. (EXCLUDING CORPORATE OFFICERS) WITH THE HIGHEST NUMBER OF OPTIONS EXERCIZED

Grant date	Number of options exercized	Average price *(in euros)* [(a)]
April 8, 2004	63,488	50.25
March 21, 2005	18,295	56.61
March 20, 2006	8,958	69.41
TOTAL	**90,741**	**53.43**

(a) *The average prices are impacted by the allocation of the number of options whether exercized prior to or after the free share attribution of May 28, 2010.*

CONDITIONAL GRANT OF SHARES TO EMPLOYEES (CGSE)

(Information to be regarded as the Special Report of the Board of Directors within the meaning of article L. 225-197-4 of the French Commercial Code)

Description

In order to retain and motivate talented employees and compensate their medium-term performance, an additional compensation system was set up in 2008 involving conditional share grants to employees.

The seventeenth resolution adopted by the Extraordinary Shareholders' Meeting of May 5, 2010 authorized the Board of Directors to grant bonus shares to Group employees (with the exception of the Group's corporate officers), up to a maximum of 0.5% of the Company's share capital on the date the Board decides to grant such shares.

Under this authorization, the Board of Directors adopted two different plans on June 28, 2010 ("France" Plan and "World" Plan) governing the conditional grant of Company shares to employee beneficiaries determined by the Board of Directors. The differences between the "France" and "World" Plans are mainly the number of years of service required - paragraph a) below, and the correlative absence of any holding requirement for the "World" Plan - paragraph c) opposite.

Conditional employee share grants are subject to:

a) a continued service requirement

Shares granted to a beneficiary shall only be definitively vested if he or she has been a salaried employee or corporate officer of a Group company during a vesting period, calculated as from the grant date, of two years for "France" Plan beneficiaries and four years for "World" Plan beneficiaries. In the event of retirement, the beneficiary retains his rights, but is no longer required to satisfy the continued service requirement.

b) a performance requirement

For 2010, this requirement is identical for both Plans. (see the performance requirement in the Summary table of conditional share grants to employees below).

c) a holding requirement

As from the final grant date, the beneficiaries of the "France" Plan are required to hold their shares for two additional years during which such shares may not be transferred (except in the event of disability or death).

Conditional share grants to employees decided in 2010

In connection with the "France" Plan and the "World" Plan of June 28, 2010, a total of 143,720 shares were allotted on a conditional basis to 952 beneficiaries (54,050 shares allotted to "France" Plan beneficiaries and 89,670 shares allotted to "World" Plan beneficiaries). As of December 31, 2010, the unit fair values of the shares allotted under the "France" Plan and the "World" Plan were 83.43 euros and 77.79 euros, respectively (calculated under IFRS). Subject to the achievement of the continued service and performance requirements, these shares shall be definitively vested by the beneficiaries on June 28, 2012 for the "France" Plan (with no possibility of transfer prior to June 28, 2014) and June 28, 2014 for the "World" Plan.

The number of definitively vested shares shall depend on the achievement rate set by the Board for the Group's undiluted net earnings per share, excluding foreign exchange impacts and exceptional items (recurring net earnings per share), for fiscal year 2011, compared to the recurring net earnings per share for fiscal year 2009.

For the 2010 grant, the performance requirement achievement rate shall be determined by the Board of Directors at the meeting held to approve the 2011 financial statements, according to a linear reducing-balance method.

Since the set-up of such plans in 2008, the number of CGSE beneficiaries has steadily increased:

- 651 beneficiaries for 116,138 conditional share grants in 2008;
- 897 beneficiaries for 123,186 conditional share grants in 2009;
- 952 beneficiaries for 143,720 conditional share grants in 2010.

BREAKDOWN BETWEEN THE VARIOUS BENEFICIARY CATEGORIES

	2009	2010
	Number of shares	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	66,442	68,210
Other executives and employees receiving conditional shares only	56,744	75,510

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

	2009	2010
	Number of shares	Number of shares
L'Air Liquide S.A.	4,050	3,900
L'Air Liquide S.A. and its subsidiaries	4,955	4,700

SUMMARY TABLE OF CONDITIONAL SHARE GRANTS TO EMPLOYEES

	2008	2009	2010
	CGSE	CGSE	CGSE
Date of authorization by the EGM	05/09/2007	05/09/2007	05/05/2010
Date of grant by the Board of Directors	07/09/2008	06/15/2009	06/28/2010
Total number of conditional shares granted	116,138	123,186	143,720
Including the top ten employees (excluding corporate officers) receiving the highest number of shares	5,720	4,955	4,700
Total number of beneficiaries	651	897	952
Performance requirement ("France" and "World" Plans)	Achievement rate of the average growth target set for net profit attributable to ordinary shareholders of the parent (excluding foreign exchange impact and exceptional items) for fiscal years 2008 (compared to 2007) and 2009 (compared to 2008) [(a)]	Achievement rate of the average growth target set for recurring net earnings per share for fiscal year 2010 compared to recurring net earnings per share for fiscal year 2008	Achievement rate of the average growth target set for recurring net earnings per share for fiscal year 2011 compared to recurring net earnings per share for fiscal year 2009
Performance requirement achievement rate	25% [(a)]	100% [(d)]	Determined in 2012
"France" Plan final grant date	07/09/2010	06/15/2011	06/28/2012
"France" Plan definitive grant	11,094 [(a) (b)]	80 [(c)]	
End of "France" Plan holding period	07/09/2012	06/15/2013	06/28/2014
"World" Plan final grant date	07/09/2012	06/15/2013	06/28/2014
"World" Plan definitive grant	143 [(c)]		

(a) The performance requirement of the 2008 CGSE Plan has been partially realized. The final attribution amounted to 25% of the number of shares granted in 2008.
(b) For the 2008 CSGE Plan, the definitive grant corresponds to the "France" Plan and has been adjusted to take into account the share capital increase through the free share attribution of May 28, 2010.
(c) Early definitive grant stipulated in the historical data on stock option Plan Regulations.
(d) The Board of Directors determined the 2009 Plan performance requirement achievement rate during its meeting held to approve the 2010 financial statements. Subject to the approval of the financial statements by the Shareholders' Meeting, the number of shares definitively allotted to the beneficiaries shall amount to 100% of the conditional share grant.

Employee savings and share ownership

For many years, Air Liquide has pursued an active policy promoting employee profit-sharing and incentive schemes 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 and cover over 90% of Group employees.

In 2010, L'Air Liquide S.A. paid 29 million euros to more than 5,330 employees in respect of profit-sharing, incentives and, as the case may be, company contributions.

Under the main company savings plans, Group employees in France can make payments to diversified investment funds, on a voluntary basis or based on profit-sharing, incentives and, where applicable, contributions, and benefit from the preferential tax regime applicable in consideration for the blocking of their assets over a period of five years.

Since 2008, the employee savings plan has offered, among other benefits, a corporate mutual fund, known as Air Liquide Epargne, which invests solely in Air Liquide shares. During the year, the fund collected a total of 2,180,190 euros and its assets amounted to 9,667,102 euros as of December 31, 2010. There are 2,518 unit holders, of which 1,076 are foreign. In 2011, the unit holder representatives on the Supervisory Board will be replaced by the election of three members for the France Board, one for Europe and one for the rest of the world.

In 2010, in accordance with the law, the granting of the stock option plan was accompanied by a plan associating all employees in France to the Company's performance, which took the form of a supplementary payment to the incentive schemes.

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 December 2010 resulted in subscription to nearly 713,000 shares by 15,669 Group employees around the world (see the Board of Directors' Additional Report hereafter and the Statutory Auditors' Supplementary Report on page 271). For every four shares subscribed, L'Air Liquide S.A. and its French subsidiaries contributed one free share to the employee subscription. The total contribution was limited to three free shares or 15 shares acquired for 12 subscribed.

In France, the shares subscribed in these capital increases are also eligible for the preferential tax regime applicable provided that they are blocked over a period of five years, while those held abroad are governed by the legal regulations prevailing in each relevant country.

At the end of 2010, the share of capital held by Group employees and former employees was estimated at 2.1%, of which 1.6% corresponds (within the meaning of article L. 225-102 of the French Commercial Code) to shares subscribed by employees under employee-reserved capital increases or held through mutual funds.

Air Liquide wishes to pursue this strategy and further the development of its employee share ownership, by increasing the frequency of the transactions proposed to employees and gradually introducing new incentive schemes.

INCREASE IN CAPITAL RESERVED FOR EMPLOYEES (2010)

Additional report

Dear Shareholder,

We hereby present to you this additional report, pursuant to article R. 225-116 of the French Commercial Code, on the use we have made of the delegation of authority that you granted to the Board of Directors at the Combined Shareholders' Meeting of May 5, 2010, in the twentieth resolution, for a maximum period of 26 months, to increase the share capital, in accordance with the provisions of article L. 225-138-1 of the French Commercial Code and articles L. 3332-18 *et seq.* of the French Labor Code, on one or more occasions, by a maximum of 5.5 million shares with a par value of 5.50 euros each. The subscription of such shares is reserved for employees of the Company and French or foreign companies which are affiliated to it within the meaning of article L. 225-180 of the French Commercial Code, and that are members of a Group savings plan as referred to by articles L. 3332-1 *et seq.* of the French Labor Code.

1. AUTHORIZATIONS AND DECISIONS

We wish to remind you that pursuant to this delegation of authority by the Shareholders' Meeting:

- the Board of Directors decided, at its meeting of May 5, 2010, on the principle of an increase in capital by a maximum of 1 million shares in favor of Group employees who are members of a Group savings plan in accordance with the provisions of articles L. 3332-18 *et seq.* of the French Labor Code and article L. 225-138-1 of the French Commercial Code;
- for this purpose, at its meeting on May 5, 2010, the Board of Directors delegated to the Chairman and Chief Executive Officer all the powers required to carry out this increase in capital, and in particular:
  - to adopt the list of companies eligible for the transaction,
  - to set the subscription price (including, where applicable, the subscription prices applicable locally),
  - to set the terms and conditions and time period for paying up the shares subscribed,
  - to decide on the opening and closing dates of the subscription period,
  - to record the completion of the corresponding capital increase, and amend the articles of association accordingly,
  - to do everything useful and necessary for the implementation of the transaction.

Accordingly, making use of the delegation of authority granted by the Board of Directors, the Chairman and Chief Executive Officer set, on November 2, 2010, the opening and closing dates for the subscription period and determined the subscription price for the new Air Liquide shares within the framework of the increase in capital reserved for employees decided by the Board of Directors on May 5, 2010.

2. MAIN FEATURES OF THE TRANSACTION

The increase in capital reserved for employees falls within the framework, as provided for by the applicable legal and regulatory provisions, of the France Group Share Purchase Plan and the International Group Share Purchase Plan in force.

Subscription to this increase in capital was open to the employees of the Group's French or foreign subsidiaries of which over 50% of the capital or voting rights are owned by L'Air Liquide S.A. and that are members of the France Group Share Purchase Plan or the International Group Share Purchase Plan, provided that these employees have at least three months' length of service at the end of the subscription period (stricter conditions with regard to length of service are set by some countries pursuant to local regulations).

For reasons related to the local context, employees of certain foreign subsidiaries of the Group were unable to participate in the transaction, as the required authorizations could not be obtained on a timely basis.

By decision of the Chairman and Chief Executive Officer on March 30, 2009, in accordance with the regulations of the France Group Share Purchase Plan and the International Group Share Purchase Plan, certain Group companies, located in France, Morocco, Lebanon and the People's Republic of China, of which L'Air Liquide S.A. directly or indirectly holds 40% to 50% of the share capital or voting rights were admitted to the France Group Share Purchase Plan and the International Group Share Purchase Plan. As members, these companies, and consequently their employees, were thus admitted within the scope of the 2010 capital increase. By decision of the Chairman and Chief Executive Officer on November 2, 2010, the same option was granted to certain Group companies in South Africa and Qatar, whose employees were thus admitted for participation in the transaction.

The subscription price was set at 74.49 euros (79.15 euros for the United States) per share, the amount corresponding to the average of the opening trading prices of the Air Liquide share during the twenty trading days prior to the decision by the Chairman and Chief Executive Officer setting the dates of the subscription period, *i.e.* 93.11 euros per share ("the Reference Share Price"), with this average being reduced by 20% (15% for the United States) and rounded up to the nearest Euro cent.

The maximum amount of the subscription per eligible employee was limited to 25% of the gross annual remuneration of each subscriber in accordance with the regulations governing saving plans (with this limit including, in France, all other voluntary payments made within the scope of group or company savings plan or a corporate retirement savings plan (PERCO) over the course of 2010). An additional employer contribution in the form of shares was proposed by L'Air Liquide S.A. and the French subsidiaries that have adhered to the France Group Share Purchase Plan, on the basis of 1 free share for every 4 shares subscribed up to a maximum of 3 free shares per employee.

The subscription period for the shares was open from November 4, 2010 to November 16, 2010 inclusive.

Under the powers granted by the Board of Directors at its meeting held on May 5, 2010, the capital increase was recorded by the Chairman and Chief Executive Officer on December 9, 2010.

A total of 712,958 new shares were issued, with a par value of 5.50 euros each, for a total of 15,669 subscribers.

The new shares issued are ordinary shares of Air Liquide of the same class and immediately identical to the Air Liquide shares that have already been admitted for trading on the Euronext Paris market (Compartment A). They will be admitted for trading on the Euronext Paris market under the same ISIN code (FR0000120073) as the existing Air Liquide shares and will grant entitlement to any distribution of dividends that may be decided after their creation. The new shares will be subject to all the provisions of the articles of association.

3. IMPACT OF THE ISSUE OF 712,958 SHARES ON THE STATUS OF THE SHAREHOLDER AND HIS/HER SHARE IN THE SHAREHOLDERS' EQUITY AND THEORETICAL IMPACT ON THE STOCK MARKET VALUE OF THE SHARE

3.1 Impact on the stake held by the shareholder in the Company's share capital

Based on the share capital of L'Air Liquide S.A. as at December 9, 2010, prior to the increase in capital reserved for employees, *i.e.* 283,279,912 shares, the impact of the share issue on the stake in the capital of a shareholder holding 1% of the share capital of L'Air Liquide S.A. prior to the share issue who does not subscribe to such capital increase will be as follows:

	% stake held by the shareholder	
	Non-diluted basis	**Diluted basis** [a]
Prior to the issue of the new shares resulting from this capital increase	1%	0.982%
After the issue of the new shares resulting from this capital increase	0.998%	0.980%

(a) The calculations are made on the assumption that all the Company's dilutive instruments existing as December 9, 2010 are exercized.

3.2. Impact of the share issue on the share of consolidated shareholders' equity

Based on the Group's share of consolidated shareholders' equity as shown by the consolidated financial statements at June 30, 2010, the impact of the share issue on the Group's share of shareholders' equity for the holder of one Air Liquide share prior to the share issue who does not subscribe to such capital increase will be as follows:

	Share of shareholders' equity *(in euros)*	
	Non-diluted basis	**Diluted basis** [1]
Prior to the issue of the new shares resulting from this capital increase	28.82	29.44
After the issue of the new shares resulting from this capital increase	28.94	29.54

(1) The calculations are made on the assumption that all the Company's dilutive instruments existing as of December 9, 2010 are exercized.

3.3 Theoretical impact on the stock market value of the Air Liquide share

The theoretical impact of the issue of 712,958 shares at the issue price on the stock market value of each share can be calculated as follows:

Theoretical price of the share prior to the transaction = average of the last 20 opening trading prices for the Air Liquide share preceding the decision of the Chairman and Chief Executive Officer to set the dates of the subscription period (calculated as the average of the opening trading prices for the share between October 5, 2010 and November 1, 2010). This theoretical share price amounts to 93.11 euros.

Price of the share after the transaction = ((average of the last 20 opening trading prices of the share prior to the transaction x number of shares prior to the transaction) + (issue price x number of new shares))/(number of shares prior to the transaction + number of new shares).

The average issue price for the reserved capital increase is 74.70 euros.

On the basis of these assumptions, the theoretical stock market value of the share after the transaction would amount to 93.06 euros for a theoretical share price value prior to the transaction of 93.11 euros.

It is specified that this theoretical approach is given for information purposes only and does not in any way anticipate future changes in the share price.

Paris, December 14, 2010

Benoît Potier

Chairman and Chief Executive Officer

L'Air Liquide S.A.

Information concerning members of the Board of Directors and Executive Management

(Informations as of Decembre 31, 2010) [(a)]

Benoît Potier

CHAIRMAN –CHIEF EXECUTIVE OFFICER

Born in 1957

Date of first appointment: 2000

Start of current term: 2010

End of current term: 2014

Number of shares owned as of December 31, 2010: 50,126

BUSINESS ADDRESS

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

CAREER

A graduate of *École Centrale de Paris*, Benoît Potier joined Air Liquide in 1981 as a Research and Development engineer. After serving as a Project Manager in the Engineering and Construction Division, he was made Vice-President of Energy Development in the Large Industries business line. In 1993, he became Director of Strategy & Organization and, in 1994, was put in charge of the Chemicals, Iron & Steel, Oil and Energy Markets. He was made an Executive Vice-President of Air Liquide in 1995 with additional responsibilities over the Engineering & Construction Division and the Large Industries operations in Europe.

Benoît Potier was appointed Chief Executive Officer in 1997. He was appointed to the Board of Directors in 2000 and became Chairman of the Management Board in November 2001.

In 2006, he was appointed Chairman and Chief Executive Officer of L'Air Liquide S.A.

POSITIONS AND ACTIVITIES HELD DURING 2010

Functions within the Air Liquide Group

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

Director: American Air Liquide Holdings, Inc.

Chairman of the Air Liquide Foundation

Positions or activities outside the Air Liquide Group

Director (and Chairman of the Audit Committee until February 2010): Danone [(b)]

Member of the Supervisory Board and member of the Audit Committee: Michelin [(b)]

Vice-Chairman: ERT

Director: École Centrale, *Association Nationale des Sociétés par Actions (ANSA), Cercle de l'Industrie*

Member of the French Board: INSEAD

Member of the Board: *Association Française des Entreprises Privées* (AFEP)

POSITIONS AND ACTIVITIES HELD DURING THE LAST FIVE YEARS AND THAT HAVE EXPIRED

2009

Chairman and Chief Executive Officer: American Air Liquide Inc. (AAL) (until September 2009)

Chairman: American Air Liquide Holdings, Inc. (until September 2009)

2007

Director: Air Liquide Italia Srl. (until April 2007), AL Air Liquide España S.A. (until May 2007)

2006

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

Director: SOAEO (until March 2006)

(a) Pursuant to Article L. 225-102-1, paragraph 4 of the French Commercial Code and Annex I of EC Regulation no. 809/2004 of April 29, 2004 (point 14.1).
(b) Listed company.

Thierry Desmarest

DIRECTOR

Born in 1945

Date of first appointment: 1999

Start of current term: 2009

End of current term: 2013

Number of shares owned as of December 31, 2010: 6,104

BUSINESS ADDRESS

TOTAL, Tour Coupole, 2 place Jean Millier - 92078 Paris-La Défense

CAREER

A graduate of *École Polytechnique* and *École des Mines*, Thierry Desmarest spent four years with the New Caledonia Department of Mines, before serving as a Technical Advisor at the Ministry of Industry in 1975, and then at the Ministry of Economic Affairs in 1978.

He joined Total in 1981 as Managing Director of Total Algeria. He held various executive positions within Total Exploration Production, ultimately becoming its Chief Executive Officer in 1989 and a member of the Group's Executive Committee that same year. He became Chairman and Chief Executive Officer of Total in 1995, of Totalfina in 1999, and then of Elf Aquitaine and TotalFinaElf in 2000.

Thierry Desmarest was Chairman and Chief Executive Officer of Total from 2003 to February 2007, when he became Chairman of the Total S.A. Board of Directors. Appointed Honorary Chairman of Total S.A. in May 2010, he remains a Director and Chairman of the Total Foundation.

POSITIONS AND ACTIVITIES HELD DURING 2010

Functions within the Air Liquide Group

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

Positions or activities outside the Air Liquide Group

Chairman of the Board of Directors (until May 2010), Honorary Chairman (since May 2010), Director: Total S.A. (Chairman of the Appointments and Governance Committee, member of the Remuneration Committee)

Director: Sanofi-Aventis (member of the Remuneration Committee, member of the Appointments and Governance Committee, member of the Strategic Committee), Renault S.A. (member of the Remuneration Committee, Chairman of the International Strategy Committee, member of the Industrial Strategy Committee), Renault S.A.S. and Bombardier Inc. (member of the Appointments and Governance Committee, member of the Human Resources and Remuneration Committee)

Member of the Supervisory Board: Areva (until March 2010)

Director: *Association Française des Entreprises Privées* (AFEP) (until July 2010), *École Polytechnique*, *Musée du Louvre*

Chairman: Total Foundation, *École Polytechnique* Foundation

POSITIONS AND ACTIVITIES HELD DURING THE LAST FIVE YEARS AND THAT HAVE EXPIRED

2007

Chairman and Chief Executive Officer: Total S.A. (until February 2007), Elf Aquitaine (until May 2007)

2006

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

Alain Joly

DIRECTOR

Born in 1938

Date of first appointment: 1982

Start of current term: 2009

End of current term: 2013

Number of shares owned as of December 31, 2010: 102,074

BUSINESS ADDRESS

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

CAREER

A graduate of *École Polytechnique*, Alain Joly joined Air Liquide's Engineering Division in 1962. From 1967 to 1973, he held various responsibilities at Air Liquide Canada and then in the Americas Division. From 1973 to 1985, he served successively as Vice-President of Corporate Strategy and Management, Regional Manager of the French Gases Division, Company Secretary and Secretary of the Board of Directors.

He became Director of Air Liquide in 1982, then Chief Executive Officer in 1985 and Chairman and Chief Executive Officer in 1995. Alain Joly was Chairman of the Supervisory Board of L'Air Liquide S.A. from November 2001 until May 10, 2006, and has been a Director of L'Air Liquide S.A. since this date.

POSITIONS AND ACTIVITIES HELD DURING 2010

Functions within the Air Liquide Group

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

Positions or activities outside the Air Liquide Group

Member of the Supervisory Board: BAC PARTENAIRES GESTION (since April 2010)

POSITIONS AND ACTIVITIES HELD DURING THE LAST FIVE YEARS AND THAT HAVE EXPIRED

2009

Director: BNP Paribas (until May 13, 2009)

2008

Director: Lafarge (until May 2008)

2006

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

Director: SOAEO (until January 2006)

Professor Rolf Krebs

DIRECTOR

Born in 1940

Date of first appointment: 2004

Start of current term: 2008

End of current term: 2012

Number of shares owned as of December 31, 2010: 1,440

ADDRESS

Am Molkenborn 6 - 55122 - Mainz – Germany

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 AND ACTIVITIES HELD DURING 2010

Functions within the Air Liquide Group

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

Positions or activities outside the Air Liquide Group

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

Member of the Supervisory Board: Merz Pharmaceuticals GmbH & Co KGaA, Senator GmbH & Co KGaA

Member of the "Partners Board": E. Merck OHG

POSITIONS AND ACTIVITIES HELD DURING THE LAST FIVE YEARS AND THAT HAVE EXPIRED

2009

Chairman of the Supervisory Board: Merz Pharmaceuticals GmbH, Senator GmbH & Co KGaA

2007

Member of the Advisory Board: Apax Partners, Kaneas Capital GmbH, Lehman Brothers Limited

2006

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

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

Member of the Advisory Board: Deutsche Venture Capital, 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 [(a)]

Number of shares owned as of December 31, 2010: 3,561

CAREER

A graduate of *École Polytechnique* and *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 Financial Instruments Clearing House from 1986 to 1988, and Chief Executive Officer of the Paris Stock Exchange (SBF) from 1988 to 1989.

Gérard de La Martinière joined the Axa Group in 1989 as Chairman and Chief Executive Officer of the Meeschaert-Rouselle brokerage unit. In 1991, he was named Executive Vice-President in charge of the Group's investments and financial services operations. In 1993, he took responsibility for the Group's Holding Companies and Corporate Affairs. He was a member of the Management Board between 1997 and 2003, and Vice-President of Finance, Audit and Strategy between 2000 and 2003.

Gérard de La Martinière was Chairman of the French Federation of Insurance Companies, the *Fédération Française des Sociétés d'Assurances*, from May 2003 to September 2008. He was also Chairman of the European Insurance and Reinsurance Federation (CEA) from 2004 to 2008 and then Vice-Chairman until November 2009.

(a) Renewal of term proposed to the Shareholders' Meeting of May 4, 2011

POSITIONS AND ACTIVITIES HELD DURING 2010

Functions within the Air Liquide Group

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

Positions or activities outside the Air Liquide Group

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

Chairman: *Comité de la Charte du Don en confiance* (French Donations Charter Committee) (since March 2010)

Director: *Banque d'Orsay* (until November 2010), Allo-Finances (since January 2010)

Member of the Supervisory Board: EFRAG

POSITIONS AND ACTIVITIES HELD DURING THE LAST FIVE YEARS AND THAT HAVE EXPIRED

2009

Vice-Chairman: European Insurance and Reinsurance Federation (until November 2009)

2008

Chairman: *Fédération Française des Sociétés d'Assurance* (FFSA) (until September 2008); *Association Française de l'Assurance* (AFA) (until September 2008)

2007

Chairman: European insurance and Reinsurance Federation

2006

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

Cornelis van Lede

DIRECTOR

Born in 1942

Date of first appointment: 2003

Start of current term: 2007

End of current term: 2011 [a]

Number of shares owned as of December 31, 2010: 1,453

BUSINESS ADDRESS

Jollenpad 1 0A – 1081 KC Amsterdam - The Netherlands

CAREER

With a law degree from the University of Leiden and an MBA from INSEAD, Cornelis van Lede successively worked for Shell from 1967 to 1969 and McKinsey from 1969 to 1976 before joining Koninklijke Nederhorst Bouw B.V. as Chairman and Chief Executive Officer from 1977 to 1982. He was then member of the Management Committee of Hollandse Beton Groep from 1982 to 1984.

From 1984 to 1991, he was Chairman of the Federation of Netherlands Industries, then Vice-President of the Union of Industrial and Employer's Confederations of Europe (UNICE) from 1991 to 1994.

In 1991, Cornelis van Lede joined Akzo N.V. as a member of the Management Board. Then, he became Vice-Chairman of the Management Board in 1992 and was Chairman of the Management Board of Akzo Nobel N.V. from 1994 to 2003. He was a member of the Supervisory Board of Akzo Nobel N.V. from 2003 to 2007.

POSITIONS AND ACTIVITIES HELD DURING 2010

Functions within the Air Liquide Group

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

Positions or activities outside the Air Liquide Group

Director: Air France-KLM, Sara Lee Corporation

Member of the Supervisory Board: Royal Philips Electronics N.V.

Chairman of the Supervisory Board: Heineken N.V.

Member of the Board of Directors: INSEAD (until December 2010)

POSITIONS AND ACTIVITIES HELD DURING THE LAST FIVE YEARS AND THAT HAVE EXPIRED

2007

Director: Reed Elsevier (until April 2007)

Member of the Supervisory Board: Akzo Nobel N.V. (until first semester, 2007)

Chairman of the Board of Directors: INSEAD

2006

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

Béatrice Majnoni d'Intignano

DIRECTOR

Born in 1942

Date of first appointment: 2002

Start of current term: 2010

End of current term: 2014

Number of shares owned as of December 31, 2010: 1,671

CAREER

Having graduated with a high-level teaching degree in economics in 1975, Béatrice Majnoni d'Intignano has been *Professeur agrégé* (tenured senior university professor) at the Paris-XII Créteil University since 1980 (currency, international relations, macroeconomics, economics of healthcare).

(a) Renewal of term proposed to the Shareholders' Meeting of May 4, 2011

Béatrice Majnoni d'Intignano was *Conseiller Économique à l'Assistance Publique* (business consultant) for Paris Hospitals, from 1980 to 1987, and has been a temporary consultant with the World Health Organization from 1980 to 2001.

She is a member of the Editorial Committee of the magazine *Commentaire*. She was also a member of the Economic Analysis Council of the French Prime Minister from 1997 to 2008 and a member of Société d'Économie Politique until 2009.

Béatrice Majnoni d'Intignano is the author of a large number of books and articles about economics, employment, Europe, the economics of healthcare and women's role in society.

POSITIONS AND ACTIVITIES HELD DURING 2010

Functions within the Air Liquide Group

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

Positions or activities outside the Air Liquide Group

Tenured Professor at the University of Paris XII-Créteil

POSITIONS AND ACTIVITIES HELD DURING THE LAST FIVE YEARS AND THAT HAVE EXPIRED

2008

Member of the Economic Analysis Council chaired by the French Prime Minister

2007

Director: AGF, member of the Remuneration and Agreements Committee (until June 30, 2007)

2006

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

Thierry Peugeot

DIRECTOR

Born in 1957

Date of first appointment: 2005

Start of current term: 2009

End of current term: 2013

Number of shares owned as of December 31, 2010: 1,310

BUSINESS ADDRESS

Peugeot S.A., 75 avenue de la Grande Armée - 75116 Paris Cedex 16

CAREER

A graduate of ESSEC, Thierry Peugeot began his career with the Marrel Group in 1982 as Export Manager for the Middle East and English-speaking Africa for Air Marrel, and then Director of Air Marrel America. He joined Automobiles Peugeot in 1988 as Regional Manager of the South-East Asia zone, then Chief Executive Officer of Peugeot do Brasil in 1991 and Chief Executive Officer of Slica in 1997. In 2000, he became International Key Accounts Director of Automobiles Citroën and then, in 2002, Vice-President of Services and Spare Parts before being appointed to the PSA Peugeot Citroën Vice-Presidents Committee. Thierry Peugeot has been Chairman of the Supervisory Board of Peugeot S.A. since 2002. He is also Member of the Board of Faurecia.

POSITIONS AND ACTIVITIES HELD DURING 2010

Functions within the Air Liquide Group

Director: L'Air Liquide S.A.

Positions or activities outside the Air Liquide Group

Chairman of the Supervisory Board: Peugeot S.A.

Vice-Chairman: Établissements Peugeot Frères

Director: *Société Foncière, Financière et de Participations*, *La Française de Participations Financières* (until July 2010), *La Société Anonyme de Participations, Immeubles et Participations de l'Est* (until November 2010), *Faurecia*, *Compagnie Industrielle de Delle*

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

POSITIONS AND ACTIVITIES HELD DURING THE LAST FIVE YEARS AND THAT HAVE EXPIRED

2006

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

Paul Skinner

DIRECTOR

Born in 1944

Date of first appointment: 2006

Start of current term: 2010

End of current term: 2014

Number of shares owned as of December 31, 2010: 1,298

BUSINESS ADDRESS

P.O. Box 65129, London SW1P 9LY

CAREER

Paul Skinner has a law degree from the University of Cambridge and is a graduate of the Manchester Business School. He started his career in 1966 with the Royal Dutch/Shell group. After having been responsible for managing several subsidiaries in Greece, Nigeria, New Zealand and Norway, Paul Skinner was President of the Shell International Trading and Shipping Company from 1991 to 1995. He was later appointed Chief Executive Officer of Royal Dutch/Shell's global Oil Products business and then Group Managing Director of the Royal Dutch/Shell group from 2000 to 2003.

After his retirement from Shell, he was Chairman of Rio Tinto plc, the global mining company, over the period 2003-2009. He is currently Chairman of Infrastructure UK, a division of HM Treasury, non-Executive Director of Standard Chartered plc and Tetra Laval Group, and a member of the Public Interest Body of PricewaterhouseCoopers LLP.

POSITIONS AND ACTIVITIES HELD DURING 2010

Functions within the Air Liquide Group

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

Positions or activities outside the Air Liquide Group

Non-Executive Director: Standard Chartered plc, Tetra Laval Group

Member of the Board of Directors: INSEAD

Chairman: Infrastructure UK (a division of HM Treasury)

Member: Public Interest Body of PricewaterhouseCoopers LLP

POSITIONS AND ACTIVITIES HELD DURING THE LAST FIVE YEARS AND THAT HAVE EXPIRED

2009

Chairman: Rio Tinto plc (until April 2009), Rio Tinto Ltd. (until April 2009)

Member of the Board: UK Ministry of Defense (until July 2009)

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, 2010: 68,549

BUSINESS ADDRESS

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

CAREER

An Economic Sciences graduate from ESCP and with a degree from the *Centre de Perfectionnement aux Affaires*, Jean-Claude Buono began his career in the Bull Group, where he was in charge of the Finance Department.

After 20 years with the Bull Group, Jean-Claude Buono joined Air Liquide in 1989, as Finance and Administration Director. He was appointed General Secretary and Secretary to the Board of Directors in 1997, Vice-President in 1999 and Executive Vice-President in July 2000. In November 2001, he was appointed Member of the Management Board, and then Senior Executive Vice-President in May 2006. During this time and until the end of his term of office on November 8, 2007, Jean-Claude Buono was responsible for the Group's major operations in Europe and Asia in addition to the Financial and Legal Departments.

POSITIONS AND ACTIVITIES HELD DURING 2010

Functions within the Air Liquide Group

Director: L'Air Liquide S.A., Air Liquide Welding (ALW), Aqua Lung International

Vice-Chairman and Director: Air Liquide International Corporation

Senior Executive Vice-President (until June 2010) and Director: Air Liquide International

Positions or activities outside the Air Liquide Group

Director: Velecta Paramount, SNPE

POSITIONS AND ACTIVITIES HELD DURING THE LAST FIVE YEARS AND THAT HAVE EXPIRED

2009

Director: American Air Liquide Inc. (until September 2009)

2008

Director: Air Liquide Santé International (until June 2008), Air Liquide Far Eastern Ltd. (until August 2008)

Chairman and Chief Executive Officer: Air Liquide Welding (until March 2008)

2007

Senior Executive Vice-President: L'Air Liquide S.A. (until November 2007)

Director: Air Liquide Tunisie (until December 2007)

2006

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

Chairman of the Board of Directors: SOAEO (until March 2006)

Vice-Chairman: Carba Holding (until September 2006)

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, 2010: 1,600

BUSINESS ADDRESS

Essex Woodlands Health Ventures - 280 Park Avenue, 27th Floor East - New York, NY 10017-USA

CAREER

Karen Katen, a US citizen, is a graduate of the University of Chicago (BA in Political Sciences and MBA).

In 1974, she joined Pfizer and carried out various management and executive positions during more than 30 years. In her last position with Pfizer, she was Vice-Chairman of Pfizer Inc. and President of Pfizer Human Health, the group's main operating department. Karen Katen played a major role in the introduction of new medicines for the treatment of cardiovascular and mental diseases, as well as diabetes and cancer. She also successfully oversaw the integration of Warner Lambert (acquired in 2000) and Pharmacia (acquired in 2003) in the Pfizer group. Having retired from Pfizer in March 2007, she was recently Chairman of the Pfizer Foundation. Currently she is a Senior Advisor at Essex Woodlands Health Ventures, a healthcare venture and growth equity firm, based in their New York office.

POSITIONS AND ACTIVITIES HELD DURING 2010

Functions within the Air Liquide Group

Director: L'Air Liquide S.A.

Positions or activities outside the Air Liquide Group

Director: Harris Corporation, Home Depot, Catalyst, Armgo Pharmaceuticals

Director: The Rand Corporation's Health Board of Advisors, The Economic Club of New York Board of Trustees, Peterson Institute for International Studies, Takeda Global Advisory Board

Council Chairman: Corporate Advisory Council of the National Alliance for Hispanic Health

Senior Advisor: Essex Woodlands Health Ventures

Trustee: University of Chicago

Trustee: University of Chicago Graduate School of Business

POSITIONS AND ACTIVITIES HELD DURING THE LAST FIVE YEARS AND THAT HAVE EXPIRED

2009

Director: General Motors Corporation (until July 2009)

2008

Chairman: Pfizer Foundation

2006

Vice-Chairman: Pfizer Inc.

President: Pfizer Human Health

Treasurer: The Pharmaceutical Research and Manufacturers of America

Jean-Paul Agon

DIRECTOR

Born in 1956

Date of first appointment: 2010

Start of current term: 2010

End of current term: 2014

Number of shares owned as of December 31, 2010: 1,066

BUSINESS ADDRESS

L'Oréal – 41, rue Martre – 92110 Clichy

CAREER

A graduate of HEC Business School, Jean-Paul Agon began his career with the L'Oréal group in 1978. From 1981 to 1997, he held various senior management positions first as General Manager of L'Oréal Greece and General Manager of L'Oréal Paris, then International Managing Director for Biotherm International, Managing Director for L'Oréal Germany and finally Managing Director for L'Oréal Asia Zone. From 2001 to 2005, he was Chairman and Chief Executive Officer of L'Oréal USA as well as several subsidiaries of the L'Oréal group in the USA. In 2005, he was appointed Deputy Chief Executive Officer of the L'Oréal Group, and became Chairman and Chief Executive Officer of the Group in 2006. He is Chairman and Chief Executive Officer of L'Oréal since March 2011.

POSITIONS AND ACTIVITIES HELD DURING 2010

Functions within the Air Liquide Group

Director: L'Air Liquide S.A.

Positions or activities outside the Air Liquide Group

Chairman and Chief Executive Officer: L'Oréal

Director: L'Oréal USA Inc. (United States)

Chairman of the Board of Directors (since April 2010) and Director: Galderma Pharma S.A. (Switzerland) – L'Oréal Group

Vice-Chairman and Director: The Body Shop International plc (United Kingdom) – L'Oréal group

Director: *Fondation d'Entreprise L'Oréal*

POSITIONS AND ACTIVITIES HELD DURING THE LAST FIVE YEARS AND THAT HAVE EXPIRED [a]

2008

Chairman of the Board of Directors: Galderma Pharma S.A. (Switzerland) (until May 2008)

2006

Deputy Chief Executive Officer of L'Oréal S.A. (until April 2006)

Pierre Dufour

SENIOR EXECUTIVE VICE-PRESIDENT

Born in 1955

Number of shares owned as of December 31, 2010: 67,730

BUSINESS ADDRESS

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

(a) During the last five years, Jean-Paul Agon also carried out various other terms of office and duties in subsidiaries of the L'Oréal USA Group of which he was Chairman and Chief Executive Officer until June 2005.

CAREER

A graduate of *École Polytechnique*, Montréal University, Stanford University (California) and 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 L'Air Liquide S.A. Executive Committee. He became Vice-President of L'Air Liquide S.A. in 2001, Executive Vice-President in 2002 and was appointed Senior Executive Vice-President in November 2007. He is currently responsible for Large Industries, Engineering, Research and Safety business lines in the Americas, Africa, the Middle East and Asia Pacific.

POSITIONS AND ACTIVITIES HELD DURING 2010

Functions within the Air Liquide Group

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

Senior Executive Vice-President (since June 2010) and Director (since January 2010): Air Liquide International

Chairman of the Board of Directors and Director: Air Liquide Middle East

Director: American Air Liquide Holdings, Inc., Air Liquide Arabia, AL Japan (since September 2010)

Chairman and Director: American Air Liquide Inc.

Positions or activities outside the Air Liquide Group

Director and member of the Audit Committee: Archer Daniels Midland company

POSITIONS AND ACTIVITIES HELD DURING THE LAST FIVE YEARS AND THAT HAVE EXPIRED

2009

Chairman and Chief Executive Officer: American Air Liquide Holdings, Inc. (until September 2009)

2008

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

Director: VitalAire Canada, Inc. (until January 2008)

2007

Chairman and Chief Executive Officer: Air Liquide USA LLC (until November 2007), Air Liquide USA LP LLC (until November 2007), ALA LP LLC (until November 2007)

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

Director: Air Liquide Process & Construction, Inc. (until September 2007), Air Liquide Healthcare America Corporation (until July 2007)

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

2006

Chairman: Air Liquide Advanced Technologies U.S. LLC (until January 2006)

NEW CANDIDATE PROPOSED TO THE SHAREHOLDERS' MEETING OF MAY 4, 2011

Siân Herbert-Jones

Born in 1960

Nationality: British

Holder of a Master of Art degree in History from Oxford University and a graduate from the Institute of Chartered Accountants in England and Wales, Siân Herbert-Jones first practiced for 13 years with the firm of PriceWaterhouseCoopers, in the London office from 1983-1993 in particular in the capacity of Corporate Finance Manager, then in the Paris office from 1993 to 1995 in the capacity of Mergers & Acquisitions Manager. She then joined the Sodexo group in 1995 in which she was successively in charge of international development from 1995 to 1998 and the Group's treasury department from 1998 to 2000 then Deputy Chief Financial Officer in 2000. Since 2001, she has been the Sodexo Group's Chief Financial Officer; she is a member of the Executive Committee.

POSITIONS AND ACTIVITIES HELD DURING 2010

Positions or activities outside the Air Liquide group

Chief Financial Officer and member of the Executive Committee: Sodexo group

Positions and activities held during the last five years and that have expired

None

Statutory Auditors' offices and Remunerations

STATUTORY AUDITORS' OFFICES

Ernst & Young et Autres

Principal Statutory Auditor

The Ernst & Young firm is represented by Jean-Yves Jégourel

41 rue Ybry – 92200 Neuilly Sur Seine

Deputy Statutory Auditor

Auditex

11 allée de l'Arche – Faubourg de l'Arche – 92400 Courbevoie

Mazars S.A.

Principal Statutory Auditor

The Mazars firm is represented by Lionel Gotlib

61, rue Henri Regnault – 92400 Courbevoie

Deputy Statutory Auditor

Patrick de Cambourg with Mazars S.A.

61, rue Henri Regnault – 92400 Courbevoie

STATUTORY AUDITORS' REMUNERATIONS

	2010							
In thousands of euros	Ernst & Young		Mazars		Other		Total	
Statutory audit, certification, review of individual and consolidated financial statements	5,095	69.1%	3,745	93.5%	638	56.7%	9,478	75.8%
Issuer	851		582		0		1,433	
Fully consolidated subsidiaries	4,244		3,163		638		8,045	
Other statutory audit engagements	812	11.0%	127	3.2%	59	5.2%	998	8.0%
Issuer	241		71		0		312	
Fully consolidated subsidiaries	571		56		59		686	
Total of audit services	**5,907**	**80.1%**	**3,872**	**96.6%**	**697**	**62.0%**	**10,476**	**83.8%**
Legal, employee and tax services	1,411	19.1%	123	3.1%	188	16.7%	1,722	13.8%
Other services	56	0.8%	12	0.3%	240	21.3%	308	2.5%
Total other services rendered by the network to the fully consolidated subsidiaries	**1,467**	**19.9%**	**135**	**3.4%**	**428**	**38.0%**	**2,030**	**16.2%**
TOTAL OF AUDITORS' REMUNERATION	**7,374**	**100.0%**	**4,007**	**100.0%**	**1,125**	**100.0%**	**12,506**	**100.0%**

	2009							
In thousands of euros	Ernst & Young		Mazars		Other		Total	
Statutory audit, certification, review of individual and consolidated financial statements	5,022	74.2%	3,580	92.6%	578	34.9%	9,180	74.7%
Issuer	553		493				1,046	
Fully consolidated subsidiaries	4,469		3,087		578		8,134	
Other statutory audit engagements	724	10.7%	285	7.4%	3	0.2%	1,012	8.2%
Issuer	81		86		0		167	
Fully consolidated subsidiaries	643		199		3		845	
Total of audit services	**5,746**	**84.9%**	**3,865**	**100.0%**	**581**	**35.1%**	**10,192**	**82.9%**
Legal, employee and tax services	1,019	15.1%			639	38.5%	1,658	13.5%
Other services					438	26.4%	438	3.6%
Total other services rendered by the network to the fully consolidated subsidiaries	**1,019**	**15%**	**0**	**0.0%**	**1,077**	**64.9%**	**2,096**	**17.1%**
TOTAL OF AUDITORS' REMUNERATION	**6,765**	**100.0%**	**3,865**	**100.0%**	**1,658**	**100.0%**	**12,288**	**100.0%**

Other than Audit fees concern services provided outside of France that relate to the application of local tax regulations within the foreign countries where the Group operates.

Financial statements

Consolidated financial statements

CONSOLIDATED INCOME STATEMENT

For the year ended December 31

In millions of euros	*Notes*	**2009**	**2010**
Revenue	*(3)*	**11,976.1**	**13,488.0**
Other income	*(4)*	182.5	129.4
Purchases	*(4)*	(4,563.3)	(5,240.0)
Personnel expenses	*(4)*	(2,236.5)	(2,378.3)
Other expenses	*(4)*	(2,389.8)	(2,624.8)
Operating income recurring before depreciation and amortization		**2,969.0**	**3,374.3**
Depreciation and amortization expense	*(4)*	(1,020.0)	(1,122.1)
Operating income recurring		**1,949.0**	**2,252.2**
Other non-recurring operating income	*(5)*	75.7	30.4
Other non-recurring operating expenses	*(5)*	(65.6)	(28.4)
Operating income		**1,959.1**	**2,254.2**
Net finance costs	*(6)*	(221.7)	(228.9)
Other financial income	*(6)*	80.1	63.6
Other financial expenses	*(6)*	(133.0)	(145.9)
Income taxes	*(7)*	(419.1)	(512.7)
Share of profit of associates	*(14)*	19.8	27.8
Profit for the period		**1,285.2**	**1,458.1**
Minority interests		55.2	54.5
Net profit (Group share)		**1,230.0**	**1,403.6**
Basic earnings per share *(in euros)*	*(8)*	**4.40**	**4.99**
Diluted earnings per share *(in euros)*	*(8)*	**4.40**	**4.97**

Accounting principles and notes to the consolidated financial statements begin on page 144.

STATEMENT OF NET INCOME AND GAINS AND LOSSES RECOGNIZED DIRECTLY IN EQUITY

For the year ended December 31

In millions of euros	2009	2010
Profit for the period	**1,285.2**	**1,458.1**
Items recognized in equity		
Change in fair value of financial instruments	(2.1)	(6.7)
Change in foreign currency translation reserve	35.0	480.6
Actuarial gains (losses)	(32.9)	(52.9)
Items recognized in equity, net of taxes		**421.0**
Net income and gains and losses recognized directly in equity	**1,285.2**	**1,879.1**
Attributable to minority interests	55.6	69.9
Attributable to equity holders of the parent	**1,229.6**	**1,809.2**

CONSOLIDATED BALANCE SHEET

For the year ended December 31

Assets

In millions of euros	*Notes*	December 31, 2009	December 31, 2010
Non-current assets			
Goodwill	*(10)*	4,002.9	4,390.8
Other intangible assets	*(11)*	676.0	670.1
Property, plant and equipment	*(12)*	9,920.8	11,036.7
		14,599.7	**16,097.6**
Other non-current assets			
Non-current financial assets	*(13)*	276.9	385.9
Investments in associates	*(14)*	166.5	196.4
Deferred tax assets	*(15)*	350.1	306.3
Fair value of non-current derivatives (assets)	*(27)*	146.6	84.4
		940.1	**973.0**
TOTAL NON-CURRENT ASSETS		15,539.8	17,070.6
Current assets			
Inventories and work-in-progress	*(16)*	709.7	741.7
Trade receivables	*(17)*	2,406.5	2,641.7
Other current assets	*(19)*	470.6	440.7
Current tax assets		54.4	68.0
Fair value of current derivatives (assets)	*(27)*	59.3	51.8
Cash and cash equivalents	*(20)*	1,385.3	1,523.1
TOTAL CURRENT ASSETS		5,085.8	5,467.0
TOTAL ASSETS		**20,625.6**	**22,537.6**

Equity and liabilities

In millions of euros	*Notes*	December 31, 2009	December 31, 2010
Shareholders' equity			
Share capital		1,453.4	1,562.5
Additional paid-in capital		171.8	170.3
Retained earnings		4,832.4	5,868.2
Treasury shares		(103.9)	(101.1)
Net profit (Group share)		1,230.0	1,403.6
		7,583.7	**8,903.5**
Minority interests		**168.2**	**209.0**
TOTAL EQUITY (a)	*(21)*	7,751.9	9,112.5
Non-current liabilities			
Provisions, pensions and other employee benefits	*(22, 23)*	1,778.1	1,803.6
Deferred tax liabilities	*(15)*	999.4	1,126.4
Non-current borrowings	*(24)*	5,528.9	5,680.8
Other non-current liabilities	*(25)*	201.4	204.8
Fair value of non-current derivatives (liabilities)	*(27)*	79.4	131.3
TOTAL NON-CURRENT LIABILITIES		8,587.2	8,946.9
Current liabilities			
Provisions, pensions and other employee benefits	*(22, 23)*	222.4	216.4
Trade payables	*(26)*	1,609.0	1,829.7
Other current liabilities	*(25)*	1,443.7	1,291.8
Current tax payables		144.4	176.7
Current borrowings	*(24)*	826.4	921.2
Fair value of current derivatives (liabilities)	*(27)*	40.6	42.4
TOTAL CURRENT LIABILITIES		4,286.5	4,478.2
TOTAL EQUITY AND LIABILITIES		**20,625.6**	**22,537.6**

(a) A breakdown of changes in equity and minority interests is presented on page 142 and 143.

CONSOLIDATED CASH FLOW STATEMENT

For the year ended December 31

In millions of euros	2009	2010
Operating activities		
Net profit (Group share)	**1,230.0**	**1,403.6**
Minority interests	**55.2**	**54.5**
Adjustments:		
■ Depreciation and amortization	1,020.0	1,122.1
■ Changes in deferred taxes	69.2	130.2
■ Increase (decrease) in provisions	25.0	(34.2)
■ Share of profit of associates (less dividends received)	(3.5)	(10.6)
■ Profit/loss on disposal of assets	(30.1)	(4.7)
■ Equalization charge receivable	(91.3)	
Cash flow from operating activities before changes in working capital	**2,274.5**	**2,660.9**
Changes in working capital	165.5	(154.9)
Other	11.8	(86.1)
Net cash flows from operating activities	**2,451.8**	**2,419.9**
Investing activities		
Purchase of property, plant and equipment and intangible assets	(1,411.0)	(1,449.8)
Acquisition of subsidiaries and financial assets	(109.2)	(239.9)
Proceeds from sale of property, plant and equipment and intangible assets	78.5	43.0
Proceeds from sale of financial assets	1.9	0.8
Net cash flows used in investing activities	**(1,439.8)**	**(1,645.9)**
Financing activities		
Dividends paid		
■ L'Air Liquide S.A.	(601.9)	(609.0)
■ Minority interests	(28.8)	(37.8)
Proceeds from issues of share capital	175.1	110.3
Purchase of treasury shares	(1.1)	2.8
Increase (decrease) in borrowings	(416.6)	99.3
Transactions with minority shareholders		(92.5)
Net cash flows from (used in) financing activities	**(873.3)**	**(526.9)**
Effect of exchange rate changes and change in scope of consolidation	45.7	(90.8)
Net increase (decrease) in net cash and cash equivalents	**184.4**	**156.3**
NET CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	**1,141.5**	**1,325.9**
NET CASH AND CASH EQUIVALENTS AT END OF PERIOD	**1,325.9**	**1,482.2**

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

In millions of euros	2009	2010
Cash and cash equivalents	1,385.3	1,523.1
Bank overdrafts (included in current borrowings)	(59.4)	(40.9)
Net cash and cash equivalents	**1,325.9**	**1,482.2**

Net indebtedness calculation

In millions of euros	2009	2010
Non-current borrowings (long-term debt)	(5,528.9)	(5,680.8)
Current borrowings (short-term debt)	(826.4)	(921.2)
TOTAL GROSS INDEBTEDNESS	**(6,355.3)**	**(6,602.0)**
Cash and cash equivalents	**1,385.3**	**1,523.1**
Derivative instruments (assets) - fair value hedge of borrowings	79.2	39.6
Derivative instruments (liabilities) - fair value hedge of borrowings		
TOTAL NET INDEBTEDNESS AT THE END OF THE PERIOD	**(4,890.8)**	**(5,039.3)**

Statement of changes in net indebtedness

In millions of euros	2009	2010
Net indebtedness at the beginning of the period	**(5,484.4)**	**(4,890.8)**
Net cash flows from operating activities	2,451.8	2,419.9
Net cash flows used in investing activities	(1,439.8)	(1,645.9)
Net cash flows used in financing activities excluding increase (decrease) in borrowings	(456.7)	(626.2)
Total net cash flow	**555.3**	**147.8**
Effect of exchange rate changes, opening net indebtedness of newly acquired companies and other	38.3	(296.3)
Change in net indebtedness	**593.6**	**(148.5)**
NET INDEBTEDNESS AT THE END OF THE PERIOD	**(4,890.8)**	**(5,039.3)**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended December 31

				Net income recognized directly in equity					
In millions of euros	Share capital	Additional paid-in capital	Retained earnings (including net profit)	Fair value of financial instruments	Translation reserves	Treasury shares	Shareholders' equity	Minority interests	Total equity
Equity and minority interests as of January 1, 2010	**1,453.4**	**171.8**	**6,786.5**	**(18.4)**	**(705.7)**	**(103.9)**	**7,583.7**	**168.2**	**7,751.9**
Profit for the period			**1,403.6**				**1,403.6**	**54.5**	**1,458.1**
Items recognized in equity			(52.6)	(6.7)	464.9		405.6	15.4	421.0
Net income and gains and losses recognized directly in equity for the period [e]			**1,351.0**	**(6.7)**	**464.9**		**1,809.2**	**69.9**	**1,879.1**
Increase (decrease) in share capital	9.7	97.9					107.6	2.7	110.3
Free share attribution	99.4	(99.4)							
Distribution			(609.0)				(609.0)	(37.8)	(646.8)
Purchase of treasury shares						2.8 [c]	2.8		2.8
Share-based payments			16.2				16.2		16.2
Put options granted to minority shareholders								1.7	1.7
Transactions with minority shareholders recognized directly in equity			(11.1)		(0.8)		(11.9)	4.0	(7.9)
Other			4.9 [d]				4.9	0.3	5.2
Equity and minority interests as of December 31, 2010	**1,562.5 [a]**	**170.3 [b]**	**7,538.5**	**(25.1)**	**(241.6)**	**(101.1)**	**8,903.5**	**209.0**	**9,112.5**

(a) Share capital as of December 31, 2010 amounted to 284,095,093 shares at a par value of 5.50 euros. During the fiscal year, movements affecting share capital were as follows:
- share capital increase by capitalization of additional paid-in capital and attribution of 18,078,440 free shares, including 17,651,181 at a rate of one new share for 15 former shares and 427,259 at a rate of one new share for 150 former shares. This share capital increase was performed by deducting (99.4) million euros from "Additional paid-in capital";
- creation of 1,049,341 shares in cash, each with a par value of 5.50 euros, resulting from the exercize of options;
- creation of 712,958 cash shares resulting from a share capital increase reserved for employees.

(b) The "Additional paid-in capital" heading was increased by the amount of issue premiums relating to these share capital increase in the amount of 97.9 million euros and was capitalized in the amount of -99.4 million euros.

(c) The number of treasury shares as of December 31, 2010 totaled 1,339,624 (including 1,148,865 held by L'Air Liquide S.A.). During the fiscal year, movements affecting treasury shares were as follows:
- acquisitions, net of disposals, of (56,844) shares at an average price of 34.67 euros exclusively under a liquidity contract;
- attribution of 87,999 free shares;
- allocation of (11,094) shares as conditional grants of shares.

(d) The changes in retained earnings mainly correspond to the impacts of:
- cancellation of dividends relating to treasury shares;
- dividends paid following the exercize of options and the share capital increase reserved for employees described above;
- cancellation of gains or losses arising from disposals of treasury shares.

(e) The statement of net income and gains and losses recognized directly in equity is shown on page 138.

In millions of euros	Share capital	Additional paid-in capital	Retained earnings (including net profit)	Net income recognized directly in equity: Fair value of financial instruments	Net income recognized directly in equity: Translation reserves	Treasury shares	Shareholders' equity	Minority interests	Total equity
Equity and minority interests as of January 1, 2009	**1,435.1**	**18.4**	**6,172.8**	**(16.3)**	**(741.8)**	**(110.8)**	**6,757.4**	**144.3**	**6,901.7**
Profit for the period			**1,230.0**				**1,230.0**	**55.2**	**1,285.2**
Items recognized in equity			(34.4)	(2.1)	36.1		(0.4)	0.4	
Net income and gains and losses recognized directly in equity for the period (a)			**1,195.6**	**(2.1)**	**36.1**		**1,229.6**	**55.6**	**1,285.2**
Increase (decrease) in share capital	18.3	153.4					171.7	3.4	175.1
Distribution			(601.9)				(601.9)	(28.8)	(630.7)
Purchase of treasury shares						(1.1)	(1.1)		(1.1)
Share-based payments			19.7				19.7		19.7
Put options granted to minority shareholders								(1.3)	(1.3)
Other			0.3			8.0	8.3	(5.0)	3.3
Equity and minority interests as of December 31, 2009	**1,435.4**	**171.8**	**6,786.5**	**(18.4)**	**(705.7)**	**(103.9)**	**7,583.7**	**168.2**	**7,751.9**

(a) The statement of net income and gains and losses recognized directly in equity is shown on page 138.

ACCOUNTING PRINCIPLES

BASIS FOR PREPARATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

Due to its listing on the Paris Stock Exchange and pursuant to EC Regulation no. 1606/2002 of July 19, 2002, the consolidated financial statements of the Air Liquide Group for the year ended December 31, 2010 have been prepared in accordance with International Financial Reporting Standards (IFRS), as endorsed by the European Union as of December 31, 2010 and in accordance with IFRSs without use of the carve-out option, as published by the International Accounting Standards Board (IASB). The IFRS standards and interpretations as adopted by the European Union are available at the following website:

http://ec.europa.eu/internal_market/accounting/ias/index_fr.htm

The Group has not anticipated any new standards, amendments to existing standards or new interpretations published by the IASB but not yet approved or not yet mandatory in the European Union, as of December 31, 2010.

The financial statements are presented in millions of euros. They were approved by the Board of Directors on February 14, 2011 and will be submitted for approval to the Annual General Meeting on May 4, 2011.

NEW IFRS AND INTERPRETATIONS

1. STANDARDS, INTERPRETATIONS AND AMENDMENTS WHOSE APPLICATION IS MANDATORY AS OF JANUARY 1, 2010

IFRS3 revised "Business combinations" and IAS27 revised "Consolidated and Separate Financial Statements" must be applied to the Group's consolidated financial statements for periods beginning on or after January 1, 2010.

Following the application of these two revised standards, the Group modified the recognition of its business combinations and minority interest transactions achieved as of January 1, 2010 as follows:

- Any minority interests in an acquiree are measured as the minority interest's proportionate share of the acquiree's net identifiable assets or at fair value. This option is applied on a case-by-case basis for each acquisition;
- Acquisition-related costs are accounted for as "other non-recurring operating expenses" in the periods in which the costs are incurred;
- Any contingent considerations are measured at the acquisition-date fair value. After a period of one year as of the acquisition date, any subsequent changes to this fair value will be recognized in profit or loss if the price adjustment clause gives rise to a financial liability;
- For a business combination achieved in stages, any previously held equity interests in the acquiree are measured at the acquisition-date fair value. Any resulting gains or losses are recognized in profit or loss.

IFRS3 revised is applied prospectively and does not therefore impact business combinations achieved prior to January 1, 2010.

In addition, IAS27 revised introduces several changes, primarily:

- Acquisitions or disposals of minority interests, without change in control, are considered as transactions within equity. Based on this approach, the difference between the price paid to increase the percentage interest in entities that are already controlled and the additional share of equity acquired is recognized in shareholder's equity. Similarly, a decrease in the Group's interest percentage in a controlled entity is accounted for as an equity transaction with no impact on profit or loss;
- Disposals of shares with loss of control give rise to the recognition in disposal gains or losses of the change in fair value calculated for the total investment at the date of disposal. Any investments retained, where applicable, will be measured at fair value at the date when control is lost.

IAS27 revised is applied prospectively. Its application mainly involves acquisitions and disposals of minority interests during the period (see consolidated statement of changes in equity).

Since January 1, 2010, the Group has also applied the amendments to IAS28, IAS31 and other standards resulting from the revision of IFRS3 and IAS27.

Among these amendments, the amendment to IAS7 on transactions between shareholders had an impact on financial statement presentation and led the Group to present the flows arising from such transactions in the financing section of its cash flow statement.

The impact of the adoption of IFRS3 revised and IAS27 revised on the consolidated financial statements for the year ended December 31, 2010 was immaterial and is outlined in Note 5.

The following texts had no impact on the Air Liquide Group financial statements:

- IFRS1 revised "First-time Adoption of IFRS";
- amendment to IFRS1 "Additional Exemptions for First-time Adopters";
- amendment to IAS39 "Financial Instruments: Recognition and Measurement: Eligible Hedged Items";
- amendment to IFRS2 "Group Cash-settled Share-based Payment Transactions";
- improvements to IFRSs, "A collection of amendments to IFRS – 2009";
- IFRIC12 "Service Concession Arrangements";

- IFRIC15 “Agreements for the Construction of Real Estate”;
- IFRIC16 “Hedges of a Net Investment in a Foreign Operation”;
- IFRIC17 “Distributions of Non-cash Assets to Owners”;
- IFRIC18 “Transfers of Assets from Customers”.

2. STANDARDS, INTERPRETATIONS AND AMENDMENTS ADOPTED BY THE EUROPEAN UNION WHOSE APPLICATION IS OPTIONAL IN 2010

The Group financial statements for the year ended December 31, 2010 do not include any potential impacts from the standards, interpretations and amendments adopted by the European Union as of December 31, 2010 whose adoption is only mandatory as of fiscal years beginning after December 31, 2010.

The following texts that will have no impact on the Group financial statements are:

- IAS24 revised “Related Party Disclosures”, published on November 4, 2009;
- amendment to IAS32 “Classification of Rights Issues”, published on October 8, 2009;
- amendment to IFRS1 “Limited Exemption from Comparative IFRS7 Disclosures for First-time Adopters”, published on January 28, 2010;
- amendment to IFRIC14 “Prepayments of a Minimum Funding Requirement”, published on November 26, 2009;
- IFRIC19 “Extinguishing Financial Liabilities with Equity Instruments”, published on November 26, 2009.

3. STANDARDS, INTERPRETATIONS AND AMENDMENTS NOT YET ADOPTED BY THE EUROPEAN UNION

The following texts published by the IASB as of December 31, 2010 and not yet endorsed by the European Union should not have a material impact on the Group financial statements:

- IFRS9 “Financial Instruments: Classification and Measurement”, published on November 12, 2009;
- amendment to IFRS7 “Financial Instruments: Disclosures”, published on October 7, 2010;
- improvements to IFRSs, published on May 6, 2010;
- amendment to IAS12 “Income Taxes”, published on December 20, 2010;
- amendment to IFRS1 “First-time Adoption of IFRS”, published on December 20, 2010.

USE OF ESTIMATES AND ASSUMPTIONS

The preparation of the financial statements requires Group or subsidiary Management to make estimates and use certain assumptions which have a significant impact on the carrying amounts of assets and liabilities recorded in the consolidated balance sheet, the notes related to these assets and liabilities, the profit and expense items in the income statement and the commitments relating to the period-end. Balance sheet, income statement and cash flow statement line items could differ should the subsequent actual results differ from the estimates. The most significant estimates and assumptions concern the following:

- the estimated useful life of property, plant and equipment used for calculation of depreciation and amortization: these estimates are described in paragraph 5.E. of the Accounting policies;
- the assumptions used to determine provisions for employee retirement benefit obligations: the actuarial assumptions used (turnover, mortality, retirement age, salary increase, etc.), and the discount rates used to determine the present value of obligations and the expected return on long-term assets, as described in Notes 23.2 and 23.4;
- the estimates and assumptions concerning asset impairment tests, as described in paragraph 5.F. and in Note 10.2;
- the methods used to recover deferred tax assets on the balance sheet;
- the risk assessment to determine the amount of provisions.

ACCOUNTING POLICIES

The consolidated financial statements were prepared under the historical cost convention, except for available-for-sale financial assets and financial assets and liabilities measured at fair value through profit or loss in accordance with IAS32/39. The carrying amount of assets and liabilities hedged against fair value risk is adjusted to take into account the changes in fair value attributable to the hedged risks. In addition, the principles of fairness, going concern, and consistency were applied.

1. CONSOLIDATION METHODS

The consolidation methods used are:

- full consolidation method for subsidiaries;
- proportionate method for joint ventures.

Associates are accounted for using the equity method.

A. Subsidiaries

All the subsidiaries or companies in which the Air Liquide Group exercizes control are fully consolidated. Control exists when the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Control is presumed to exist when the Group owns, directly or indirectly, more than 50% of the voting rights. Companies are fully consolidated until the date on which control is transferred outside the Group.

B. Joint ventures

Joint ventures are proportionately consolidated. Joint ventures are entities in which the Group has joint control with one or several partners through a contractual arrangement. Under this consolidation method, assets and liabilities and profits and expenses are shared between the partners in proportion to their percentage of control in the consolidated financial statements. These amounts are recorded on each line of the financial statements as for the consolidated entities.

C. Associates

The equity method applies to associates over which the Air Liquide Group has significant influence (generally when the Group has more than a 20% interest), but no control. Under the equity method, the net assets and net profit of a company are recognized *prorata* to the interest held by the parent in the share capital.

On acquisition of an investment in an associate, the goodwill relating to the associate is included in the carrying amount of the investment.

The financial statements of subsidiaries, joint ventures and associates included in the consolidated financial statements are prepared as of December 31.

2. ADJUSTMENTS ARISING FROM CONSOLIDATION

A. Inter-company transactions

All inter-company receivables and payables, income and expenses and profits or losses are eliminated.

B. Tax-driven provisions

Movements in the provisions, which have been established in compliance with tax regulations or which are similar to reserves, are eliminated in the determination of consolidated net profit.

C. Deferred taxes

Deferred taxes are recognized for all temporary differences between the carrying amount of assets and liabilities and their tax base, excluding non-deductible goodwill and the other exceptions provided in IAS12. Deferred tax assets are recognized on all deductible temporary differences provided that it is highly probable that the tax benefits will be realized in future years.

Deferred taxes are calculated at the tax rates applicable at year-end and allowed under local regulations. The liability method is applied and any changes to the tax rates are recognized in the income statement, except those related to items directly recognized in equity.

Deferred tax assets and liabilities are offset if the entities have a legally enforceable right to offset and if they relate to income tax levied by the same taxation authority. Deferred taxes are not discounted.

3. TRANSLATION OF THE FINANCIAL STATEMENTS OF FOREIGN SUBSIDIARIES

At the balance sheet date, the financial statements of foreign subsidiaries are translated into euros as follows:

- balance sheet items, at the official year-end exchange rates;
- income statement and cash flow statement items, using the average exchange rate over the period for each currency.

Exchange differences are recognized under a separate item "translation reserves" in gains and losses recognized directly in equity.

Cumulative foreign exchange gains and losses as of January 1, 2004 arising from the translation into euros of the financial statements of foreign subsidiaries located outside the Euro zone have been maintained as a separate component of equity.

Should a foreign company located outside the Euro zone be removed from the scope of consolidation, all cumulated exchange differences are recognized in the income statement.

4. REVENUE RECOGNITION

A. Revenue from the sales 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

Since January 1, 2010, the Group has applied IFRS3 revised and IAS27 revised. These new standards are applied prospectively and therefore business combinations achieved prior to January 1, 2010 have been accounted for in accordance with the former versions of IFRS3 and IAS27.

Business combinations are accounted for by applying the acquisition method. According to this method, the acquiree's identifiable assets, liabilities and contingent liabilities assumed are recognized at their acquisition-date fair value in accordance with IFRS3 revised.

The measurement of the purchase price includes, where applicable, the estimated fair value of any contingent considerations and is finalized in the 12 months following the acquisition. In accordance with IFRS3 revised, any adjustments to the purchase price after the period of 12 months are recognized in income statement.

Since January 1, 2010, costs directly attributable to the acquisition have been recognized as an expense when incurred.

Goodwill is recognized in the consolidated balance sheet as the difference between:

- the purchase price at the acquisition date, plus the amount of minority interests in the acquiree determined either at fair value or the minority interests' share in the fair value of the net identifiable assets acquired and;
- the net amount of assets and liabilities acquired at the acquisition-date fair value.

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 are any indications 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.

At the time of the transition to IFRS and in accordance with the exemption offered by IFRS1, the Group decided not to apply IFRS3 "Business combinations" retrospectively for acquisitions that took place prior to January 1, 2004.

In addition, the commitments by Air Liquide to purchase the minority interests in its subsidiaries are recognized as financial liabilities as of January 1, 2005 in accordance with IAS32.

Due to the absence of any specific IFRS guidances, the Group recognizes the difference between the carrying amount of the minority interests and the put option price granted to minority shareholders (financial liability) as follows:

- for options granted prior to January 1, 2010, in goodwill;
- for options granted after January 1, 2010, in shareholder's equity.

B. Research and Development expenditures

Research and Development expenditures include all costs related to the scientific and technical activities, patent work, education and training necessary to ensure the development, manufacturing, start-up, and commercialization of new or improved products or processes.

According to IAS38, development costs shall be capitalized if, and only if, the Group can meet all of the following criteria:

- the intangible asset is clearly identified and the related costs are itemized and reliably monitored;
- the technical and industrial feasibility of completing the intangible asset;
- there is a clear intention to complete the intangible asset and use or sell it;
- its ability to use or sell the intangible asset arising from the project;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset.

Research expenditure is recognized as an expense when incurred.

C. Internally generated intangible assets

Internally generated intangible assets primarily include the development costs of information management systems. These costs are capitalized only if they satisfy the criteria as defined by IAS38 and described above.

Internal and external development costs on management information systems arising from the development phase are capitalized. Significant maintenance and improvement costs are added to the initial cost of assets if they specifically meet the capitalization criteria.

Internally generated intangible assets are amortized over their useful lives.

D. Other intangible assets

Other intangible assets include separately acquired intangible assets such as software, licenses, and intellectual property rights. They also include the technology, brands and customer contracts valued upon the acquisition of companies in accordance with IFRS3 "Business Combinations".

With the exception of brands, intangible assets are amortized using the straight-line method over their useful lives. Information management systems are generally amortized over five and seven years and customer contracts over a maximum period of 25 years, considering the probabilities of renewal.

E. Property, plant and equipment

Land, buildings and equipment are carried at cost less any accumulated depreciations and any accumulated impairment losses.

In the event of mandatory dismantling or asset removals, related costs are added to the initial cost of the relevant assets and provisions are recognized to cover these costs.

Interest costs on borrowings to finance the construction of property, plant, and equipment are capitalized during the period of construction when they relate to the financing of industrial projects over a twelve-month construction period, or longer.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for separately and depreciated over their own useful lives.

Repair and maintenance costs are recognized as expenses when incurred. The costs of major inspections and overhauls of cogeneration plants are recognized as a separate component of the asset and are depreciated over the period between two major overhauls.

Depreciation is calculated according to the straight-line method over the estimated useful lives as follows:

- buildings: 20 years;
- cylinders: 10 to 20 years;
- plants: 15 to 20 years;
- pipelines: 15 to 35 years;
- other equipment: 5 to 15 years.

Land is not depreciated.

F. Impairment of assets

In accordance with IAS36, the Group regularly assesses whether there is any indications of asset impairment. If such indications exist, an impairment test is performed to assess whether the carrying amount of the asset is greater than its recoverable amount, defined as the higher of the fair value less costs to sell (net fair value) and the value in use.

Impairment tests are performed systematically once a year for goodwill and intangible assets with indefinite useful lives.

Assets that do not generate largely independent cash flows are grouped according to the cash-generating units (CGU) to which they belong. A cash-generating unit is an identifiable group of assets that generates cash inflows that are largely independent of the cash inflows of other assets or groups of assets. They are mainly determined on a geographical basis and by reference to the markets in which the Group operates.

In practice, the Group performs impairment tests at various levels pursuant to these principles and in accordance with IAS36:

- dedicated and on-site plants are tested individually;
- pipelines are tested at the network level;
- liquid gas and hydrogen/CO plants are grouped together according to the plants' customer market;
- other assets are allocated to cash-generating units or groups of cash-generating units.

The cash-generating units of the Gas and Services activity are determined on a geographical basis. The Other Activities are managed at the European (Welding) or worldwide (Engineering and Construction) levels.

Goodwill is allocated to cash-generating units or groups of cash-generating units that benefit from business combination synergies and which represent the levels at which goodwill is monitored by the Group.

When performing impairment tests on cash-generating units or groups of cash-generating units comprising goodwill, the Group uses the market multiples approach to determine if the goodwill is subject to impairment. Insofar as the net fair value is not significantly greater than the net carrying amount of the cash-generating unit or group of cash-generating units, the Group confirms the recoverable amount of the cash-generating unit or group of cash-generating units using the estimated cash flow approach (value in use).

For other cash-generating units or groups of cash-generating units, and assets whose value is tested on an individual basis, the Group determines the recoverable amount using the estimated cash flow approach (value in use).

The market multiples used are determined based on the market value of the Air Liquide Group.

The growth rates, taken into account with respect to the cash flow estimates for cash-generating units or groups of cash-generating units, are determined based on the activity and geographical location of the CGU considered.

In assessing value in use for property, plant and equipment, the estimated future cash flows are discounted to their present value. Cash flows are measured over the asset's estimated period of use, taking into account customer contract terms and technical obsolescence.

The discount rate depends on the nature, the location of the asset and the customer market. It is determined according to the minimum level of profitability expected from the investment considering industrial and commercial risks and credit terms.

When the recoverable amount of an asset, a cash-generating unit or a group of cash-generating units is lower than its carrying amount, an impairment loss is recognized immediately through profit and loss. An impairment loss of a cash-generating unit is first allocated to goodwill.

When the recoverable amount exceeds the carrying amount again, the previously recognized impairment loss is reversed to the income statement, with the exception of impairment losses on goodwill, which cannot be reversed.

G. Leases

Finance leases

Leases of property, plant and equipment that transfer virtually all the risks and rewards of ownership to the Group are classified as finance leases. Items of property, plant and equipment acquired under finance leases are depreciated over the shorter of the asset's useful life or the lease term.

Operating leases

Leases where the lessor does not transfer substantially all the risks and rewards incidental to ownership are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the lease term.

IFRIC4 "Determining Whether an Arrangement Contains a Lease" has no impact on the Group Consolidated financial statements. In fact, the risks and rewards arising from the use of assets potentially affected by this interpretation are not transferred to the Group's customers. Consequently, the gas supply contracts related to these assets have not been classified as finance leases.

6. FINANCIAL INSTRUMENTS

A. Non-current financial instruments

Non-consolidated investments

According to IAS39, investments in non-consolidated companies are classified as available for sale.

The fair value of investments in listed companies is recognized at their quoted market price at year-end. Investments whose fair value cannot be reliably measured are recognized at cost less any accumulated impairment losses. 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 losses are recognized immediately through income statement.

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 losses.

Impairment losses are recognized when it becomes probable that the amount due will not be collected and the loss can be reasonably estimated. Impairment losses are estimated by taking into account historical losses, age and a detailed risk estimate.

C. Cash and cash equivalents

Cash and cash equivalents include cash balances, current bank accounts, and short-term highly liquid investments that are readily convertible into cash and do not present a material risk of a change in value.

D. Current and non-current borrowings

Borrowings include bond debentures and other bank borrowings (including borrowings arising from finance leases and the put options granted to minority shareholders).

At inception, borrowings are recognized at fair value corresponding to the net proceeds collected. At each balance sheet date, except for put options granted to minority shareholders, they are measured at amortized cost using the effective interest rate (EIR) method. Under this method, the borrowing cost includes the redemption premiums and issuance costs initially deducted from the nominal amount of the borrowing in liabilities.

Borrowings maturing in less than one year are classified as current borrowings.

E. Derivative assets and liabilities

Derivative financial instruments are mainly used to manage exposures to foreign exchange, interest rate and commodity risks relating to the Group's financial and operating activity. For all these transactions, the Group applies hedge accounting and documents, at the inception of the transaction, the type of hedging relationship, the hedging instruments, the nature and the term of the hedged item.

However, in very limited circumstances, some derivatives do not qualify for hedge accounting.

Applying hedge accounting has the following consequences:

- fair value hedges for existing assets and liabilities: the hedged portion of the item is carried at fair value in the balance sheet. Any changes in fair value are recognized through the income statement, where it is offset by the corresponding changes in fair value of the hedging instruments (except for the impact of premiums/discounts);
- future cash flow hedges: the effective portion of the change in fair value of the hedging instrument is recorded directly in equity (other comprehensive income), while the change in the fair value of the hedged item is not recognized in the balance sheet. The change in fair value of the ineffective portion is recognized in other financial income or expenses. Amounts recorded in other comprehensive income are reclassified in the income statement when the hedged transactions occur and are recorded;

- hedges of net investments in a foreign entity: the effective portion of the changes in fair value of the derivative instrument is recognized in gains and losses recognized directly in equity under translation reserves. The ineffective portion of the changes in fair value is recognized in the income statement. Once the foreign entity subject to the net investment hedge is sold, the loss or profit initially recognized in translation reserves is recognized in the income statement. This method also applies for foreign exchange hedging on dividends paid by subsidiaries.

Derivative financial instruments which do not qualify for hedge accounting are carried at fair value through profit or loss with an offsetting entry in financial assets and financial liabilities.

The fair value of assets, liabilities and derivatives is based on the market price at the balance sheet date.

7. ASSETS CLASSIFIED AS HELD FOR SALE

Non-current assets or disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. Assets classified as held for sale are no longer depreciated (amortized) as of the date they are classified as assets or disposal groups held for sale.

Assets or disposal groups are measured at the lower of their carrying amount or fair value less costs to sell.

8. INVENTORIES AND WORK-IN-PROGRESS

Inventories are measured at the lower of cost or net realizable value. Cost includes direct raw materials, direct and indirect labor costs and other costs incurred in bringing the inventories to their present location and condition.

Net realizable value is the estimated selling price in the normal course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

9. SHARE CAPITAL, RESERVES AND TREASURY SHARES

Air Liquide's share capital is composed of ordinary shares.

Reserves include the following items:

- **Translation reserves:** Exchange differences arising from the translation into euros of foreign subsidiary financial statements are recorded in translation reserves. Fair value changes in net investment hedges of foreign subsidiaries are also recorded in this reserve.
- **Net income recognized directly in equity:** This reserve records accumulated fair value changes in the effective portion of cash flow hedge derivatives (transactions not yet recognized in the accounts).
- **Other consolidated reserves:** Pursuant to the option offered by IAS19 revised, all actuarial gains and losses and adjustments arising from the asset ceiling, net of deferred taxes, are recognized in consolidated reserves in the period in which they occur.

When the Group buys back its own shares, they are classified as treasury shares and presented as a deduction from equity for the consideration paid. The profit or loss from the sale of treasury shares is recognized directly in equity, net of tax.

10. MINORITY INTERESTS

In accordance with IAS32/39, put options granted to minority shareholders are recorded as borrowings at the option's estimated strike price.

The share in the net assets of subsidiaries is reclassified from minority interests to borrowings.

Due to the absence of any specific IFRS guidances, the Group has elected to recognize the consideration for the difference between the exercize price of the option granted and the value of the minority interests reclassified as borrowings as follows:

- for options granted prior to January 1, 2010, in goodwill;
- for options granted after January 1, 2010, in shareholder's equity.

Minority interests in profit and loss do not change and still reflect present ownership interests.

11. PROVISIONS

A. Provisions

Provisions are recognized when:

- the Group has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation;
- a reliable estimate can be made of the amount of the obligation.

Restructuring provisions include only the direct costs arising from the restructuring and are recognized in the period in which the Group has approved a detailed and formal restructuring plan and the restructuring has either begun or been announced.

A provision for losses on contracts is recognized when the expected benefits from the contract are lower than the cost of satisfying the obligations under the contract.

B. Pensions and employee benefits

The Group provides its employees with various pension plans, termination benefits, jubilees and other post-employment benefits for both active employees and retirees. These plans vary according to the laws and regulations applicable in each country as well as the specific rules in each subsidiary.

These benefits are covered in two ways:

- by so-called defined contribution plans;
- by so-called defined benefit plans.

Defined contribution plans are plans under which the employer is committed to pay regular contributions. The employer's obligation is limited to payment of the planned contributions. The employer does not grant any guarantees 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 obligations.

Defined benefit plans are plans under which the employer guarantees the future level of benefits defined in the agreement, most often depending on the employee's salary and seniority (result-based obligation). Defined benefit plans can be:

- either financed by contributions to specialized funds that manage the amounts received;
- or managed internally.

The Group grants both defined benefit and defined contribution plans.

For defined benefit plans, retirement and similar commitments are measured by independent actuaries, based on the projected unit credit method in accordance with IAS19. The actuarial calculations mainly take into account the following assumptions: salary increases, employee turnover, retirement date, expected salary trends, mortality, inflation and appropriate discount rates for each country.

Defined benefit plans are covered by external pension funds in certain cases. The assets of these plans are mostly invested in bonds or equities carried at their fair value.

In accordance with IFRS1, the Group opted to recognize in equity all cumulated deferred actuarial gains and losses relating to employee benefits recorded in the balance sheet as of January 1, 2004, the transition date.

All actuarial gains and losses subsequent to January 1, 2004 and adjustments arising from the asset ceiling are recognized immediately in the gains and losses recognized directly in equity in the period in which they occur.

Valuations are carried out annually by independent actuaries for significant plans and every three years for other plans unless there are material changes in circumstances that necessitate a new calculation.

12. FOREIGN CURRENCY TRANSACTIONS AND BALANCES

Foreign currency transactions are recognized according to the following principles:

- foreign currency transactions are translated by each company into its functional currency at the exchange rate prevailing on the date of the transaction;
- at year-end, monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the closing exchange rate.

Exchange differences relating to commercial transactions are recognized in operating profit. For financial transactions, exchange differences are recognized in financial income and expenses except for differences resulting from the hedge of a net investment that are directly recognized in equity until the net investment is removed from the consolidation scope.

13. CONTINGENT ASSETS AND LIABILITIES

Contingent assets and liabilities arise from past events, the outcome of which depends on future uncertain events.

Contingent liabilities represent:

- possible obligations arising from past events whose existence will be confirmed only by the occurrence of uncertain future events not wholly within the control of the entity; or,
- present obligations that arise from past events but that are not recognized because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or because the amount of the obligation cannot be measured with sufficient reliability.

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 revised.

14. DISCONTINUED OPERATIONS

A discontinued operation is a clearly distinguishable Group component that:

- either has been separated, or is classified as held for sale;
- represents a separate major line of business or geographical area of operations;
- is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations;
- is a subsidiary acquired exclusively with a view to resale.

The results of discontinued operations are presented separately in the income statement.

15. GOVERNMENT GRANTS

Government grants received are recognized in other non-current liabilities. They are then recognized as income in the income statement for the period on the same basis as the subsidized assets are depreciated.

16. SHARE-BASED PAYMENTS

The Group grants stock options to management and some employees. Employees also benefit from conditional share allocations. In accordance with IFRS2, stock options and conditional share allocations are measured at fair value on the grant date. The valuation model used is the binomial mathematical model. Any changes in value subsequent to the grant date do not call into question the initial measurement.

In accordance with IFRS2, performance conditions, other than market conditions, have no impact on the fair value measurement of goods and services received but adjust the expense that is recognized according to the number of equity instruments actually granted.

In accordance with IFRS2, the fair value of options granted and conditional share allocations is recognized as an employee expense in the income statement with a corresponding increase in equity, and amortized on a straight-line basis over the vesting period.

In accordance with the option available under IFRS1, IFRS2 has only been applied to stock option plans granted after November 7, 2002 and not vested as of January 1, 2004.

The dilution effect of non-vested stock option plans and conditional share allocations is reflected in the calculation of diluted earnings per share.

For employee savings plans, the capital increases reserved for employees and performed under conditions that differ from market conditions result in the recognition of an expense. This expense corresponds to the contribution paid by the Company and the discount on the share price less the cost of non-transferability for the employees.

17. GREENHOUSE GAS EMISSION RIGHTS

In certain countries, the Air Liquide Group receives greenhouse gas emission rights free of charge. These allowances are allocated on a yearly basis for a compliance period of three years.

In return, the Group has to deliver allowances equal to its actual emissions.

In the absence of any specific IFRS guidances (IFRIC3 has been withdrawn), the Group has elected the following accounting approach: at each balance sheet date, the Group assesses if it has sufficient emission rights to cover its actual emissions. If the rights allocated exceed actual emissions, no asset is recognized and the rights sold are recognized in profit or loss. Conversely, the Group shall recognize a net liability.

BASIS FOR 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 Group's main operational decision-making body is the Executive Management assisted by the Executive Committee.

The Gas and Services activity is organized by geographical area, which is the responsible level for operations management and performance monitoring. These geographical areas are as follows:

- Europe;
- Americas;
- Asia-Pacific;
- Middle East and Africa.

Within the Gas and Services segment, the geographical areas determine sales policies and development projects in liaison with the four business lines (Large Industries, Industrial Merchant, Healthcare and Electronics).

The Engineering and Construction segment is managed separately at the international level. The segment designs, develops and builds industrial gas production plants for the Group and third parties. It also designs and manufactures plants in the traditional, renewable and alternative energy sectors.

Information on the Welding, Specialty Chemicals and Diving segments is presented in "Other Activities".

Research and Development and corporate activities do not meet the Operating segments definition and are thus presented within reconciliation.

The information communicated in the tables covering segment information is presented according to the same accounting principles as those used for the Group Consolidated financial statements.

Revenue is analyzed by geographical area of production (country of origin).

Inter-segment revenue for the Gas and Services activity is not material and therefore not specifically presented. The Engineering and Construction inter-segment revenue corresponds 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", "fair value of non-current derivatives (assets)", as well as "Inventories and work-in-progress", "Trade receivables" and "Other current assets".

Segment liabilities correspond to "Provisions, pensions and other employee benefits", "Trade payables", "Other current liabilities" and "Other non-current liabilities".

Segment profits, assets and liabilities consist of amounts directly attributable to each segment, provided they can be allocated to the segment on a reasonable basis.

2. NET INDEBTEDNESS

Net indebtedness includes:

- current and non-current borrowings minus the fair value of hedging derivative assets to cover borrowings less;
- cash and cash equivalents, as defined in Note 6.C., minus the fair value of hedging derivative liabilities to cover loans.

3. OPERATING INCOME OR LOSS RECURRING

The Group's operating performance is measured based on operating income or loss recurring determined in accordance with CNC recommendation 2009-R.03.

4. OTHER NON-RECURRING OPERATING INCOME AND EXPENSES

Material non-recurring transactions that could affect operating performance readability are classified under "Other non-recurring operating income" and "Other non-recurring operating 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;
- acquisition-related costs accounted for as expenses following adoption of IFRS3 revised "Business combinations".

Notes to the consolidated financial statements

for the year ended December 31, 2010

NOTE 1 - MAJOR EVENTS

1.1. Major events in 2010

There were no major events in 2010.

1.2. Major events in 2009

On March 6, 2009, Air Liquide initiated legal proceedings at the Administrative Court in order to get the refund of the equalization charge paid for the 2000 to 2004 period.

Pursuant to the constant jurisprudence of the European Court of Justice, a portion of this refund claim was recognized in accordance with IAS37 “Provisions, Contingent Liabilities and Contingent Assets” as a receivable in the consolidated balance sheet for 71.7 million euros, before interest on arrears, which amounted to 19.6 million euros as of December 31, 2009.

Considering the nature of the refund, the corresponding receivable was recognized with the counterpart in the income statement in “Other non-recurring operating income” for the principal amount and in “Other financial income” for the interest on arrears, in accordance with IAS1 “Presentation of financial statements”. In the consolidated cash flow statement, the receivable was presented on a separate line “Equalization charge receivable”.

NOTE 2 - SEGMENT INFORMATION

Income statement

2010	Gas and Services					Engineering and Construction	Other Activities	Reconciliation	Total
In millions of euros	Europe	Americas	Asia-Pacific	Middle-East and Africa	Sub-total				
Revenue	**6,201.1**	**2,748.5**	**2,643.6**	**292.5**	**11,885.7**	**751.3**	**851.0**		**13,488.0**
Inter-segment revenue						*430.5*		*(430.5)*	
Operating income recurring	**1,182.8**	**590.2**	**434.4**	**73.3**	**2,280.7**	**67.8**	**81.0**	**(177.3)**	**2,252.2**
incl. depreciation and amortization	*(533.5)*	*(283.9)*	*(222.5)*	*(26.1)*	*(1,066.0)*	*(26.8)*	*(25.2)*	*(4.1)*	*(1,122.1)*
Other non-recurring operating income									30.4
Other non-recurring operating expenses									(28.4)
Net finance costs									(228.9)
Other financial income									63.6
Other financial expenses									(145.9)
Income taxes									(512.7)
Share of profit of associates									27.8
Profit for the period									**1,458.1**
Purchase of intangible assets and property, plant and equipment	(521.5)	(369.6)	(464.8)	(68.5)	(1,424.4)	(13.9)	(16.1)	4.6	(1,449.8)

2009	Gas and Services					Engineering and Construction	Other Activities	Reconciliation	Total
In millions of euros	Europe	Americas	Asia-Pacific	Middle-East and Africa	Sub-total				
Revenue	**5,772.6**	**2,274.1**	**1,909.1**	**236.0**	**10,191.8**	**994.6**	**789.7**		**11,976.1**
Inter-segment revenue						*575.1*		*(575.1)*	
Operating income recurring	**1,135.9**	**488.8**	**304.4**	**65.0**	**1,994.1**	**82.1**	**43.1**	**(170.3)**	**1,949.0**
incl. depreciation and amortization	*(512.9)*	*(253.8)*	*(178.0)*	*(20.2)*	*(964.9)*	*(27.2)*	*(24.3)*	*(3.6)*	*(1,020.0)*
Other non-recurring operating income									75.7
Other non-recurring operating expenses									(65.6)
Net finance costs									(221.7)
Other financial income									80.1
Other financial expenses									(133.0)
Income taxes									(419.1)
Share of profit of associates									19.8
Profit for the period									**1,285.2**
Purchase of intangible assets and property, plant and equipment	(537.9)	(360.1)	(450.4)	(45.3)	(1,393.7)	(6.9)	(18.2)	7.8	(1,411.0)

Balance sheet

2010	Gas and Services					Engineering and Construction	Other Activities	Reconciliation	Total
In millions of euros	Europe	Americas	Asia-Pacific	Middle-East and Africa	Sub-total				
Segment assets	**8,741.8**	**4,070.3**	**5,301.5**	**615.7**	**18,729.3**	**766.8**	**617.2**	**194.3**	**20,307.6**
Goodwill	2,171.0	532.0	1,250.0	119.4	4,072.4	210.9	107.5		4,390.8
Intangible assets and property, plant and equipment, net	4,827.9	3,015.7	3,130.9	322.5	11,297.0	252.6	143.4	13.8	11,706.8
Other segment assets	1,742.9	522.6	920.6	173.8	3,359.9	303.3	366.3	180.5	4,210.0
Non-segment assets									2,230.0
Total assets									**22,537.6**
Segment liabilities	**2,317.4**	**633.9**	**710.9**	**86.5**	**3,748.7**	**1,091.5**	**233.3**	**272.8**	**5,346.3**
Non-segment liabilities									8,078.8
Equity including minority interests									9,112.5
Total equity and liabilities									**22,537.6**

2009	Gas and Services					Engineering and Construction	Other Activities	Reconciliation	Total
In millions of euros	Europe	Americas	Asia-Pacific	Middle-East and Africa	Sub-total				
Segment assets	**8,558.8**	**3,596.0**	**4,150.7**	**464.4**	**16,769.9**	**936.8**	**605.6**	**151.1**	**18,463.4**
Goodwill	2,092.8	487.9	1,038.7	93.7	3,713.1	184.8	105.0		4,002.9
Intangible assets and property, plant and equipment, net	4,815.4	2,647.3	2,457.4	246.8	10,166.9	262.7	151.9	15.3	10,596.8
Other segment assets	1,650.6	460.8	654.6	123.9	2,889.9	489.3	348.7	135.8	3,863.7
Non-segment assets									2,162.2
Total assets									**20,625.6**
Segment liabilities	**2,167.2**	**600.1**	**532.0**	**77.7**	**3,377.0**	**1,421.4**	**212.3**	**243.9**	**5,254.6**
Non-segment liabilities									7,619.1
Equity including minority interests									7,751.9
Total equity and liabilities									**20,625.6**

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

2010	France	Europe excl. France	Americas	Asia-Pacific	Middle-East and Africa	Total
In millions of euros						
Revenue	**2,652.4**	**4,819.8**	**2,853.2**	**2,870.1**	**292.5**	**13,488.0**
Non-current assets [a]	**1,021.3**	**6,394.9**	**3,749.7**	**4,638.2**	**489.9**	**16,294.0**
incl. Investments in associates	*1.3*	*13.4*	*5.1*	*128.6*	*48.0*	*196.4*

(a) Excluding non-current financial assets, deferred tax assets and non-current fair value of derivative (assets).

2009	France	Europe excl. France	Americas	Asia-Pacific	Middle-East and Africa	Total
In millions of euros						
Revenue	**2,570.8**	**4,581.1**	**2,402.1**	**2,186.1**	**236.0**	**11,976.1**
Non-current assets [a]	**1,025.2**	**6,328.0**	**3,324.3**	**3,703.7**	**385.0**	**14,766.2**
incl. Investments in associates	*1.9*	*15.9*	*7.0*	*97.2*	*44.5*	*166.5*

(a) Excluding non-current financial assets, deferred tax assets and non-current fair value of derivative (assets).

Due to the substantial number of customers served by the Group (over one million worldwide), their significant diversity in multiple sectors and their wide geographical dispersion, the Group's top external customer represents only 2% of Air Liquide revenue.

NOTE 3 - REVENUE

In millions of euros	2009	%	2010	%
Gas and Services	10,191.8	85%	11,885.7	88%
Engineering and Construction	994.6	8%	751.3	6%
Other Activities	789.7	7%	851.0	6%
TOTAL	**11,976.1**	**100%**	**13,488.0**	**100%**

Consolidated revenue for the year ended December 31, 2010 totaled 13,488.0 million euros, up +12.6% compared to 2009. The increase amounted to +7.0% on a comparable basis, after adjustment for the cumulative impact of foreign exchange fluctuations and natural gas prices:

- foreign exchange rate fluctuations represented 566 million euros in 2010 for an impact of 4.7% on consolidated revenue. The impact was primarily due to the depreciation of the euro against all the Group's trading currencies;
- in 2010, natural gas prices had an impact of 110 million euros excluding foreign exchange fluctuations, for a contribution of 0.9% to Group revenue.

Consolidated revenue for the year ended December 31, 2009 totaled 11,976.1 million euros, down -8.6% compared to 2008. The decrease was -6.2% on a comparable basis, after adjustment for the cumulative impact of foreign exchange fluctuations and natural gas prices:

- foreign exchange rate fluctuations represented 142 million euros in 2009 for an impact of 1.1% on consolidated revenue. The impact was primarily due to the depreciation of the euro against the yen;
- in 2009, natural gas prices had an impact of -450 million euros excluding foreign exchange fluctuations, for a contribution of -3.5% to Group revenue.

NOTE 4 - OPERATING INCOME RECURRING AND EXPENSES

Operating income recurring and expenses include purchases, personnel expenses, depreciation and amortization, other recurring income and other recurring expenses.

The Group purchases mainly consist of electricity, natural gas and industrial and medical products.

4.1. Personnel expenses

In millions of euros	2009	2010
Wages and social security charges	(2,158.0)	(2,303.5)
Defined contribution pension plans	(22.2)	(23.8)
Defined benefit pension plans	(40.1)	(38.7)
Share-based payments	(16.2)	(12.3)
TOTAL	**(2,236.5)**	**(2,378.3)**

Fully and proportionately consolidated companies employed 43,600 individuals as of December 31, 2010 (42,300 individuals as of December 31, 2009). Furthermore, the number of employees in 2010 included 225 individuals from acquired or newly consolidated companies.

4.2. Other recurring expenses

Other recurring expenses primarily include transport and distribution costs, sub-contracting costs, operating leases and insurance premiums.

4.3. Research and Development expenditures

In 2010, innovation costs amounted to 235.3 million euros (218.1 million euros in 2009) including Research and Development costs of 174.2 million euros (160.6 million euros in 2009).

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.

4.4. Depreciation and amortization expense

In millions of euros	2009	2010
Intangible assets	(71.8)	(76.4)
Property, plant and equipment (PP&E) [(a)]	(948.2)	(1,045.7)
TOTAL	**(1,020.0)**	**(1,122.1)**

(a) Including the depreciation expense after deduction of investment grants released to profit.

NOTE 5 - OTHER NON-RECURRING OPERATING INCOME AND EXPENSES

In millions of euros	2009	2010
Expenses		
Reorganization, restructuring and integration costs	(54.4)	(7.8)
Acquisition costs [(a)]		(5.7)
Other	(11.2)	(14.9)
TOTAL OTHER NON-RECURRING OPERATING EXPENSES	**(65.6)**	**(28.4)**
Income		
Equalization charge refund	71.7	
Other	4.0	30.4
TOTAL OTHER NON-RECURRING OPERATING INCOME	**75.7**	**30.4**
TOTAL	**10.1**	**2.0**

(a) The item comprises the acquisition-related costs expensed following adoption of IFRS3 revised "Business combinations".

In 2010:

- the Group recognized an amount of 24.7 million euros in "Other non-recurring operating income" following the favorable resolution of a litigation;
- an 8.0 million euro provision recognized in 2008 with respect to the non-recoverability of receivables was reversed to "other non-recurring operating expenses", after LyondellBasell's US subsidiary emerged from Chapter 11 bankruptcy protection and following the collection of receivables previously due. In addition, the Group has also recognized a 5.0 million euro provision to account for non-recovery risks with respect to the receivables of its Greek subsidiary;
- previously recognized impairment losses of 9.2 million euros were reversed to "Other non-recurring operating expenses" insofar as the recoverable amount of certain dedicated plants was restored to a value exceeding the carrying amount;
- the Group recognized in "Other non-recurring operating expenses" a provision of 20.0 million euros to cover risks related to litigations.

In 2009, the Group initiated exceptional efficiency projects including some one-off reorganizations in numerous sites, generating costs in the amount of 54.4 million euros. In consideration thereof, the Group received compensation amounting to 4.4 million euros.

The "Other" heading included impairment losses amounting to 7.8 million euros.

The income arising from the refund of the equalization charge in 2009 is explained in Note 1.

NOTE 6 - NET FINANCE COST AND OTHER FINANCIAL INCOME AND EXPENSES

6.1. Net finance costs

In millions of euros	2009	2010
Finance costs	(236.8)	(242.0)
Financial income from short-term investments and loans	15.1	13.1
TOTAL	**(221.7)**	**(228.9)**

The average cost of debt stood at 4.9% as of December 31, 2010 (4.6% in 2009) and is broken down in Note 24.4.

Capitalized finance costs totaled 25.0 million euros in 2010 (27.7 million euros in 2009).

6.2. Other financial income and expenses

In millions of euros	2009	2010
Financial income related to employee benefits	42.1	51.5
Other financial income	38.0	12.1
TOTAL OTHER FINANCIAL INCOME	**80.1**	**63.6**
Financial expenses related to employee benefits	(115.1)	(116.0)
Other financial expenses	(17.9)	(29.9)
TOTAL OTHER FINANCIAL EXPENSES	**(133.0)**	**(145.9)**

In 2009, other financial income was impacted by the recognition of interest on arrears related to the equalization charge receivable (see Note 1).

The impact of the revaluation of derivative instruments was included in "Other financial expenses" in 2010 and in "Other financial income" in 2009, in accordance with accounting principles described in paragraph 6.E.

NOTE 7 - INCOME TAXES

7.1. Income taxes

In millions of euros	2009	2010
Current tax		
Income tax expense payable	(350.6)	(384.7)
Prior year tax losses or tax credits not previously recognized	4.9	0.7
TOTAL	**(345.7)**	**(384.0)**
Deferred tax		
Temporary differences	(80.5)	(127.6)
Impact of tax rate changes	7.1	(1.1)
TOTAL	**(73.4)**	**(128.7)**

The change in deferred tax expense for temporary differences was mainly related to tax incentives for investments in the United States, which increased the differences between tax and economic depreciation in 2010.

7.2. Reconciliation between the standard tax rate and the Group effective tax rate

%	2009	2010
Standard tax rate	**31.6**	**31.3**
Impact of transactions taxed at reduced rates	(2.6)	(2.6)
Impact of tax rate changes	(0.4)	0.1
Impact of tax exemptions and other	(3.7)	(2.4)
Group effective tax rate	**24.9**	**26.4**

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 average effective tax rate is determined as follows: (current and deferred income tax expense)/ (net profit before tax less share of profit of associates and net profit from discontinued operations).

In France, L'Air Liquide S.A. has elected to determine French income taxes on a consolidated basis, including all French subsidiaries complying with the requirements.

Foreign subsidiaries have elected to apply for similar rules wherever this is allowed under local regulations.

In 2010, the increase in the average effective tax rate was attributable to the fact that the effective tax rate for 2009 was impacted by the high level of non-taxable other non-recurring operating income.

NOTE 8 - NET EARNINGS PER SHARE

8.1. Basic earnings per share

	2009	2010
Net profit (Group share) attributable to ordinary shareholders of the parent *(in millions of euros)*	1,230.0	1,403.6
Weighted average number of ordinary shares outstanding	279,350,557	281,491,673
Basic earnings per share *(in euros)*	**4.40**	**4.99**

Basic earnings per share are calculated by dividing net profit (Group share) attributable to ordinary shareholders of Air Liquide by the weighted average number of shares outstanding during the year, excluding ordinary shares purchased by Air Liquide and recognized in equity.

The average number of shares outstanding and net earnings per share for 2009 include the impact of the L'Air Liquide S.A. free share attribution issued on June 28, 2010.

8.2. Diluted earnings per share

	2009	2010
Net profit used to calculate diluted earnings per share *(in millions of euros)*	**1,230.0**	**1,403.6**
Weighted average number of ordinary shares outstanding	279,350,557	281,491,673
Adjustment for dilutive impact of share subscription options	452,245	908,700
Adjustment for dilutive impact of conditional grant of shares	30,979	233,268
Adjusted weighted average number of shares outstanding used to calculate diluted earnings per share	**279,833,781**	**282,633,641**
Diluted earnings per share *(in euros)*	**4.40**	**4.97**

Diluted earnings per share take into account the share subscription options and conditional share grants allocated to employees if:

- the issue price, adjusted for expenses not recognized at the year-end pursuant to IFRS2, is lower than the Air Liquide annual average price per share price;
- the performance requirements related to the employee conditional share grants meet the criteria of section 52 of IAS33.

The average number of shares outstanding and net earnings per share for 2009 include the impact of the L'Air Liquide S.A. free share attribution issued on June 28, 2010.

Instruments that could dilute net profit (Group share) attributable to ordinary shareholders of the parent and are not included in the diluted earnings per share calculation, insofar as they are undiluted over the year, are as follows:

- in 2010, the 2008 and 2010 share subscription option plans;
- in 2009, the 2006, 2007, 2008 and 2009 share subscription plans in place as of December 31, 2009, and the shares subject to performance conditions allocated in 2009.

The Group has not issued any other financial instruments that may generate further dilution of net earnings per share.

NOTE 9 - DIVIDEND PER SHARE

The 2009 dividend on ordinary shares reported and paid on May 18, 2010 was 609.0 million euros (including treasury shares), for a dividend of 2.25 euros per share. Dividends paid represent a distribution rate of 49.5% of profit for the period attributable to shareholders of the parent.

A dividend distribution of 684.2 million euros (including treasury shares), for a dividend of 2.35 euros per share, on ordinary shares, will be proposed to the Annual General Meeting in respect of 2010. These dividends represent a distribution rate of 48.7% of the profit for the period attributable to shareholders of the parent.

NOTE 10 - GOODWILL

10.1. Movements during the period

In millions of euros	As of January 1	Goodwill recognized during the period	Goodwill removed during the period	Impairment losses	Foreign exchange differences	Other movements [(a)]	As of December 31
2009	3,956.2	63.9	(0.8)	(5.0)	(41.2)	29.8	4,002.9
2010	**4,002.9**	**108.9**			**263.5**	**15.5**	**4,390.8**

(a) In 2009 and 2010, other movements mainly include the increase in the fair value of put options granted to minority shareholders.

Goodwill recognized included in particular:

- in 2010, the acquisition of DinnoSanté by VitalAire France;
- in 2009, the acquisition of Al-Khafrah Industrial Gases by Air Liquide Middle East.

10.2. Significant goodwill

	2009	2010		
In millions of euros	Net carrying amount	Gross carrying amount	Impairment losses	Net carrying amount
Germany [(a)]	1,403.1	1,403.1		1,403.1
Japan [(b)]	621.4	761.6		761.6
SOAEO [(b)]	425.9	465.7		465.7
Lurgi [(b)]	399.0	411.1		411.1
United States [(b)]	320.9	346.9		346.9
AL Welding	90.9	90.9		90.9
Other subsidiaries [(b)]	741.7	914.3	(2.8)	911.5
TOTAL GOODWILL	**4,002.9**	**4,393.6**	**(2.8)**	**4,390.8**

(a) Including goodwill arising from the Messer activities in Germany for 1,270.5 million euros.
(b) The variation between 2009 and 2010 was mainly due to the foreign exchange impact.

In 2010, the Group did not record any goodwill impairment losses.

Impairment tests were carried out using the same methods as those applied in previous years. The key model assumptions used, such as market multiples and the discount rate, took into account the Stock Exchange and world economic context.

The 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 market multiples used were determined using the Air Liquide Group market value as of December 31, 2010.

The weighted average cost of capital used for these calculations was 7.4% as of December 31, 2010 (8.2% as of December 31, 2009).

The weighted average cost of capital and market multiples are adjusted according to activity and the geographical location of the tested cash-generating units.

As of December 31, 2010 and 2009, the recoverable amounts of cash-generating units or groups of cash-generating units exceeded significantly their net carrying amounts.

NOTE 11 - OTHER INTANGIBLE ASSETS

11.1. Gross carrying amounts

In millions of euros	As of January 1	Additions	Disposals	Foreign exchange differences	Acquisitions related to business combination	Other movements [(a)]	As of December 31
2009							
Internally generated intangible assets	280.7	12.4		0.8		(40.8)	253.1
Other intangible assets	888.1	17.6	(6.6)	(2.8)	6.5	39.7	942.5
Total gross intangible assets	**1,168.8**	**30.0**	**(6.6)**	**(2.0)**	**6.5**	**(1.1)**	**1,195.6**
2010							
Internally generated intangible assets	253.1	10.1	(2.2)	1.8		0.8	263.6
Other intangible assets	942.5	27.3	(14.8)	36.6	2.3	4.7	998.6
Total gross intangible assets	**1,195.6**	**37.4**	**(17.0)**	**38.4**	**2.3**	**5.5**	**1,262.2**

(a) Other movements primarily include account reclassifications and changes in consolidation scope.

11.2. Amortization and impairment losses

In millions of euros	As of January 1	Charge for the period	Disposals	Foreign exchange differences	Acquisitions related to business combination	Other movements [(a)]	As of December 31
2009							
Internally generated intangible assets	(147.1)	(14.2)		(0.2)		(0.4)	(161.9)
Other intangible assets	(305.7)	(57.6)	4.5	1.0		0.1	(357.7)
Total intangible asset amortization	**(452.8)**	**(71.8)**	**4.5**	**0.8**		**(0.3)**	**(519.6)**
Total net intangible assets	**716.0**	**(41.8)**	**(2.1)**	**(1.2)**	**6.5**	**(1.4)**	**676.0**
2010							
Internally generated intangible assets	(161.9)	(16.5)	0.9	(1.0)		(1.0)	(179.5)
Other intangible assets	(357.7)	(59.9)	14.9	(10.5)		0.6	(412.6)
Total intangible asset amortization	**(519.6)**	**(76.4)**	**15.8**	**(11.5)**		**(0.4)**	**(592.1)**
Total net intangible assets	**676.0**	**(39.0)**	**(1.2)**	**26.9**	**2.3**	**5.1**	**670.1**

(a) Other movements primarily include account reclassifications and changes in consolidation scope.

At year-end, the Group had no significant commitment for the purchase of intangible assets and was not subject to any restrictions over the use of existing intangible assets.

NOTE 12 - PROPERTY, PLANT AND EQUIPMENT

12.1. Gross carrying amounts

In millions of euros	As of January 1	Additions	Disposals	Foreign exchange differences	Acquisitions related to business combination	Other movements [(a)]	As of December 31
2009							
Land	265.1	4.3	(3.3)	(4.0)	0.3	2.2	264.6
Buildings	1,085.0	30.3	(23.0)	(2.7)	0.6	43.5	1,133.7
Equipment, cylinders, installations	17,676.3	509.0	(195.5)	93.0	5.6	801.9	18,890.3
Total property, plant and equipment in service	**19,026.4**	**543.6**	**(221.8)**	**86.3**	**6.5**	**847.6**	**20,288.6**
Construction in progress	1,517.0	837.1		6.4	0.1	(823.9)	1,536.7
Total property, plant and equipment	**20,543.4**	**1,380.7**	**(221.8)**	**92.7**	**6.6**	**23.7**	**21,825.3**
2010							
Land	264.6	5.3	(9.3)	32.2	1.2	4.7	298.7
Buildings	1,133.7	22.3	(15.8)	86.1	5.0	59.5	1,290.8
Equipment, cylinders, installations	18,890.3	584.6	(211.4)	1,258.2	80.6	947.9	21,550.2
Total property, plant and equipment in service	**20,288.6**	**612.2**	**(236.5)**	**1,376.5**	**86.8**	**1,012.1**	**23,139.7**
Construction in progress	1,536.7	802.9		138.6	0.3	(972.7)	1,505.8
Total property, plant and equipment	**21,825.3**	**1,415.1**	**(236.5)**	**1,515.1**	**87.1**	**39.4**	**24,645.5**

(a) Other movements primarily include account reclassifications and changes in consolidation scope.

Purchases of property, plant and equipment and intangible assets in the consolidated statement of cash flows correspond to the increase in property, plant and equipment and intangible assets adjusted for the change in the fixed asset suppliers' balance during the fiscal year.

12.2. 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 combination	Other movements [(a)]	As of December 31
2009									
Buildings	(633.2)	(44.6)			12.7	(0.9)		(8.2)	(674.2)
Equipment, cylinders, installations	(10,390.1)	(914.6)	(2.8)		166.0	(83.3)		(5.5)	(11,230.3)
Total property, plant and equipment depreciation	**(11,023.3)**	**(959.2)**	**(2.8)**		**178.7**	**(84.2)**		**(13.7)**	**(11,904.5)**
Total property, plant and equipment, net	**9,520.1**	**421.5**	**(2.8)**		**(43.1)**	**8.5**	**6.6**	**10.0**	**9,920.8**
2010									
Buildings	(674.2)	(49.3)			12.5	(54.3)		(4.2)	(769.5)
Equipment, cylinders, installations	(11,230.3)	(1,007.0)	(1.3)	9.3	188.4	(779.8)		(18.6)	(12,839.3)
Total property, plant and equipment depreciation	**(11,904.5)**	**(1,056.3)**	**(1.3)**	**9.3**	**200.9**	**(834.1)**		**(22.8)**	**(13,608.8)**
Total property, plant and equipment, net	**9,920.8**	**358.8**	**(1.3)**	**9.3**	**(35.6)**	**681.0**	**87.1**	**16.6**	**11,036.7**

(a) Other movements primarily include account reclassifications and changes in consolidation scope.

The charge for the period corresponds to the increase in depreciation, net of the investment grants released to the income statement.

12.3. Finance leases

Air Liquide enters into lease agreements for the use of certain industrial assets. The substance of a number of these agreements satisfies the definition of a finance lease.

These agreements primarily include office and industrial buildings, vehicle trailers and other industrial equipment as well as information technology hardware.

The present value of minimum lease payments for leased assets is recorded in the balance sheet under "Property, plant and equipment". The breakdown is as follows:

	2009		2010	
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	8	8	8	7
1 to 5 years	14	13	14	14
More than 5 years	5	4	8	5
Total minimum lease payments	**27**	**25**	**30**	**26**
Less impact of discounting (finance charge)	(2)		(4)	
Present value of minimum lease payments	**25**		**26**	

NOTE 13 - NON-CURRENT FINANCIAL ASSETS

In millions of euros	2009	2010
Available-for-sale financial assets	53.0	113.2
Loans	33.5	40.7
Other long-term receivables	185.3	227.9
Employee benefits - prepaid expenses	5.1	4.1
Non-current financial assets	**276.9**	**385.9**

Available-for-sale financial assets primarily consist of:

- unlisted and non-consolidated investments, in particular capital contributions to Group companies in the development phase;
- a 13% interest in Exeltium S.A.S. for 23.8 million euros.

Other long-term receivables comprise the receivable related to the equalization charge refund claim outlined in Note 1. In 2010, no event affected the recoverability of this receivable.

NOTE 14 - INVESTMENTS IN ASSOCIATES

14.1. Financial information related to associates

Group share of associates as of December 31, 2010	Share of profit for the period	Share of equity (a)
In millions of euros		
Europe	2.3	14.7
Americas	2.1	5.1
Asia-Pacific	19.2	128.6
Middle East and Africa	4.2	48.0
TOTAL	**27.8**	**196.4**

(a) The goodwill related to associates is included in the carrying amount of the investment.

Group share of associates as of December 31,2009	Share of profit for the period	Share of equity [a]
In millions of euros		
Europe	3.2	17.8
Americas	1.1	7.0
Asia-Pacific	10.2	97.2
Middle East and Africa	5.3	44.5
TOTAL	**19.8**	**166.5**

(a) *The goodwill related to associates is included in the carrying amount of the investment.*

14.2. Movements during the year

In millions of euros	As of January 1	Share of profit for the period	Dividend distribution	Foreign exchange differences	Other movements	As of December 31
2009	142.8	19.8	(16.3)	5.6	14.6	166.5
2010	**166.5**	**27.8**	**(17.2)**	**15.3**	**4.0**	**196.4**

In 2009, other movements primarily included changes in the scope of consolidation and, in particular, the consolidation under the equity method of Air Liquide Syria LLC (Syria).

14.3. Financial indicators of associates (100%)

BALANCE SHEET

In millions of euros	2009	2010
Total assets	670.8	890.1
Equity	360.6	453.3
Net indebtedness	143.5	202.4

INCOME STATEMENT

In millions of euros	2009	2010
Revenue	473.0	567.6
Profit for the period	39.4	62.1

NET INDEBTEDNESS (GROUP SHARE)

In millions of euros	2009	2010
Net indebtedness	64.6	102.4

NOTE 15 - DEFERRED TAXES

Movements in deferred tax assets and liabilities during the period were as follows:

15.1. Deferred tax assets

In millions of euros	2009	2010
As of January 1	**367.1**	**350.1**
Income (charge) to the income statement	(6.9)	(56.2)
Income (charge) to equity for the period	(10.5)	5.7 [a]
Acquisitions/Disposals	0.1	(0.1)
Foreign exchange differences	(0.8)	8.6
Other [b]	1.1	(1.8)
As of December 31	**350.1**	**306.3**

(a) *Corresponds to the deferred tax recognized in other items in the statement of net income and gains and losses directly recognized in equity: 0.2 million euros relating to the change in fair value of derivatives and 5.5 million euros relating to actuarial gains and losses. In 2009, the respective impacts amounted to -2.3 million euros relating to the change in fair value of derivatives and -8.2 million euros relating to actuarial gain and losses.*

(b) *Other movements result from reclassifications between current and deferred tax.*

15.2. Deferred tax liabilities

In millions of euros	2009	2010
As of January 1	**968.9**	**999.4**
Charge (income) to the income statement	66.5	72.5
Charge (income) to equity for the period	(33.1)	(20.7) [a]
Acquisitions/Disposals	(1.0)	0.6
Foreign exchange differences	0.9	68.9
Other [b]	(2.8)	5.7
As of December 31	**999.4**	**1,126.4**

(a) *Corresponds to the deferred tax recognized in other items in the statement of net income and gains and losses directly recognized in equity: -3.1 million euros relating to the change in fair value of derivatives and -17.6 million euros relating to actuarial gains and losses. In 2009, the respective impacts amounted to -5.9 million euros relating to the change in fair value of derivatives and -27.2 million euros relating to actuarial gain and losses.*

(b) *Other movements result from reclassifications between current and deferred tax.*

As of December 31, 2010, unrecognized deferred tax assets totaled 13.9 million euros, compared to 4.7 million euros as of December 31, 2009. The recovery of these taxes is unlimited.

Deferred taxes are mainly generated by differences between the tax and economic depreciation of assets, tax loss carryforwards and provisions not immediately deductible for tax purposes, in particular employees' benefit provisions.

NOTE 16 - INVENTORIES

In millions of euros	2009	2010
Raw materials and supplies	188.5	193.5
Finished and semi-finished goods	439.7	454.1
Work-in-progress	81.5	94.1
Net inventories	**709.7**	**741.7**

In millions of euros	2009	2010
Write-down of inventories	(20.4)	(27.5)
Reversals of write-down	19.2	23.9
Net write-down recognized in the income statement	**(1.2)**	**(3.6)**

NOTE 17 - TRADE RECEIVABLES

In millions of euros	2009	2010
Trade and other operating receivables	2,542.4	2,779.2
Allowance for doubtful receivables	(135.9)	(137.5)
Trade receivables	**2,406.5**	**2,641.7**

Trade and other operating receivables included the gross amounts from Engineering and Construction customers for 105.3 million euros (63.8 million euros as of December 31, 2009).

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 25).

As of December 31, 2010, cumulative revenue recognized using the percentage of completion method and advances received amounted to 1,399.0 million euros and 1,489.1 million euros respectively.

As of December 31, 2009, cumulative revenue recognized using the percentage of completion method and advances received amounted to 1,439.3 million euros and 1,687.5 million euros, respectively.

17.1. Breakdown of trade and other operating receivables

In millions of euros	Gross carrying amount	Not yet due	Impaired and overdue	Not impaired and overdue
2009	2,542.4	1,871.8	116.9	553.7
2010	**2,779.2**	**2,083.5**	**104.3**	**591.4**

Outstanding trade receivables overdue and not impaired mainly comprised receivables due in less than three months (63.7% in 2010, 63.4% in 2009). Their non-impairment arises from a detailed analysis of the related risks.

Trade receivables overdue by more than three months and not impaired mainly concerns public sector customers in the Healthcare segment for which the credit risk is very low.

17.2. Allowance for doubtful receivables

In millions of euros	As of January 1	Charges	Reversals	Foreign exchange differences	Other movements	As of December 31
2009	(117.8)	(60.3)	51.4	(0.9)	(8.3)	(135.9)
2010	**(135.9)**	**(51.7)**	**51.1**	**(4.8)**	**3.8**	**(137.5)**

In 2010, charges and reversals included changes related to exceptional provisions described in Note 5.

NOTE 18 - WORKING CAPITAL REQUIREMENT

The increase in the working capital requirement for 154.9 million euros, presented in the consolidated cash flow statement, relates to a change in net tax payables for -15.8 million euros, Engineering and Construction activities for 135.8 million euros and Other Activities for 34.9 million euros.

NOTE 19 - OTHER CURRENT ASSETS

In millions of euros	2009	2010
Advances and down-payments made	143.8	93.9
Prepaid expenses	58.4	63.5
Other sundry current assets	268.4	283.3
Other current assets	**470.6**	**440.7**

NOTE 20 - CASH AND CASH EQUIVALENTS

In millions of euros	2009	2010
Short-term loans	16.6	47.3
Short-term investments	1,061.7	946.7
Cash in bank	307.0	529.1
Cash and cash equivalents	**1,385.3**	**1,523.1**

Short-term investments include temporary cash investments, maturing in less than three months (cash note and certificate of deposit), towards banks or counterparts with a minimum rating of A+.

NOTE 21 - SHAREHOLDER'S EQUITY

21.1. Shares

NUMBER OF SHARES

	2009	2010
Number of shares outstanding as of January 1	260,922,348	264,254,354
Free share attribution		18,078,440
Capital increase reserved for employees	999,229	712,958
Options exercized during the period	2,332,777	1,049,341
Number of shares as of December 31	**264,254,354**	**284,095,093**

The shares have a par value of 5.50 euros each and are all issued and fully paid-up.

The Board of Directors' meeting of May 5, 2010 decided to create 17,651,181 new shares with a par value of 5.50 euros, ranking for dividends as of January 1, 2010. On May 28, 2010, these shares were granted as free shares to shareholders, at the rate of one new share for fifteen former shares, by capitalizing additional paid-in capital.

Furthermore, in accordance with article 21 of the Bylaws, 427,259 new shares were created at a par value of 5.50 euros, ranking for dividends as of January 1, 2010. On May 28, 2010, these shares were granted as free shares to shareholders, at the rate of one new share for one hundred and fifty former shares, by capitalizing additional paid-in capital. The shares affected by this additional grant are those shares held in registered form continuously from December 31, 2007 to May 27, 2010 inclusive.

In 2010, Air Liquide continued with its dividend distribution policy. In 2010, a total of -56,844 shares were purchased (net of disposals) exclusively under a liquidity contract.

21.2. Treasury shares

Treasury shares consist of Air Liquide shares held by the Group. As of December 31, 2010, the Group held 1,339,624 treasury shares (1,319,563 in 2009). This movement in the number of treasury shares is explained on pages 142 and 143 (consolidated statement of changes in equity).

21.3. Share-based payments

SHARE SUBSCRIPTION OPTION PLANS

Following the authorizations by the Annual General Meetings, the decisions of the Board of Directors, the Supervisory Board and the Management Board and based on the recommendations of the Remuneration Committee, the Group adopted share subscription plans for certain senior executives of the Company and its worldwide subsidiaries, including corporate officers.

The purpose of these options is to motivate key Group executives, reward the loyalty of high-performing executives, and associate them with the long-term interests of shareholders.

Stock options are granted for a minimum unitary amount which cannot be lower than the average market price during the 20 trade days prior to the date of grant. The maximum exercize period is seven years for options granted between May 4, 2000 and April 8, 2004 and eight years for those granted since that date.

Stock options granted after May 12, 1999 can only be exercized after a four-year minimum term from the date they were granted.

At its June 28, 2010 meeting, the Board of Directors granted 532,760 stock options (305 beneficiaries), at a subscription price of 83 euros, available for exercize from June 28, 2014 to June 27, 2018.

The total number of stock options, granted by the Board of Directors, the Supervisory Board, and the Management Board under the plans authorized by Annual General Meetings, but not exercized as of December 31, 2010 amounted to, after adjustment, 4,699,547 options (average price of 67.66 euros), or 1.65% of the share capital, of which 734,306 options (average price of 70.07 euros) were granted to members of Executive Management, present within the Company as of December 31, 2010.

Out of the total number of options issued pursuant to the authorization of the Annual General Meeting of May 5, 2010, 5,149,142 options were retained for possible allotment by the Board of Directors as of December 31, 2010.

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 seventeenth resolution adopted by the Extraordinary Annual General Meeting of May 5, 2010 authorized the Board of Directors to grant free shares to Group employees (with the exception of the Group's senior corporate officers), up to a maximum of 0.5% of the Company's share capital on the date the Board decides to grant such shares.

Under this authorization, the Board of Directors adopted two different regulations on June 28, 2010 ("France" Plan and "World" Plan) governing the conditional grant of Company shares to employee beneficiaries determined by the Board. The beneficiaries or beneficiary categories are designated by the Company's Board of Directors, according to the allocation criteria relating to their contribution to the Group's performance.

The main difference between the "France" and "World" plans is the duration of the definitive vesting period for the granted shares. For beneficiaries located in France, the definitive vesting period for the conditional grant of shares is two years followed by a two-year lock-in period. For beneficiaries located outside France, the definitive vesting period for the conditional shares is four years (no additional lock-in period).

Shares shall only be definitively granted to the beneficiary if he or she is still an employee of the Group at the end of the vesting period. Their vesting is also subject to a performance requirement:

- Allocation in 2009: according to the success rate of the average growth target set by the Board of Directors for undiluted net earnings per share as of December 31, 2010, excluding foreign exchange impacts and exceptional items (recurring net earnings per share) compared to recurring net earnings per share for fiscal year 2008;
- Allocation in 2010: according to the success rate of the average growth target set by the Board of Directors for undiluted net earnings per share as of December 31, 2011, excluding foreign exchange impacts and exceptional items (recurring net earnings per share) compared to recurring net earnings per share for fiscal year 2009.

The granted shares shall be either shares issued through a capital increase performed by the Company by no later than the definitive vesting date or shares bought back by the Company in the market prior to such date. The granted shares shall be of the same nature and category as those making up the Company's share capital at the date on which the plans are approved by the Board of Directors.

At its June 28, 2010 meeting, the Board of Directors decided to grant 143,720 conditional shares to employees (952 beneficiaries).

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

In 2010, 165,000 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 EXERCIZED IN 2010 BY THE TEN EMPLOYEES OF THE COMPANY AND ITS SUBSIDIARIES (EXCLUDING CORPORATE OFFICERS) WITH THE HIGHEST NUMBER OF OPTIONS EXERCIZED

Year of grant	Number of options exercized	Average price *(in euros)* [(a)]
2004	88,101	50.40
2005	32,563	54.86
2006	9,054	64.97
TOTAL	**129,718**	**52.54**

(a) The average prices were impacted by the breakdown in the number of options exercized before or after the free share attribution of May 28, 2010.

OPTIONS EXERCIZED IN 2009 BY THE TEN EMPLOYEES OF THE COMPANY AND ITS SUBSIDIARIES (EXCLUDING CORPORATE OFFICERS) WITH THE HIGHEST NUMBER OF OPTIONS EXERCIZED

Year of grant	Number of options exercized	Average price *(in euros)*
1999	54,074	44.90
2002	161,853	56.07
2004	31,137	52.20
2005	16,947	57.01
TOTAL	**264,011**	**53.39**

NUMBER OF SHARE SUBSCRIPTION OPTIONS AND WEIGHTED AVERAGE STRIKE PRICE

	2009		2010	
	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)	**7,066,764**	**62.06**	**4,926,871**	**67.08**
Options granted during the period (at the historical rate as of the date the plan was set up)	484,292	65.00	532,760	83.00
Options exercized during the period (at the historical rate in effect on each exercize date)	2,332,777	53.37	1,049,341	53.38
Options cancelled during the period (at the historical rate in effect on each cancellation date)	291,408		13,648	
Total number of options as of December 31 (at the historical rate) [a]	**4,926,871**	**67.08**	**4,699,547**	**67.66**
Of which total number of options eligible for exercize	***1,974,553***	***54.53***	***2,129,554***	***57.98***
Total adjusted number of options as of December 31 [b]	**5,263,280**	**62.79**	**4,699,547**	**67.66**
Of which total number of options eligible for exercize after adjustment [b]	***2,109,376***	***51.04***	***2,129,554***	***57.98***

(a) *In 2010, the difference between the number of options not exercized 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 free share attribution on the number of options not exercized in 2010.*
(b) *Corresponds to the overall restatement consisting of an increase in the total number of options remaining at the end of fiscal year 2009 for the free share attribution of May 28, 2010.*

INFORMATION ON THE FAIR VALUE OF SHARE SUBSCRIPTION OPTIONS AND CONDITIONAL GRANTS OF SHARES

The Group grants stock options to senior management and some employees. Employees are also entitled to conditional grants of shares.

SHARE SUBSCRIPTION OPTIONS

In accordance with IFRS2, stock options are measured at fair value at the grant date. The fair value is estimated using the binomial mathematical valuation model.

Valuations are based on the following main underlying assumptions:

- volatility: implicit;
- risk-free interest rate: six-year zero-coupon benchmark rate on the plan issue date;
- dividend growth rate: based on the average annual growth rate observed in the past;
- employee resignation rate: that of individuals belonging to the same age group as the plan beneficiaries. This resignation rate is used to reflect theoretically the options which will not be exercized due to the resignation of the beneficiaries.

	2009 Plan 1 June 15, 2009	2010 Plan 1 June 28, 2010	
Duration of the option	6 years	6 years	
Fair value of the option *(in euros)*	11.42	15.86 [a]	13.72 [b]

(a) *Fair value of options not subject to performance requirements, and options subject to performance requirements linked to the Group's results.*
(b) *Fair value of options subject to performance requirements linked to the share price trend.*

CONDITIONAL GRANTS OF SHARES

Conditional grants of shares are measured at fair value taking into account a discount on non-transferable shares. The cost of non-transferability is measured as the cost of a strategy in two phases consisting of the forward sale of shares that cannot be transferred over a period of four years and the purchase on the spot market of the same number of shares financed by an amortizable loan with in fine capital refund.

Valuations are based on the following main underlying assumptions:

- risk-free interest rate: four-year zero-coupon benchmark rate on the plan issue date, to which a credit margin is applied in the same way as for an employee;
- dividend growth rate: based on the average annual growth rate observed in the past;

- employee resignation rate: that of individuals belonging to the same age group as the plan beneficiaries. This resignation rate is used to reflect theoretically the shares which will not be allocated due to the resignation of the beneficiaries;
- the Group's performance requirement is not considered as an underlying assumption and was deemed to have been fully achieved on the valuation date.

	2009 Plan 1 June 15, 2009	2009 Plan 2 June 15, 2009	2010 Plan 1 June 28, 2010	2010 Plan 2 June 28, 2010
Duration of the conditional grant	4 years	4 years	4 years	4 years
Fair value of the conditional grant *(in euros)*	64.41 [(a)]	58.61 [(b)]	83.43 [(a)]	77.79 [(b)]

(a) Conditional Grant of Shares to Employees for beneficiaries located in France.
(b) Conditional Grant of Shares to Employees for beneficiaries located outside France.

The expense recognized for share subscription option only includes those plans granted after November 7, 2002, which had not been vested as of January 1, 2004.

An expense of 12.3 million euros (excluding tax) was recognized for share subscription option and Conditional Grant of Shares to Employees plans in the income statement in 2010 (16.2 million euros in 2009) with a corresponding entry offset in equity.

GROUP SAVINGS PLAN

At its May 5, 2010 meeting, the Board of Directors decided to perform a share capital increase for Group employees who are members of the France Group savings plan or the International Air Liquide Group savings plan.

The subscription price was 74.49 euros for all eligible Group employees, except those from US subsidiaries, for whom the subscription price was 79.15 euros.

A total of 712,958 Air Liquide shares were subscribed, representing a total share issue of 53.3 million euros, including additional paid-in capital of 49.3 million euros.

At its February 13, 2009 meeting, the Board of Directors decided to perform a share capital increase for Group employees who are members of the France Group savings plan or the International Air Liquide Group savings plan.

The subscription price was 48.67 euros for all eligible Group employees, except those from US subsidiaries, for whom the subscription price was 51.72 euros.

A total of 999,229 Air Liquide shares were subscribed, representing a total share issue of 49.0 million euros, including additional paid-in capital of 43.5 million euros.

The Group savings plans were recorded in the income statement and valued in accordance with IFRS2 "Share-based Payment", based on the following assumptions:

- a subscription period of two weeks;
- shares blocked for a period of five years from the end of the subscription period in accordance with French law.

The recorded expense takes into account the five-year period during which shares are blocked and cannot be sold. The discount was measured taking into account the employee borrowing rate.

In 2010, the expense recognized in respect of the savings plans in accordance with IFRS2 "Share-based Payment", taking into account the discount, totaled 5.3 million euros, including additional contributions of 1.4 million euros granted by French subsidiaries. In 2009, the expense recognized in respect of the savings plans in accordance with IFRS2 "Share-based Payment", taking into account the discount, totaled 4.6 million euros, including additional contributions of 1.0 million euros granted by French subsidiaries.

This expense is recorded in "Other expenses".

NOTE 22 - PROVISIONS, PENSIONS AND OTHER EMPLOYEE BENEFITS

In millions of euros	As of January 1	Charge	Utilized	Other reversals	Discounting	Foreign exchange differences	Acquisitions related to business combination	Other movements [(a)]	As of December 31
2009									
Pensions and other employee benefits	1,485.3	40.1	(151.5)		123.9	(3.2)		2.6	1,497.2
Restructuring plans	14.0	20.8	(9.7)	(0.2)		1.0		(0.7)	25.2
Guarantees and other provisions of Engineering and Construction activity	210.8	59.4	(71.9)	(37.3)		(0.7)		(17.0)	143.3
Dismantling	131.8		(1.1)		5.5	2.7	0.2	16.4	155.5
Other provisions	188.5	33.3	(28.2)	(10.8)		2.9		(6.4)	179.3
Total Provisions	**2,030.4**	**153.6**	**(262.4)**	**(48.3)**	**129.4**	**2.7**	**0.2**	**(5.1)**	**2,000.5**
2010									
Pensions and other employee benefits	1,497.2	38.7	(164.2)		137.8	33.6	0.3	2.0	1,545.4
Restructuring plans	25.2	3.8	(12.3)			1.0		0.4	18.1
Guarantees and other provisions of Engineering and Construction activity	143.3	69.5	(71.1)	(32.6)		3.6		0.4	113.1
Dismantling	155.5		(3.0)	(3.9)	5.5	7.3		(13.6)	147.8
Other provisions	179.3	57.9	(39.0)	(13.6)		5.3	0.7	5.0	195.6
Total Provisions	**2,000.5**	**169.9**	**(289.6)**	**(50.1)**	**143.3**	**50.8**	**1.0**	**(5.8)**	**2,020.0**

(a) Other movements correspond to account reclassifications and provisions for dismantling, with no impact on the consolidated statement of cash flows.

In the normal course of its operations, the Group is party to arbitration, judicial or administrative proceedings. The potential costs of such proceedings are provided for, when they are probable, only if the amount can be quantified or estimated within a reasonable range. In the latter case, the amount provisioned represents the best estimate of the Group's management. Provisions are determined based on a case-by-case risk assessment and events occurring during proceedings may result in a risk reappraisal at any time. These litigations are by nature diverse and involve various Group subsidiaries. Contingency provisions recorded with respect to all Group litigations amounted to 83 million euros as of December 31, 2010 and are presented in "Other provisions".

The Group has not provided a breakdown, considering that the disclosure of the amount of the provisions for individual litigations is likely to seriously harm the Group.

No single litigation is likely to have a material impact on the Group's financial position or profitability.

In 2009, restructuring provisions were set up for exceptional efficiency projects, including some one-off reorganization programs in numerous sites.

NOTE 23 - EMPLOYEE BENEFIT OBLIGATIONS

23.1. Pension plans

The Group provides its employees with various pension plans, termination benefits, jubilees and other post-employment benefits for both active employees and retirees. The features of these plans vary according to laws and regulations applicable in each country as well as each subsidiary policy.

These benefits are covered in two ways:

- by so-called defined contribution plans;
- by so-called defined benefit plans.

Air Liquide and some of its French subsidiaries grant retirees and certain active employees additional benefits beyond the normal pension plans. Those benefits and plans are all based on the employee's final salary. The supplementary plans are now closed. The annual amount paid with respect to these plans cannot exceed a percentage of payroll or, in certain cases, of the pre-tax profit for the relevant companies.

IAS19 "Employee Benefits" characterizes defined contribution plans very precisely and restrictively and indicates that any plans not complying fully with the conditions required are defined benefit plans 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.

23.2. Determination of assumptions and actuarial methods

Benefit obligations are regularly valued by actuaries. These valuations are performed individually for each plan in accordance with IFRS.

The actuarial method used is the "projected unit credit method", taking into account final salary.

In accordance with the option offered by revised IAS19 "Employee Benefits", all actuarial gains and losses and adjustments arising from the asset ceiling are immediately recognized in the period in which they occur.

The actuarial assumptions (turnover, mortality, retirement age, and salary increase...) vary according to demographic and economic conditions in each country in which the plans are in place.

The discount rates used to determine the present value of the obligation are based on Government bonds or High-Quality corporate bonds, when the financial markets are sufficiently liquid, with the same duration as the obligations at the valuation date. Hence, in the Euro zone, the United States, the United Kingdom and Canada, the rates were determined using a tool developed by an independent actuary. This tool comprises several hundred minimum AA-rated private borrowings, with maturities ranging from one to around 30 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.

23.3. Obligations

Group obligations with respect to pension plans and similar benefits are shown below as of December 31, 2010:

In millions of euros	Defined benefit plans	Retirement termination payments	Other long term benefits	Medical Plans	Total
A. Change in net liabilities					
Net liabilities at the beginning of the period	(1,321.8)	(85.6)	(28.2)	(56.5)	(1,492.1)
Acquisition / transfer	(2.2)	0.8	(0.1)	(0.2)	(1.7)
Expense (income) recognized	(82.1)	(11.2)	(5.8)	(4.1)	(103.2)
Employer contributions	144.2	9.1	7.3	4.4	165.0
Gains (losses) for the period	(69.6)	(5.0)		(1.4)	(76.0)
Exchange rate movements	(28.8)	(0.6)	(1.6)	(2.3)	(33.3)
Net liabilities at the end of the period	**(1,360.3)**	**(92.5)**	**(28.4)**	**(60.1)**	**(1,541.3)**
B. Expense recorded in 2010					
Service cost	30.1	5.3	3.6	1.0	40.0
Interest cost	106.3	5.3	1.3	3.1	116.0
Expected return on plan assets	(51.4)	(0.1)			(51.5)
Amortization of past service costs - benefits not vested	(1.1)	0.9	0.4		0.2
Amortization of actuarial losses (gains)			0.6		0.6
Curtailment / settlement	(1.8)	(0.2)	(0.1)		(2.1)
Expense (income) recognized	**82.1**	**11.2**	**5.8**	**4.1**	**103.2**
C. Change in present value of obligations in 2010					
DBO at the beginning of the period	2,092.6	107.6	29.0	56.0	2,285.2
Service cost	30.1	5.3	3.6	1.0	40.0
Interest cost	106.3	5.3	1.3	3.1	116.0
Employee contributions	2.8				2.8
Plan amendments	(5.1)	1.8	0.5	0.1	(2.7)
Curtailment / settlement	(1.9)	(0.2)	(0.1)		(2.2)
Acquisition / divestiture	4.1	(0.8)	0.1	0.2	3.6
Benefit payments	(124.7)	(8.8)	(6.2)	(4.4)	(144.1)
Actuarial gains / losses	70.9	4.9	0.6	1.4	77.8
Exchange rate movements	101.9	0.6	1.5	2.3	106.3
Obligations at the end of the period	**2,277.0**	**115.7**	**30.3**	**59.7**	**2,482.7**
D. Change in plan assets in 2010					
Fair value of assets at the beginning of the period	763.2	2.4	0.8		766.4
Acquisitions / divestitures	1.9				1.9
Actual return on plan assets	53.2				53.2
Employer contributions	129.6	8.5	5.4	4.4	147.9
Employee contributions	2.8				2.8
Benefit payments	(110.1)	(8.2)	(4.3)	(4.4)	(127.0)
Settlement	(0.1)				(0.1)
Exchange rate movements	73.2				73.2
Fair value of assets at the end of the period	**913.7**	**2.7**	**1.9**		**918.3**
E. Funded status at the end of 2010					
Present value of obligations	(2,277.0)	(115.7)	(30.3)	(59.7)	(2,482.7)
Fair value of plan assets	913.7	2.7	1.9		918.3
Loss / surplus	(1,363.3)	(113.0)	(28.4)	(59.7)	(1,564.4)
Unrecognized past service cost - benefits not vested	4.2	20.5		(0.4)	24.3
Surplus management reserve	(1.2)				(1.2)
Net liabilities	**(1,360.3)**	**(92.5)**	**(28.4)**	**(60.1)**	**(1,541.3)**
F. Actuarial (Gains) and losses recognized directly in equity					
(Gains) and losses at the beginning of the period	227.5	(5.0)		(12.7)	209.8
(Gains) and losses on obligations	70.9	4.9		1.4	77.2
(Gains) and losses on plan assets	(1.8)	0.1			(1.7)
Change in surplus management reserve	0.5				0.5
Exchange rate movements	20.2	0.2		(1.7)	18.7
(Gains) and losses at the end of the period [a]	**317.3**	**0.2**		**(13.0)**	**304.5**

(a) (Gains) / losses, net of tax, recognized in equity, amounted to 200.1 million euros as of December 31, 2010.

Group obligations with respect to pension plans and similar benefits are shown below as of December 31, 2009:

In millions of euros	Defined benefit plans	Retirement termination payments	Other long term benefits	Medical Plans	Total
A. Change in net liabilities					
Net liabilities at the beginning of the period	(1,325.0)	(85.7)	(15.4)	(57.1)	(1,483.2)
Acquisition / transfer	7.5		(7.5)		
Expense (income) recognized	(89.0)	(9.3)	(10.9)	(4.0)	(113.2)
Employer contributions	134.5	7.5	5.7	4.1	151.8
Gains (losses) for the period	(55.7)	2.0		1.8	(51.9)
Exchange rate movements	5.9	(0.1)	(0.1)	(1.3)	4.4
Net liabilities at the end of the period	**(1,321.8)**	**(85.6)**	**(28.2)**	**(56.5)**	**(1,492.1)**
B. Expense recorded in 2009					
Service cost	27.3	4.2	2.2	0.8	34.5
Interest cost	105.2	5.4	1.2	3.3	115.1
Expected return on plan assets	(42.0)	(0.1)			(42.1)
Amortization of past service costs - benefits not vested	1.1	0.4	7.9	(0.1)	9.3
Curtailment / settlement	(2.6)	(0.6)	(0.4)		(3.6)
Expense (income) recognized	**89.0**	**9.3**	**10.9**	**4.0**	**113.2**
C. Change in present value of obligations in 2009					
DBO at the beginning of the period	1,984.5	99.1	15.4	55.9	2,154.9
Service cost	27.3	4.2	2.2	0.8	34.5
Interest cost	105.2	5.4	1.2	3.3	115.1
Employee contributions	2.7				2.7
Plan amendments	3.7	9.5	7.9	0.7	21.8
Curtailment / settlement	(2.6)	(0.6)	(0.4)		(3.6)
Acquisition / divestiture / transfer	(8.4)		8.4		
Benefit payments	(123.2)	(8.0)	(5.8)	(4.1)	(141.1)
Actuarial gains / losses	108.9	(2.1)		(1.8)	105.0
Exchange rate movements	(5.5)	0.1	0.1	1.2	(4.1)
Obligations at the end of the period	**2,092.6**	**107.6**	**29.0**	**56.0**	**2,285.2**
D. Change in plan assets in 2009					
Fair value of assets at the beginning of the period	654.3	2.9			657.2
Acquisitions / divestitures	(0.9)		0.9		
Actual return on plan assets	95.8				95.8
Employer contributions	122.2	7.1	4.5	4.1	137.9
Employee contributions	2.7				2.7
Benefit payments	(110.9)	(7.6)	(4.6)	(4.1)	(127.2)
Fair value of assets at the end of the period	**763.2**	**2.4**	**0.8**		**766.4**
E. Funded status at the end of 2009					
Present value of obligations	(2,092.6)	(107.6)	(29.0)	(56.0)	(2,285.2)
Fair value of plan assets	763.2	2.4	0.8		766.4
Loss / surplus	(1,329.4)	(105.2)	(28.2)	(56.0)	(1,518.8)
Unrecognized past service cost - benefits not vested	8.2	19.6		(0.5)	27.3
Surplus management reserve	(0.6)				(0.6)
Net liabilities	**(1,321.8)**	**(85.6)**	**(28.2)**	**(56.5)**	**(1,492.1)**
F. Actuarial (Gains) and losses recognized directly in equity					
(Gains) and losses at the beginning of the period	175.1	(3.0)		(11.0)	161.1
(Gains) and losses on obligations	108.9	(2.1)		(1.8)	105.0
(Gains) and losses on plan assets	(53.8)	0.1			(53.7)
Change in surplus management reserve	0.6				0.6
Exchange rate movements	(3.3)			0.1	(3.2)
(Gains) and losses at the end of the period [(a)]	**227.5**	**(5.0)**		**(12.7)**	**209.8**

(a) (Gains) / losses, net of tax, recognized in equity, amounted to 135.0 million euros as of December 31, 2009.

The above amounts break down as follows by geographical area as of December 31, 2010:

In millions of euros	Obligations	Plan assets	Provisions in the balance sheet	Over (Under) funding
Europe / Africa	(1,649)	340	(1,285)	(24)
Americas	(703)	506	(197)	
Asia-Pacific	(131)	72	(59)	
TOTAL	**(2,483)**	**918**	**(1,541)**	**(24)**

The above amounts break down as follows by geographical area as of December 31, 2009:

In millions of euros	Obligations	Plan assets	Provisions in the balance sheet	Over (Under) funding
Europe / Africa	(1,602)	322	(1,253)	(27)
Americas	(578)	389	(189)	
Asia-Pacific	(105)	55	(50)	
TOTAL	**(2,285)**	**766**	**(1,492)**	**(27)**

23.4. Main assumptions

The main discount rates used are as follows:

	2009	2010
Euro zone	5.0%	4.9%
Canada	6.0%	5.4%
Japan	2.0%	1.5%
Switzerland	3.0%	2.8%
United States	6.0%	5.5%
United Kingdom	5.9%	5.5%
Australia	5.0%	4.8%

Expected returns on plan assets are as follows:

	2009	2010
Euro zone	4.7%	4.5%
Canada	6.7%	6.7%
Japan	3.0%	3.0%
Switzerland	4.5%	4.3%
United States	8.0%	8.0%
United Kingdom	7.6%	6.8%
Australia	7.0%	7.0%

The different expected returns on plan assets per category of investment are as follows:

2010	Shares	Bonds	Other
Euro zone	8.0%	4.0%	3.8%
Canada	9.2%	3.9%	9.1%
Japan	4.0%	2.0%	
Switzerland	6.7%	3.2%	3.4%
United States	9.7%	5.6%	7.6%
United Kingdom	7.8%	4.6%	5.8%
Australia	8.1%	4.7%	6.8%

2009	Shares	Bonds	Other
Euro zone	6.7%	4.3%	3.9%
Canada	9.1%	4.2%	8.2%
Japan	4.0%	2.5%	
Switzerland	6.8%	3.3%	3.8%
United States	10.1%	5.2%	6.8%
United Kingdom	8.6%	5.4%	7.0%
Australia	7.8%	5.1%	7.1%

Financial asset allocation breaks down as follows (in millions of euros):

	Shares		Bonds		Real estate		Cash		Others		TOTAL	
2010	Amounts	%	Amounts	%	Amounts	%	Amounts	%	Amounts	%	Amounts	%
Europe / Africa	97	28.5%	142	41.8%	61	17.9%	3	0.9%	37	10.9%	340	100.0%
Americas	278	54.9%	205	40.4%	20	3.9%	2	0.4%	2	0.4%	507	100.0%
Asia-Pacific	37	52.1%	32	45.1%			2	2.8%			71	100.0%
TOTAL	**412**		**379**		**81**		**7**		**39**		**918**	

	Shares		Bonds		Real estate		Cash		Others		TOTAL	
2009	Amounts	%	Amounts	%	Amounts	%	Amounts	%	Amounts	%	Amounts	%
Europe / Africa	93	29.0%	148	46.1%	51	15.9%	2	0.6%	27	8.4%	321	100.0%
Americas	208	53.3%	161	41.3%	15	3.8%	3	0.8%	3	0.8%	390	100.0%
Asia-Pacific	24	43.6%	28	50.9%			2	3.6%	1	1.9%	55	100.0%
TOTAL	**325**		**337**		**66**		**7**		**31**		**766**	

23.5. Breakdown of gains and losses for the period

In millions of euros	2009	2010
Experience gains and losses on present value of the obligation	(13)	1
Other gains and losses on present value of the defined obligation	(92)	(78)
Experience gains and losses on fair value of assets	54	2

23.6. Breakdown of experience gains and losses on assets

2010 *(in millions of euros)*	Expected return on assets	Actual return on assets	Gains and losses on assets
Europe / Africa	16.6	(1.4)	(18.0)
Americas	32.9	54.6	21.7
Asia-Pacific	2.0		(2.0)
TOTAL	**51.5**	**53.2**	**1.7**

2009 *(in millions of euros)*	Expected return on assets	Actual return on assets	Gains and losses on assets
Europe / Africa	15.6	30.1	14.5
Americas	24.9	62.7	37.8
Asia-Pacific	1.6	3.0	1.4
TOTAL	**42.1**	**95.8**	**53.7**

23.7. Impact of a 1% fluctuation in the inflation rate with regard to health coverage plans

	Obligation as of December 31, 2010 *(in millions of euros)*	Inflation +1%	Inflation -1%
Europe / Africa	38.0	11.8%	-9.9%
North America	21.0	2.5%	-2.4%
Asia-Pacific			

	Obligation as of December 31, 2009 *(in millions of euros)*	Inflation +1%	Inflation -1%
Europe / Africa	37.0	11.4%	-9.6%
North America	19.0	5.8%	-5.1%
Asia-Pacific			

23.8. Impact of a -0.25% decrease in discount rates

	Impact on obligations as of December 31, 2010 *(in millions of euros)*	% of total obligations as of December 31, 2010
Europe / Africa	45	2.7%
Americas	25	3.6%
Asia-Pacific	3	2.3%
TOTAL	**73**	**2.9%**

	Impact on obligations as of December 31, 2009 *(in millions of euros)*	% of total obligations as of December 31, 2009
Europe / Africa	38	2.4%
Americas	18	3.1%
Asia-Pacific	2	1.9%
TOTAL	**58**	**2.5%**

23.9. Impact of a +0.25% increase in discount rates

	Impact on obligations as of December 31, 2010 *(in millions of euros)*	% of total obligations as of December 31, 2010
Europe / Africa	(45)	-2.7%
Americas	(23)	-3.3%
Asia-Pacific	(3)	-2.3%
TOTAL	**(71)**	**-2.9%**

	Impact on obligations as of December 31, 2009 *(in millions of euros)*	% of total obligations as of December 31, 2009
Europe / Africa	(41)	-2.6%
Americas	(18)	-3.1%
Asia-Pacific	(2)	-1.9%
TOTAL	**(61)**	**-2.7%**

23.10. Impact of a -0.25% decrease in the expected return on plan assets

	Impact on the 2011 expense *(in millions of euros)*	% of the total 2011 expense
Europe / Africa	0.6	0.7%
Americas	1.3	12.9%
Asia-Pacific	0.2	2.9%
TOTAL	**2.1**	**2.1%**

	Impact on the 2010 expense *(in millions of euros)*	% of the total 2010 expense
Europe / Africa	0.6	0.7%
Americas	1.0	6.9%
Asia-Pacific	0.1	2.6%
TOTAL	**1.7**	**1.7%**

23.11. Impact of a +0.25% increase in the expected return on plan assets

	Impact on the 2011 expense *(in millions of euros)*	% of the total 2011 expense
Europe / Africa	(0.6)	-0.7%
Americas	(1.3)	-12.9%
Asia-Pacific	(0.2)	-2.9%
TOTAL	**(2.1)**	**-2.1%**

	Impact on the 2010 expense *(in millions of euros)*	% of the total 2010 expense
Europe / Africa	(0.6)	-0.7%
Americas	(1.0)	-6.9%
Asia-Pacific	(0.1)	-2.6%
TOTAL	**(1.7)**	**-1.7%**

NOTE 24 - BORROWINGS

This note provides information on the breakdown of the Group's borrowings by instrument. For further information on financial instruments and foreign exchange and interest rate risk exposure, please see Note 27.

The Air Liquide Group net indebtedness breaks down as follows:

	2009			2010		
	Carrying amount			Carrying amount		
In millions of euros	Non-current	Current	Total	Non-current	Current	Total
Bonds	3,671.4	546.0	4,217.4	3,492.9	347.0	3,839.9
Private placements	275.9		275.9	212.1	74.8	286.9
Commercial paper programs	179.9		179.9	460.8		460.8
Bank debt and other financial debt	1,197.7	272.9	1,470.6	1,379.6	492.6	1,872.2
Finance leases [(a)]	17.8	7.5	25.3	18.7	6.8	25.5
Put options granted to minority shareholders	186.2		186.2	116.7		116.7
TOTAL BORROWINGS (A)	**5,528.9**	**826.4**	**6,355.3**	**5,680.8**	**921.2**	**6,602.0**
Loans maturing in less than one year		16.6	16.6		47.3	47.3
Short-term marketable securities		1,061.7	1,061.7		946.7	946.7
Cash in bank		307.0	307.0		529.1	529.1
TOTAL CASH AND CASH EQUIVALENTS (B)		**1,385.3**	**1,385.3**		**1,523.1**	**1,523.1**
Fair value of derivatives (assets) [(b)]	(76.2)	(3.0)	(79.2)	(30.6)	(9.0)	(39.6)
TOTAL DERIVATIVE INSTRUMENTS RELATING TO BORROWINGS (C)	**(76.2)**	**(3.0)**	**(79.2)**	**(30.6)**	**(9.0)**	**(39.6)**
NET INDEBTEDNESS (A) - (B) + (C)	**5,452.7**	**(561.9)**	**4,890.8**	**5,650.2**	**(610.9)**	**5,039.3**

(a) See Note 12.3.
(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, 2010. At the end of 2010, outstanding notes under this program amounted to 3.8 billion euros (nominal amount). Outstanding commercial paper, which increased compared to the end of 2009, amounted to 460.8 million euros as of December 31, 2010 versus 179.9 million euros as of December 31, 2009. In accordance with the Group's policy, the outstanding commercial paper programs are backed by committed long-term credit lines, which amounted to 2.2 billion euros as of December 31, 2010.

Gross indebtedness increased by 246.7 million euros, primarily due to the negative impact of exchange rates and, to a lesser extent, due to the increase of bank debts in the subsidiaries (financing of projects in emerging economies).

Furthermore, two bond exchange offers were concluded in 2010:

- the first, in June 2010, involving the Air Liquide Finance bond maturing in November 2012. Bonds maturing in 2012 in the nominal amount of 331 million euros were exchanged for bonds maturing in 2020 in the nominal amount of 370 million euros. Due to favorable market conditions, the Group decided to raise the total amount of the new issue to 500 million euros. The new bonds were issued under the Euro Medium Term

Note (EMTN) program. In accordance with IAS39.AG62, the exchange premium (39.0 million euros) is amortized using the effective interest rate method on the residual life of the borrowing.

- the second, in October 2010, involving three L'Air Liquide S.A. bonds maturing in March 2013, June 2014 and June 2015. The bonds in the nominal amount of 412.9 million euros were exchanged for bonds maturing in 2018 in the nominal amount of 456.8 million euros. The new bonds were issued under the Euro Medium Term Note (EMTN) program. In accordance with IAS39.AG62, the exchange premium (43.8 million euros) is amortized using the effective interest rate method on the residual life of the borrowing.

In addition, a 500 million euro tranche of bonds issued under the EMTN program matured in June 2010 and was renewed in the form of commercial paper for the same amount.

The carrying amount of borrowings in the balance sheet breaks down into the issue amount, the amortized cost and fair value adjustments, as follows:

		2009	2010			
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	67.9	74.7	0.5		75.2
EMTNs	EUR	4,149.5	3,750.5	(25.4)	39.6	3,764.7
Total bonds		**4,217.4**	**3,825.2**	**(24.9)**	**39.6**	**3,839.9**
Private placements	EUR	134.8	130.0	4.8		134.8
Private placements	USD	141.1	149.7	2.4		152.1
Total private placements		**275.9**	**279.7**	**7.2**		**286.9**
Commercial paper programs	EUR and USD	179.9	461.2	(0.4)		460.8
Bank debt and other financial debt		1,470.6	1,860.0	12.2		1,872.2
Finance leases *		25.3	25.5			25.5
Put options granted to minority shareholders		186.2	116.7			116.7
Long-term borrowings		**6,355.3**	**6,568.3**	**(5.9)**	**39.6**	**6,602.0**

* *See Note 12.3.*
(a) *Nominal amount.*
(b) *Amortized cost including accrued interest.*
(c) *Fair market value of the fixed-rate debt.*

24.1. Maturity of borrowings

2010	Nominal amount	Carrying amount	Maturity									
					≥ 1 year and ≤ 5 years				> 5 years			
In millions of euros			On demand	< 1 year	2012	2013	2014	2015	2016	2017	2018	> 2018
Bonds	3,825.2	3,839.9		347.0	465.3	638.9	572.2	273.9		512.0	416.2	614.4
Private placements	279.7	286.9		74.8	212.1							
Commercial paper programs [(a)]	461.2	460.8						360.8	100.0			
Bank debt and other financial debt	1,860.0	1,872.2		492.6	290.3	386.1	414.0	134.4	113.8	14.2	11.4	15.4
Finance leases [(b)]	25.5	25.5		6.8	5.3	2.5	3.0	3.3	0.5	0.7	0.5	2.9
Put options granted to minority shareholders	116.7	116.7	116.7									
TOTAL BORROWINGS	**6,568.3**	**6,602.0**	**116.7**	**921.2**	**973.0**	**1,027.5**	**989.2**	**772.4**	**214.3**	**526.9**	**428.1**	**632.7**

(a) *The maturity date for outstanding commercial paper corresponds with that of the confirmed credit lines.*
(b) *See Note 12.3.*

2009	Nominal amount	Carrying amount	Maturity									
					≥ 1 year and ≤ 5 years				> 5 years			
In millions of euros			On demand	< 1 year	2011	2012	2013	2014	2015	2016	2017	>2017
Bonds	4,080.5	4,217.4		546.0	309.1	829.1	746.2	751.3	409.3		512.0	114.4
Private placements	268.8	275.9			71.7	204.2						
Commercial paper programs [(a)]	180.0	179.9				99.9	80.0					
Bank debt and other financial debt	1,462.2	1,470.6		272.9	128.1	211.6	292.6	388.4	86.3	61.6	8.5	20.6
Finance leases [(b)]	25.3	25.3		7.5	7.1	2.3	1.7	2.7	0.6	0.4	0.4	2.6
Put options granted to minority shareholders	186.2	186.2	186.2									
TOTAL BORROWINGS	**6,203.0**	**6,355.3**	**186.2**	**826.4**	**516.0**	**1,347.1**	**1,120.5**	**1,142.4**	**496.2**	**62.0**	**520.9**	**137.6**

(a) *The maturity date for outstanding commercial paper corresponds with that of the confirmed credit lines.*
(b) *See Note 12.3.*

It is Group policy to spread over time the maturity of long-term debt (bonds, private placements and bank debt) in order to limit the annual refinancing needs. In the table above, the maturity date of outstanding commercial paper corresponds to that of the confirmed credit lines backing up the short-term commercial paper program.

24.2. Net indebtedness by currency

The Group provides a natural hedge and reduces its exposure to currency fluctuations by raising debt mainly in the currency of the cash flows that are generated to repay the debt. In countries outside the euro, US dollar and Japanese yen zones, financing is raised in either local or foreign currency (EUR or USD) when sales contracts are indexed in foreign currency. Debt in other foreign currency is mainly denominated in Chinese renminbi and pound sterling.

As part of intra-group multi-currency financing, the Central Treasury Department converts the debt raised in financial markets into various currencies to refinance subsidiaries in their functional currencies or their cash flow currencies. The breakdown of this hedging portfolio is shown in the table below.

In particular, a portion of the euro debt raised (1,914.1 million euros) was converted to other currencies to refinance foreign subsidiaries. Of the Group's US dollar gross debt of 1,342.4 million euros (1,261.5 million euros of net debt plus 80.9 million euros of cash), 219.9 million euros were raised directly in US dollars and 1,122.5 million euros were raised in euros and converted to US dollars using currency swap contracts.

2010	Gross debt - original issue	Cash and cash equivalents	Currency swaps	Ajusted net indebtedness	Non-current assets
In millions of euros					
EUR	4,690.9	(1,112.9)	(1,914.1)	1,663.9	7,299.3
USD	219.9	(80.9)	1,122.5	1,261.5	3,028.8
JPY	721.4	(11.9)	477.7	1,187.2	1,598.5
Other currencies	930.2	(317.4)	313.9	926.7	5,144.0
TOTAL	**6,562.4**	**(1,523.1)**		**5,039.3**	**17,070.6**

2009	Gross debt - original issue	Cash and cash equivalents	Currency swaps	Ajusted net indebtedness	Non-current assets
In millions of euros					
EUR	4,759.9	(1,094.8)	(1,374.9)	2,290.2	7,347.1
USD	196.7	(53.0)	790.6	934.3	2,745.5
JPY	596.1	(13.0)	434.0	1,017.1	1,312.9
Other currencies	723.4	(224.5)	150.3	649.2	4,134.3
TOTAL	**6,276.1**	**(1,385.3)**		**4,890.8**	**15,539.8**

24.3. Fixed-rate portion of total debt

In % of total debt		2009	2010
EUR debt	Portion of fixed-rate debt	88%	90%
	Additional optional hedges [(a)]	12%	10%
USD debt	Portion of fixed-rate debt	53%	60%
	Additional optional hedges [(a)]	19%	11%
JPY debt	Portion of fixed-rate debt	66%	67%
	Additional optional hedges [(a)]		
Total debt	Portion of fixed-rate debt	70%	69%
	Additional optional hedges [(a)]	10%	7%

(a) Additional optional hedges consist of 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, 2010, fixed-rate debt represented 69% of the gross debt. Including all optional hedges as of December 31, 2010 up to the total amount of gross debt in each currency, the average debt hedging ratio (fixed rate + hedging options) was 76%.

The euro optional hedges that matured in the first half of 2010 in the amount of 500 million euros were not renewed, but the euro fixed-rate ratio remained virtually stable due to the decrease in euro outstanding gross debt, excluding IFRS restatements (-526.6 million euros).

The US dollar fixed-rate ratio was impacted by the set-up of a new euro fixed-rate/US dollar fixed-rate Cross Currency Swap in the amount of 244 million euros (300 million US dollars), offset by a US dollar fixed-rate option that matured in September in the amount of 50 million US dollars and the increase in US dollars outstanding gross debt (+402.2 million euros).

24.4. Breakdown of net finance costs

In millions of euros	2009 Average outstanding debt	2009 Net interests	2009 Net finance cost	2010 Average outstanding debt	2010 Net interests	2010 Net finance cost
EUR	2,608.3	142.8	5.5%	2,005.1	122.7	6.1%
USD	1,048.4	43.8	4.2%	1,186.9	49.8	4.2%
JPY	1,009.3	19.3	1.9%	1,103.5	21.4	1.9%
Other currencies	735.8	44.3	6.0%	938.0	59.9	6.4%
Other expenses		(0.8)			0.1	
Capitalized interest [(a)]		(27.7)			(25.0)	
TOTAL	**5,401.8**	**221.7**	**4.6%**	**5,233.5**	**228.9**	**4.9%**

(a) Excluded from cost of debt by currency.

Net finance cost rose to 4.9% in 2010, compared to 4.6% in 2009. This average cost increase was mainly attributable to the increase in the average volume of excess cash, for which the interest was well below the average cost of gross debt in 2010.

Two financing arrangements exceeding 50 million euros include financial covenants: a private placement subscribed by the subsidiary American Air Liquide, Inc. (nominal amount of 200 million US dollars as of December 31, 2010), and a confirmed long-term credit line drawn down by Air Liquide China in the amount of 1.5 billion renminbi as of December 31, 2010. These financial covenants were all met as of December 31, 2010.

The financing arrangements with financial covenants accounted for 14.8% of the Group's gross debt as of December 31, 2010.

All new bond issues carried out by L'Air Liquide S.A. and Air Liquide Finance respectively since 2007 as part of the EMTN program, including the June and October 2010 issues for 500 million euros and 456 million euros respectively, include a change of control clause.

24.5. Put options granted to minority shareholders

In millions of euros	2009	2010
Put options granted to minority shareholders	186.2	116.7

The fair value of put options granted to minority shareholders decreased as of December 31, 2010 following the acquisition of 30% of Carbagas S.A. (Switzerland) on August 11, 2010.

24.6. Other information

As indicated in Note 14.3. to the Consolidated financial statements, Air Liquide's share in the debt of associates as of December 31, 2010 contracted in the normal course of business was 102.4 million euros compared to 64.6 million euros as of December 31, 2009.

Furthermore, non-recourse factoring of receivables represented 80.0 million euros as of December 31, 2010 compared to 58.1 million euros in 2009. These items do not represent risk or financial commitments for the Group.

In addition, as of December 31, 2010, a portion of borrowings was guaranteed by assets valued at 171.5 million euros (124.2 million euros as of December 31, 2009).

NOTE 25 - OTHER LIABILITIES (NON-CURRENT/CURRENT)

25.1. Other non-current liabilities

In millions of euros	2009	2010
Investment grants	96.2	90.1
Advances and deposits received from customers	90.2	98.8
Other non-current liabilities	15.0	15.9
TOTAL OTHER NON-CURRENT LIABILITIES	**201.4**	**204.8**

25.2. Other current liabilities

In millions of euros	2009	2010
Advances received	585.4	349.6
Advances and deposits received from customers	87.7	96.8
Other payables	409.0	492.8
Accruals and deferred income	361.6	352.6
TOTAL OTHER CURRENT LIABILITIES	**1,443.7**	**1,291.8**

As mentioned in Note 17 to the Consolidated financial statements, amounts payable to customers under engineering contracts in the amount of 195.4 million euros were included in other current liabilities as of December 31, 2010 (312.0 million euros in 2009).

NOTE 26 - TRADE PAYABLES

In millions of euros	2009	2010
Operating suppliers	1,484.7	1,692.4
Property, plant and equipment and intangible assets suppliers	124.3	137.3
TOTAL TRADE PAYABLES	**1,609.0**	**1,829.7**

NOTE 27 - FINANCIAL INSTRUMENTS

27.1. Carrying amount and fair value of financial assets and liabilities

The financial assets or liabilities whose carrying amount is different from their fair value are fixed-rate borrowings that are not hedged. This difference is not material.

	2009		2010	
In millions of euros	Carrying amount	Fair value	Carrying amount	Fair value
Financial liabilities				
Non-current borrowings	5,528.9	5,728.0	5,680.8	5,881.4

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 intentions or need to liquidate.

The primary valuation methods adopted are as follows:

- non-consolidated investments not listed on a stock market and for which no market reference exists are recognized at historical cost. Impairment losses are recognized in the income statement if there is evidence of a permanent loss in value;
- as cash investments maturing in less than three months are exposed to only negligible risk of a change in value, they are recognized at historical cost (including accrued interest) which is considered to approximate fair value;
- borrowings are recognized at amortized cost using the effective interest method. Financial liabilities hedged by interest rate swaps are recognized on a hedge accounting basis;
- the fair value of trade receivables and payables of Industrial and Commercial activities is equivalent to their carrying amount, given the extremely short settlement periods.

Group policy consists in using financial derivatives only when hedging effective financial flows. As a result, most derivatives used benefit from hedge accounting. Financial derivatives that do not benefit from hedge accounting do not represent material amounts and are not speculative.

27.2. Financial policy and risk management

A. FINANCIAL RISK MANAGEMENT

Risk management is a priority for the Group. Hence, in 2010, the Finance and Operations Control Department redefined its governance with regard to financial decision-making at two levels:

A Strategic Finance Committee, involving members of the Executive Management and of the Direction of Finance and Operations Control, whose purpose is to verify the effective application of the Group's financial policy, approve proposals and suggestions that have been submitted and review on a regular basis the rules governing the Group's financial policy. The Committee meets at least three times a year and upon request if necessary. It includes the Group Finance and Operations Control Director, the Corporate Finance and M&A Director and the Group Treasury and Financing Director, under the authority of the Chairman and Chief Executive Officer.

An Operating Finance Committee, internal to the Direction of Finance and Operations Control, whose purpose is to decide on the Group's day-to-day financial management, submit significant operations to the Strategic Finance Committee, and ensure their implementation once approved. The Committee meets every four to six weeks. It includes the Group Finance and Operations Control Director, the Corporate Finance and M&A Director and the Group Treasury and Financing Director, who are assisted by a Committee secretary.

The Direction of Finance and Operations Control manages the main financial risks centrally, based on the decisions of the Strategic Finance Committee to which it reports on a regular basis. The Direction of Finance and Operations Control also performs the analysis of country and customer risks and provides input on these risks at Investment 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, enabled the Group to safeguard its financing in 2010. To minimize the refinancing risk relating to debt repayment schedules, the Group diversifies funding sources and spreads maturity dates over several years. In 2010, the successful completion of two bond exchange offers under the EMTN program enabled the Group to extend its average financing term and benefit from attractive financial conditions. At the 2010 year-end, the long-term debt ratio (gross debt maturing in more than one year/total gross debt) represented 86% of the total Group debt.

The interest rate and foreign currency hedging strategies validated by the Operating Finance Committee are set up according to market opportunities with a concern for optimization, while complying with the prudence and risk limitation principles.

The Group also maintained an enhanced and regular vigilance regarding its bank and customer counterparty risk, with a regular monitoring of ratings and level of risk of these counterparties.

Foreign exchange risk

Principles

Financial instruments are only used to hedge transaction-based foreign exchange risk. This risk includes cash flows arising from patent royalties, technical support and dividends, and foreign currency commercial cash flows from operating entities. These commercial cash flows in foreign currencies are not significant compared to consolidated revenue on an annual basis.

Foreign exchange risk on patent royalty, technical support and dividend flows is hedged on an annual basis by the Central Treasury Department using currency forwards with a maximum term of 18 months.

Foreign currency commercial flows of operating units are hedged by the subsidiaries as part of the annual budget process. Approximately 40 subsidiaries are exposed to foreign exchange risk. These subsidiaries mainly contract currency forwards. These operations are contracted with the internal counterparty Air Liquide Finance. The majority of these contracts have short maturities (three to twelve months). On an exceptional basis, and when the hedge is related to a specific long-term project, the contract can have a term of up to 10 years. When preparing their budget at the year-end, the subsidiaries report their foreign exchange risk exposure for the following year to the Central Treasury Department. This department monitors the adequacy of the hedges contracted compared with the identified risks and receives an exhaustive list of all hedges in place every semester.

Impact of foreign currency fluctuations on income statement and balance sheet items

The table below shows the impact of a 1% increase in the foreign exchange rate on the following items:

In millions of euros	Revenue	% Total Group	Operating income recurring	% Total Group	Net profit	% Total Group	Equity	% Total Group
USD	17.9	0.1%	3.8	0.2%	1.7	0.1%	16.8	0.2%
JPY	11.3	0.1%	1.6	0.1%	0.5		3.1	

The foreign currency risk sensitivity analysis shows that a 1% increase in the US dollar and the yen as of December 31, 2010 would result in changes of operating income recurring, net profit and equity as indicated above.

A 1% decrease in the above currencies as of December 31, 2010 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, 2010 of the portfolio of foreign exchange derivatives in the Group's net profit and equity. The sensitivity of net profit and equity primarily reflects the impact of the foreign exchange swaps relating to the intra-group financing activity of the subsidiary Air Liquide Finance, and the US dollar and yen forward currency hedges contracted at head office to hedge the royalties and dividend in these currencies.

	Foreign exchange risk			
	+1%		-1%	
In millions of euros	P&L impact	Equity impact	P&L impact	Equity impact
Foreign exchange derivatives	0.1	(8.6)	(0.1)	8.6

Interest rate risk

Principles

Air Liquide's interest rate risk management on its main currencies - euro, US dollar, and yen - is centralized. These currencies represent 82% of total net debt at the end of 2010. For other currencies, the Direction of Finance and Operations Control advises the subsidiaries on types of bank loans and/or hedging their foreign currency exposure in accordance with local financial market features.

Group policy is to maintain the majority portion of total debt at fixed rates and to protect the residual balance using optional hedges. This approach enables the Group to limit the impact of interest rate fluctuations on financial expenses.

Thus, at the 2010 year-end, 69% of the gross debt was maintained at a fixed rate and 7% was protected using optional hedges. The fixed-rate/floating-rate breakdown of the debt is reviewed regularly by the Strategic 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 668 million euros as of December 31, 2010 (gross debt adjusted for short-term securities), compared with 961 million euros as of December 31, 2009.

The lower volume of debt exposed to interest rate fluctuations was mainly due to an increase in floating-rate euro financial short-term investments in 2010.

An increase or decrease in interest rates by 100 basis points (± 1%) on all yield curves would have an impact of approximately ± 6.7 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, 2010 of the portfolio of interest rate derivatives in the Group's net profit and equity of a fluctuation by 50 basis points in all of the foreign currency.

	Interest rate risk			
	+0.5%		-0.5%	
In millions of euros	P&L impact	Equity impact	P&L impact	Equity impact
Interest rate derivatives [(a)]	1.0	1.2	(0.8)	(2.1)

(a) Include the underlying issue swaps.

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. In 2009, the impact on income statement mainly related to hedging instruments, not eligible for hedge accounting under IAS39, used to fix the debt rate for subsidiaries American Air Liquide, Inc. and Singapore Oxygen Air Liquide Pte Ltd (Singapore). These instruments were redesignated for hedge accounting in 2010, thus lowering the sensitivity of net income to interest rate fluctuations.

Counterparty risk

Counterparty risks for Air Liquide potentially include customers and bank counterparties.

The Group's subsidiaries serve a very significant number of customers (over one million worldwide) present in extremely varied markets: chemicals, steel, refining, food, pharmaceuticals, metals, automotive, manufacturing, healthcare, research laboratories, photovoltaic, etc. The Group's leading customer represents around 2% of revenue, the Group's 10 leading customers represent 13% of sales, and the Group's 50 leading customers represent about 27% of sales. The geographical risk is limited by the Group's permanent coverage in 80 countries on all continents. This diversity reduces customer and market risk.

To better assess its exposure, the Group has adopted procedures to regularly monitor the financial situation of its major customers and has set up monthly reporting for its 120 leading customers in order to monitor the related consolidated risk.

Moreover, customer risk assessment, especially customer site quality, is an important component of the investment decision process.

Bank counterparty risk relates to the outstanding amounts of financial instruments (deposits and derivatives) and to the lines of credit contracted with each bank. Based on its financial policy, the Group requires a long-term Standard & Poor's "A" rating or a Moody's "A2" rating from its counterparties. The Group's lines of credit are also spread among several banks to avoid risk of concentration. The Operating Finance Committee regularly checks and approves the list of financial instruments and bank counterparties.

Liquidity risk

It is Group financial policy to spread over time the maturity of long-term debt in order to avoid concentration of annual refinancing needs. This liquidity risk is also reduced by the steady cash flow generation from operations as well as the setting-up of committed credit lines. The financial covenants governing the financing arrangements described in Note 24.4 do not have an impact on the Group's access to liquidity.

Outstanding French and US commercial paper amounted to 460.8 million euros as of December 31, 2010, up 280.9 million euros compared to the end of 2009. Group policy requires that commercial paper programs be backed by confirmed long-term credit lines. In 2010, this requirement was greatly met throughout the year: the amount of confirmed credit lines has always exceeded outstanding commercial paper.

When the Group makes financial investments other than bank deposits, it systematically favors monetary instruments, mainly short-term, in order to limit the risk of non-liquidity or high volatility.

2010		Cash flow < 1 year		Cash flow ≥ 1 year and ≤ 5 years		Cash flow > 5 years	
In millions of euros	Book value as of 12/31/2010	Interest	Capital refund	Interest	Capital refund	Interest	Capital refund
Derivative instruments							
Assets							
Fair value of derivatives (assets)	136.2	105.8	95.8	163.3	485.3	63.7	409.5
Liabilities							
Fair value of derivatives (liabilities)	(173.7)	(100.7)	(116.6)	(166.5)	(483.2)	(69.7)	(409.5)
Sub-total Derivative instruments		**5.1**	**(20.8)**	**(3.2)**	**2.1**	**(6.0)**	
Assets							
Loans and other non-current receivables	268.6				268.6		
Trade receivables	2,641.7		2,553.1		88.6		
Cash and cash equivalents	1,523.1	0.8	1,522.8				
Sub-total Assets		**0.8**	**4,075.9**		**357.2**		
Liabilities							
Non current borrowings	(5,680.8)	(208.4)		(589.2)	(3,685.6) [a]	(292.6)	(1,861.2)
Other non-current liabilities	(204.8)				(204.8)		
Trade and other payables	(1,829.7)		(1,812.1)		(17.6)		
Current borrowings	(921.2)	(38.7)	(904.9)				
Sub-total Liabilities		**(247.1)**	**(2,717.0)**	**(589.2)**	**(3,908.0)**	**(292.6)**	**(1,861.2)**

(a) *Non-current borrowings included outstanding commercial paper. The maturity date for outstanding commercial paper is the same as that of confirmed lines of credit. See Note 24.1.*

2009		Cash flow < 1 year		Cash flow ≥ 1 year and ≤ 5 years		Cash flow > 5 years	
In millions of euros	Book value as of 12/31/2009	Interest	Capital refund	Interest	Capital refund	Interest	Capital refund
Derivative instruments							
Assets							
Fair value of derivatives (assets)	205.9	92.0	28.7	198.4	512.8	19.3	189.2
Liabilities							
Fair value of derivatives (liabilities)	(120.0)	(82.9)	(34.8)	(170.7)	(501.6)	(26.1)	(182.2)
Sub-Total Derivative instruments		**9.1**	**(6.1)**	**27.7**	**11.2**	**(6.8)**	**7.0**
Assets							
Loans and other non-current receivables	218.8				218.8		
Trade receivables	2,406.5		2,349.7		56.8		
Cash and cash equivalents	1,385.3	0.3	1,385.3				
Sub-total Assets		**0.3**	**3,735.0**		**275.6**		
Liabilities							
Non current borrowings	(5,528.9)	(215.3)		(653.1)	(4,009.4) [(a)]	(193.2)	(1,195.2)
Other non-current liabilities	(201.4)				(201.4)		
Trade and other payables	(1,609.0)		(1,602.1)		(6.9)		
Current borrowings	(826.4)	(46.6)	(810.6)				
Sub-Total Liabilities		**(261.9)**	**(2,412.7)**	**(653.1)**	**(4,217.7)**	**(193.2)**	**(1,195.2)**

(a) Non-current borrowings included outstanding commercial paper. The maturity date for outstanding commercial paper is the same as that of confirmed lines of credit. See Note 24.1.

The table above shows the future cash flows related to the main balance sheet items and financial derivatives at the two previous year-ends. The interest flows are calculated in accordance with IFRS7 and represent the interest payable for each period concerned. The interest flows relating to floating interest rate or foreign currency instruments were calculated using the closing interest and exchange rates as of December 31, 2010 and 2009. 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 2010 in outstanding cash and cash equivalents mainly corresponds to the bond issue of 130 million euros carried out under the June 2010 bond exchange offer. As of December 31, 2010, the variation between outstanding non-current borrowings and outstanding current borrowings primarily reflects the switch of category for a portion of the debt to less than one year (EMTN bond issue of 300 million euros maturing in December 2011) and the refinancing of the 500 million euro EMTN that matured in 2010 through commercial paper. The increase in cash flow maturing in more than five years was mainly attributable to the bond exchange offers in June and October 2010 (impact of 500 million euros).

2010	Cash flow < 1 year			
	< 3 months		≥ 3 months and < 1 year	
In millions of euros	Interest	Capital refund	Interest	Capital refund
Derivative instruments				
Assets				
Fair value of derivatives (assets)	16.4	85.0	89.4	10.8
Liabilities				
Fair value of derivatives (liabilities)	(22.6)	(102.6)	(78.1)	(14.0)
Sub-total Derivative instruments	**(6.2)**	**(17.6)**	**11.3**	**(3.2)**
Liabilities				
Non-current borrowings	(26.3)		(182.1)	
Trade payables		(1,674.4)		(137.7)
Current borrowings	(6.4)	(205.8)	(32.3)	(699.1)
Sub-total Liabilities	**(32.7)**	**(1,880.2)**	**(214.4)**	**(836.8)**

2009	Cash flow < 1 year			
	< 3 months		≥ 3 months and < 1 year	
In millions of euros	Interest	Capital refund	Interest	Capital refund
Derivative instruments				
Assets				
Fair value of derivatives (assets)	5.7	14.0	86.3	14.7
Liabilities				
Fair value of derivatives (liabilities)	(13.7)	(20.9)	(69.2)	(13.9)
Sub-total Derivative instruments		**(6.9)**	**17.1**	**0.8**
Liabilities				
Non-current borrowings	(30.4)		(184.8)	
Trade payables		(1,458.5)		(143.6)
Current borrowings	(5.9)	(132.0)	(40.7)	(678.6)
Sub-total Liabilities	**(36.3)**	**(1,590.5)**	**(225.5)**	**(822.2)**

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 2010 year-end. The interest and repayment flows relating to current borrowings maturing in more than three months and less than one year include short-term debt and the portion of the Group's long-term debt that matures in less than one year.

Hierarchy of financial instruments fair value

In millions of euros	2009	2010
Level 1	**7.4**	**8.9**
Available-for-sale financial assets (listed shares)	7.4	8.9
Level 2	**85.9**	**(37.5)**
Derivatives	85.9	(37.5)
Level 3	**186.2**	**116.7**
Put options granted to minority shareholders	186.2	116.7

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, 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.

There nonetheless remain certain isolated contracts, for which price indexation alone cannot guarantee a total and effective hedge of energy price fluctuation risks. These risks are, therefore, hedged by Air Liquide using appropriate commodity derivatives.

The fair value recognition of these derivative instruments had no material impact on Group equity or profits as of December 31, 2010.

B. Information on derivative instruments

Impact of the fair value recognition of derivative instruments on the balance sheet:

2010		Assets					Equity and Liabilities							
				Fair value of derivatives								Fair value of derivatives		
In millions of euros	IFRS classification	Deferred tax assets	Trade receivables	Assets - non current	Assets - current	Total	Net income recognized in equity	Profit for the period	Deferred tax liabilities	Borrowings	Trade payables	Liabilities - non current	Liabilities current	Total
Foreign exchange risk														
Currency forwards hedging future cash flows	CFH (a)	3.9			13.7	17.6	1.2	(0.9)	4.0			0.6	12.7	17.6
Currency forwards hedging transactions recorded in the accounts and Cross Currency Swaps	FVH (b)	17.2	2.6	43.0	4.2	67.0		0.2	17.0	17.2	0.7	7.4	24.5	67.0
Other derivatives	(c)	5.1			15.8	20.9		0.8	5.4	14.4 (e)			0.3	20.9
Currency embedded derivatives and Cross Currency Swaps	NIH (d)	22.5		9.4	4.0	35.9	(33.7)		4.1			65.1	0.4	35.9
Interest rate risk														
Interest rate swaps and Cross Currency Swaps	FVH (b)	0.4		30.6	9.0	40.0		(0.3)	0.3	40.0				40.0
Swaps and options	NIH (d)	3.2				3.2	(6.2)					9.4		3.2
Swaps and options	CFH (a)	17.0		1.4		18.4	(30.6)	(0.7)	0.4			48.8	0.5	18.4
Other derivatives	(c)	1.4			5.1	6.5		0.7	1.8				4.0	6.5
Commodity risk (energy)														
Forwards hedging future cash flows	CFH (a)													
TOTAL		**70.7**	**2.6**	**84.4**	**51.8**	**209.5**	**(69.3)**	**(0.2)**	**33.0**	**71.6**	**0.7**	**131.3**	**42.4**	**209.5**

(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.

2009		Assets					Equity and Liabilities							
				Fair value of derivatives								Fair value of derivatives		
In millions of euros	IFRS classification	Deferred tax assets	Trade receivables	Assets - non current	Assets - current	Total	Net income recognized in equity	Profit for the period	Deferred tax liabilities	Borrowings	Trade payables	Liabilities - non current	Liabilities current	Total
Foreign exchange risk														
Currency forwards hedging future cash flows	CFH [(a)]	4.4			15.8	20.2	(0.5)	1.4	4.8				14.5	20.2
Currency forwards hedging transactions recorded in the accounts and Cross Currency Swaps	FVH [(b)]	18.7	0.4	54.4	7.5	81.0		0.1	18.9	47.5	0.8		13.7	81.0
Other derivatives	[(c)]	5.8			17.2	23.0		0.2	5.9	16.9 [(e)]				23.0
Currency embedded derivatives and Cross Currency Swaps	NIH [(d)]	12.9		16.0	9.7	38.6	(8.4)	0.9	7.7			30.9	7.5	38.6
Interest rate risk														
Interest rate swaps and Cross Currency Swaps	FVH [(b)]	6.6		76.2	3.0	85.8		1.9	7.6	76.3				85.8
Swaps and options	NIH [(d)]	0.2				0.2	(0.4)					0.6		0.2
Swaps and options	CFH [(a)]	16.8				16.8	(30.7)	(0.9)				47.9	0.5	16.8
Other derivatives	[(c)]	1.5			6.0	7.5		1.0	2.1				4.4	7.5
Commodity risk (energy)														
Forwards hedging future cash flows	CFH [(a)]				0.1	0.1	0.1							0.1
TOTAL		**66.9**	**0.4**	**146.6**	**59.3**	**273.2**	**(39.9)**	**4.6**	**47.0**	**140.7**	**0.8**	**79.4**	**40.6**	**273.2**

(a) CFH: Cash Flow Hedge.
(b) FVH: Fair Value Hedge.
(c) Derivative instruments not benefiting from hedge accounting.
(d) NIH: Net Investment Hedge.
(e) Financial instrument not recognized as a hedging instrument under IAS39.

The Group records the accounting impacts arising from derivative hedging of highly probable future cash flows as CFH (Cash Flow Hedge). The accounting impacts recorded as FVH (Fair Value Hedge) correspond to the derivative hedging of items that have already been recognized. The impacts recognized as NIH (Net Investment Hedge) in 2010 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

2010				Interest rates repricing dates		
In millions of euros	Currency of issue	Carrying amount	Nominal amount outstanding	< 1 year	≥ 1 and ≤ 5 years	> 5 years
Original issue - left at fixed rate	EUR	1,886.3	1,886.3	9.7	812.8	1,063.8
Interest rate swaps hedges	EUR		535.0	180.0	280.0	75.0
Caps hedges	EUR		275.0	50.0	150.0	75.0
Original issue - left at fixed rate	USD	396.4	396.4		152.4	244.0
Interest rate swaps hedges	USD		483.6		449.5	34.1
Caps hedges	USD		74.9		74.9	
Original issue - left at fixed rate	JPY	300.4	300.4		1.2	299.2
Interest rate swaps hedges	JPY		497.0	151.9	345.1	

2009				Interest rates repricing dates		
In millions of euros	Currency of issue	Carrying amount	Nominal amount outstanding	< 1 year	≥ 1 and ≤ 5 years	> 5 years
Original issue - left at fixed rate	EUR	2,311.0	2,311.0	313.5	1,196.0	801.5
Interest rate swaps hedges	EUR		540.0		360.0	180.0
Caps hedges	EUR		775.0	500.0	150.0	125.0
Original issue - left at fixed rate	USD	143.5	143.5		143.5	
Interest rate swaps hedges	USD		420.2		374.1	46.1
Caps hedges	USD		104.1	34.7	69.4	
Original issue - left at fixed rate	JPY	270.8	270.8	0.4	1.2	269.2
Interest rate swaps hedges	JPY		405.5		405.5	

NOTE 28 - RELATED PARTY INFORMATION

28.1. Transactions with companies included in the scope of consolidation

The consolidated financial statements include the financial statements of L'Air Liquide S.A. and all the subsidiaries listed in the table shown on pages 208-210. L'Air Liquide S.A. is the Group's parent.

Due to the activities and legal organization of the Group, only transactions with associates and proportionately consolidated companies are considered to be related party transactions. Transactions performed between these companies and Group subsidiaries are not material.

Information on associates is disclosed in Note 14 to the consolidated financial statements.

CONTRIBUTION TO THE CONSOLIDATED BALANCE SHEET AND INCOME STATEMENT OF PROPORTIONATELY CONSOLIDATED COMPANIES (100%)

In millions of euros	2009	2010
Non-current assets	309	357
Current assets	64	93
Total assets	**373**	**450**
Equity	182	268
Non-current liabilities	133	132
Current liabilities	58	50
Total equity and liabilities	**373**	**450**
Revenues	256	280
Operating expenses	(199)	(206)
Net finance costs	(6)	(6)
Profit before tax	51	68
Income taxes	(10)	(10)
PROFIT FOR THE PERIOD	**41**	**58**

28.2. 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	2009	2010
Short-term benefits	10,135	11,712
Post-employment benefits: pension and health coverage	1,185	1,297
Termination benefits	70	
Share-based payments	4,296	4,077
TOTAL	**15,686**	**17,086**

SHORT-TERM BENEFITS

Short-term benefits include fixed remuneration, variable remuneration, benefits in-kind and Directors' fees. The entire variable portion of remuneration due for any given year is paid the following year after the financial statements are approved.

The remuneration policy for members of the executive team takes into account market practices. It includes a substantial variable portion based on earnings and individual performance objectives.

POST-EMPLOYMENT BENEFITS

Post-employment benefits include the contributions paid to external pension funds for members of Executive Management and the Executive Committee. Retirement commitments for executives and former executives of the Board of Directors totaled 31,317 thousand euros in 2010 and 34,975 thousand euros in 2009.

SHARE-BASED PAYMENTS

The stock options held by members of Executive Management and the Executive Committee have the following expiry dates and strike prices:

Year	Expiry date	Strike price (in euros)	Number 2009	Number 2010
2003			No option granted	
2004 (April 08)	04/07/2011	48.86	218,207	19,587
2004 (November 30)	11/29/2012	50.66	38,793	
2005	03/20/2013	53.36	230,962	178,180
2006	03/19/2014	64.97	301,266	243,081
2007 (May 09)	05/08/2015	77.86	253,855	206,844
2008 (July 09)	07/08/2016	78.63	269,825	222,808
2009 (June 15)	06/14/2017	60.84	264,953	264,962
2010	06/27/2018	83.00		293,000

The fair value of options granted in 2010 adjusted for the share split, and determined according to IFRS2 amounted to:

- 15.86 euros per option for options not subject to performance conditions and for options subject to performance conditions linked to the Group's results;
- 13.72 euros per option for options subject to performance conditions linked to the share price trend (11.42 euros per option in 2009).

These amounts are expensed over the option's vesting period. The amounts that will be recognized in future periods in respect of the granted options totaled 7,942 thousand euros as of December 31, 2010 (7,613 thousand euros as of December 31, 2009).

The 2010 plan options granted to corporate officers and Executive Committee members cannot be exercized in whole or in part unless the Company meets certain performance conditions:

- all the options granted to executive corporate officers,
- for any other beneficiaries of more than 1,500 options, up to 50% of the options granted beyond this threshold.

The total number of stock options granted to Jean-Claude Buono between November 2001 and December 2007, as Management Board member, or as Senior Executive Vice-President, not exercized as of December 31, 2010 amounted to 174,135 options (adjusted) at an average price of 60.52 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 29 - COMMITMENTS

Commitments are given in the normal course of the Group's business.

In millions of euros	2009	2010
Firm purchase orders for fixed assets	471.8	955.7
Lease commitments which cannot be terminated	427.0	464.8
Other commitments related to operating activities	142.8	263.9
Commitments relating to operating activities	**1,041.6**	**1,684.4**
Commitments relating to financing operations	**38.8**	**58.0**
TOTAL	**1,080.4**	**1,742.4**

The rise in investment decisions in 2010 was reflected by an increase in firm orders for asset acquisitions.

On May 1, 2010, the Group acquired a 13% share of Exeltium S.A.S. for 23.8 million euros.

Exeltium and EDF entered into an industrial partnership agreement under which Exeltium can acquire rights to a portion of EDF's electronuclear production. In consideration, Exeltium and its shareholder clients signed long-term electricity supply contracts. The contract signed by Air Liquide has a 20-year term and can be suspended after 10 years. This contract provides a long-term view over the price of the electricity to be supplied.

This project has received the European Commission's approval. Due to this new contract, the Group's energy purchase commitments rose to 1,417 million euros as of December 31, 2010 (827 million euros as of December 31, 2009).

Almost all of these commitments are covered by mutual commitments received from clients in connection with long-term gas supply contracts.

Confirmed credit lines and the amount of asset-backed loans are shown in Note 24.

OPERATING LEASES

Assets used in Industrial activities are leased under an operating lease when the acquisition of such assets does not present any economic benefits. 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, 2010 under operating leases which cannot be terminated are as follows:

In millions of euros	2009	2010
Due within 1 year	114	127
Due in 1 to 5 years	236	253
Due after 5 years	77	85
TOTAL	**427**	**465**

NOTE 30 - CONTINGENT LIABILITIES

To the best of the Group's knowledge, there is no exceptional event, litigation or environmental-related issue that has impacted in the recent past, or is likely to substantially impact its financial situation or profitability.

In September 2010, the Brazilian competition authority (CADE) fined the major industrial gas companies operating in Brazil, including Air Liquide Brazil, for unfair trade practices prior to 2004. Air Liquide Brazil has been fined for an amount of 197.6 million Brazilian reals (approximately 90 million euros at the rate prevailing as of December 31, 2010).

Air Liquide Brazil is vigorously contesting this decision, and consequently has filed an application to annul or, alternatively, reduce the fine before the Brasilia Federal Court. At this stage, the Group considers that Air Liquide Brazil's position will probably prevail and consequently no provision has been recognized.

Moreover, the Japanese competition authorities are currently conducting an investigation.

NOTE 31 - 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 3.3 million tons of CO_2 per year) covered the emissions of 2009 and 2010.

No asset or liability was recognized as of December 31, 2010. The income received from the sale of rights in 2010 was immaterial.

NOTE 32 - 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 dividends and royalties from its subsidiaries.

L'Air Liquide S.A. assumes treasury centralization for some French subsidiaries.

In millions of euros	**Impact on 2010 revenue**
Total scope impact	81.2
A) Acquisitions and disposals	
Change in scope impacts in 2010	
Acquisitions:	
■ Air Liquide Yeosu (Formerly H-Plus SGS) acquired by Air Liquide Korea (South Korea)	37.8
■ DinnoSanté acquired by VitalAire (France)	18.2
■ Lion Copolymer Geismar Services (LCGS) acquired by American Air Liquide, Inc. (United States)	7.5
■ Amco-Gaz acquired by Air Liquide Polska Sp (Poland)	3.4
■ Air Liquide Panama (Formerly Cryogas de Centroamerica S.A.) (Panama) acquired by Air Liquide International	2.8
■ Other	13.3
Disposals:	
■ ETSA and ASCAL by Air Liquide Innovation (France)	(8.1)
■ Other	(6.1)
Change in scope impacts in 2009	
Acquisitions:	
■ Air Liquide Al-Khafrah Industrial Gases (Saudi Arabia) acquired by Air Liquide Middle East & North Africa (United Arab Emirates)	5.2
■ Other	7.3
Disposals:	
■ Dow Fort Saskatchewan Cogeneration Project by Air Liquide Canada, Inc. (Canada)	(12.7)
B) Changes in consolidation method	
Middle-East and Africa	
■ Société Congolaise des Gaz Industriels (Congo): from equity method to full consolidation	11.6
■ Other	1.0
C) Companies created and newly consolidated without scope impact on revenue	
Middle East and Africa	
■ Air Liquide Namibia Proprietary Limited (Namibia)	
D) Mergers, acquisitions and disposals without scope impact on revenue	
Europe	
■ Merger of Fabriques d'Oxygène du Sud-Ouest Réunies in Société des Gaz Industriels de France (France)	
Middle East and Africa	
■ Disposal of Air Liquide Proprietary Limited (South Africa), Société Sénégalaise d'Oxygène et d'Acétylène (Senegal), Société d'Oxygène et d'Acétylène de Madagascar (Madagascar), Société Béninoise des Gaz Industriels S.A. (Benin) and Société Togolaise des Gaz Industriels (Togo) by Air Liquide International (France) to Air Liquide Afrique (France)	
Asia-Pacific	
■ Merger of Eastern Industrial Gases Ltd in Air Liquide Thailand Ltd (Thailand)	

Currency rates

PRIMARY CURRENCY RATES USED

Average rates

Euros for 1 currency	2009	2010
USD	0.72	0.76
CAD	0.63	0.73
Yen (1,000)	7.69	8.62

Closing rates

Euros for 1 currency	2009	2010
USD	0.69	0.75
CAD	0.66	0.75
Yen (1,000)	7.51	9.20

Main consolidated companies

Industrial Merchant
Large Industries
Healthcare
Electronics
Other: Gas related activities and Holdings

Companies newly consolidated in the 2010 scope are shown in blue.

	L'AIR LIQUIDE S.A.	100%	
	AIR LIQUIDE INTERNATIONAL	100%	
	AIR LIQUIDE INTERNATIONAL CORP. (United States)	100%	

EUROPE

FRANCE

	Air Liquide Electronics Materials	100%	
	Air Liquide Electronics Systems	100%	
	Air Liquide Engineering	100%	
	Air Liquide Finance	100%	
	Air Liquide Hydrogène	100%	
	– Belle Étoile Hydrogène	100%	
	Air Liquide Innovation	100%	
	Air Liquide Participations	100%	
	Air Liquide Santé (International)	100%	
	– Air Liquide Santé Domicile	100%	
	– Air Liquide Santé France	100%	
	• Air Liquide Santé Services S.A.	100%	
	• Omasa France	100%	E
	– Btl S.A.	66%	
	• Hydenet S.A. (France)	65.96%	
	• Laboratoires Anios S.A. (France)	66%	
	• Unident S.A. (Switzerland) et Unident SARL (France)	66%	
	• Farmec Nuova S.r.l. (Italy)	52.80%	
	– Pharmadom (Orkyn')	100%	
	– Air Liquide Medical Systems S.A.	100%	
	– VitalAire	100%	
	• DinnoSanté	100%	
	– Celki International Ltd (Hong Kong) and its subsidiaries	100%	
	Air Liquide Services	100%	
	– Groupe Athelia (France)	100%	
	– Kéops (Canada)	100%	
	Air Liquide Stockage	100%	
	Altal	100%	
	AXANE	100%	
	Aqualung International (Europe, Japan, United States) and its subsidiaries	98.36%	
	Chemoxal (China, France, Europe and United States) and its susbsidiaries, including:	100%	
	– Société d'Exploitation de Produits pour les Industries Chimiques	99.95%	
	Cryolor	100%	
	Cryopal	100%	
	GIE Cryospace	55%	
	Société Anonyme Française Péroune	99.94%	E
1	Société des Gaz Industriels de France	100%	
	– Belle Étoile Utilité	100%	
	Société Immobilière de L'Air Liquide	99.99%	
	Société Industrielle de Cogénération de France	100%	
	– Cogenal	99.99%	
	– Figenal	60%	
	– Lavéra Énergies	50%	P
	• Lavéra Utilités	50%	P
	Société Industrielle des Gaz de l'Air	100%	
	Sorgal	99.99%	E
	Sudac Air Services	100%	

	Air Liquide Welding S.A.	100%	
	– Air Liquide Welding France (France)	100%	
	– Fluigétec (France)	100%	
	– Oerlikon Schweisstechnick GmbH (Germany)	100%	
	– Fro S.r.l. (Italy)	100%	
	– Isaf S.p.A. (Italy)	100%	
	– Oerlikon Schweisstechnick AG (Switzerland)	100%	
	– Air Liquide Welding UK Limited (United Kingdom)	100%	
	AL-RE	100%	
	Hélium Services	100%	

EUROPE EXCLUDING FRANCE

	Air Liquide Industriegase GmbH & Co. KG (Germany)	100%	
2	– Air Liquide Deutschland GmbH (Germany)	100%	
	• Air Liquide Electronics GmbH (Germany)	100%	
	• Air Liquide Medical GmbH (Germany)	100%	
	• AST Service GmbH (Germany)	100%	
	• Buse Gase GmbH & Co. KG (Germany)	51%	
	• Cryotherm GmbH & Co. KG (Germany)	100%	
	• EVC Dresden-Wilschdorf GmbH & Co. KG (Germany)	40%	
	• INTEGA GmbH (Germany, Hungary and Portugal) and its subsidiaries	100%	
	• Schülke & Mayr GmbH (Germany) and its subsidiaries	100%	
	• TGHM GmbH & Co. KG (Germany)	50%	P
	• Zweite EVC Dresden-Wilschdorf GmbH & Co. KG (Germany)	50%	
	• VitalAire GmbH (Germany)	100%	
	- Fabig-Peters Medizintechnik GmbH & Co. KG (Germany)	100%	
	- Holm Medizintechnik GmbH (Germany)	100%	
	- Jonas Medizintechnik Handels GmbH (Germany)	100%	
	- Nord Service Projects GmbH (Germany)	100%	
	- Renz Medizintechnik Handels GmbH (Germany)	100%	
	- Werner & Müller Medizintechnik Service GmbH (Germany)	100%	
	- Zuther & Hautmann GmbH & Co. KG (Germany)	100%	
	– Lurgi GmbH (Asia, Europe) and its subsidiaries	100%	

	Air Liquide Austria (Austria)	100%	
	Hydrofel (Belgium)	100%	
	Air Liquide Bulgaria EOOD (Bulgaria)		
	Air Liquide CZ, s.r.o. (Czech Republic)	100%	
3	Air Liquide Danmark A.S. (Denmark)	100%	
	Oy Polargas A.B. (Finland)	100%	
	Air Liquide Eurotonnage (France)	100%	
4	– Air Liquide Large Industry S.A. (Belgium)	100%	
5	– Air Liquide Industries Belgium (Belgium)	100%	
	• Hydrowal (Belgium)	100%	
	Air Liquide Russie S.A. (France)	100%	
	– Air Liquide OOO (Russia)	100%	
	• Air Liquide Ryazan OOO (Russia)	100%	
	• Sever Liquide Gas OOO (Russia)	100%	
	– CJSC Air Liquide Severstal (Russia)	75%	
	Air Liquide Hellas (Greece)	99.78%	
	– Allertec S.A. (Greece)	50.89%	
	Air Liquide Ipari Gaztermelo Kft (Hungary)	100%	
	Air Liquide Progetti Italia S.p.A. (Italy)	100%	
6	Air Liquide Industrie B.V. (Netherlands)	100%	
	– Air Liquide Nederland B.V. (Netherlands)	100%	
	• Air Liquide B.V. (Netherlands)	100%	
7	- Lamers High Tech Systems B.V. (Netherlands)	100%	
	- Scott Specialty Gases Netherlands B.V. (Netherlands)	100%	
	- VitalAire B.V. (Netherlands)	100%	
	• Comcare Medical B.V. (Netherlands)	100%	
	- Air Liquide Acetylene B.V. (formerly Sabic Acetylene 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 Norway (Norway)	100%	
	Air Liquide Katowice Sp (Poland)	79.25%	
	Air Liquide Polska Sp (Poland)	100%	
8	Sociedade Portuguesa do Ar Liquido (Portugal)	99.93%	
	– Air Liquide Medicinal S.A. (Portugal)	99.85%	
	Air Liquide Romania S.r.l. (Romania)	100%	
	Air Liquide SLOVAKIA, s.r.o. (Slovakia)	100%	
	Carba Holding AG (Switzerland)	100%	
9	– Carbagas S.A. (Switzerland)	100%	
	Air Liquide UK Ltd (United Kingdom)	100%	
	– Air Liquide Ltd (United Kingdom)	100%	
	• Air Liquide South East Ltd (United Kingdom)	100%	

	Air Liquide Belge S.A. (Belgium)	99.95%	
10	– Air Liquide Belgium S.A. (Belgium)	99.97%	
11	– Air Liquide Benelux S.A. (Belgium)	99.97%	
	– Air Liquide Medical S.A. (Belgium)	99.95%	
	– Fléron Gaz Médicaux Services (Belgium)	99.95%	
	Air Liquide 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. (Italy)	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%	
	Air Liquide Gas A.B. (Sweden)	100%	
	– Aiolos Medical A.B. (Sweden)	100%	

AMERICAS

	Air Liquide Argentina (Argentina)	100%	
	Arliquido Comercial Ltda (Brazil)	100%	
	– Air Liquide Brasil Ltda (Brazil)	100%	
	Air Liquide Chile S.A. (Chile)	100%	
	Air Liquide Dominicana S.A. (Dominican Republic)	100%	
	Société des Gaz Industriels de la Guadeloupe (Guadeloupe)	95.88%	
12	Air Liquide Spatial (Guyana)	98.80%	
	Société Guyanaise de L'Air Liquide (Guyana)	97.04%	
	Société Martiniquaise de L'Air Liquide (Martinique)	95.87%	
	Air Liquide Panama (Panama)	100%	
	La Oxigena Paraguaya S.A. (Paraguay)	87.89%	
	Air Liquide Trinidad and Tobago Ltd (Trinidad and Tobago)	100%	
	Neal & Massy Gas Products Ltd (Trinidad and Tobago)	42.71%	E
	American Air Liquide, Inc. (United States) and its main subsidiaries:	100%	
13	– 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 Specialty 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) and its subsidiaries, including:	100%	
	- VitalAire Canada, Inc. (Canada)	100%	
	Air Liquide Uruguay (Uruguay)	93.70%	

MIDDLE EAST AND AFRICA

	Air Liquide Engineering Southern Africa Ltd (South Africa)	100%	E

14	Société d'Installations et de Diffusion de Matériel Technique S.P.A. (Algeria)	100%	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%	
	Air Liquide Afrique (France)	100%	
	– Société Béninoise des Gaz Industriels (Benin)	99.97%	E
15	– Société d'Oxygène et d'Acétylène de Madagascar (Madagascar)	73.73%	E
	– Air Liquide Namibia Proprietary Limited (Namibia)	100%	
	– Société Sénégalaise d'Oxygène et d'Acétylène (Senegal)	79.63%	E
	– Air Liquide Proprietary Limited (South Africa)	99.91%	
16	• Air Liquide Botswana Proprietary Limited (Botswana)	99.91%	
	• Fedgas Proprietary Limited (South Africa)	99.91%	
	– Société Togolaise des Gaz Industriels (Togo)	70.58%	E
	Air Liquide Middle East (France)	100%	
	– Air Liquide Alexandria for Medical & Industrial Gases S.A.E. (Egypt)	100%	
	– Air Liquide El Soukhna for Industrial Gases (Egypt)	100%	
	– Air Liquide Misr (Egypt)	100%	
	– Shuaiba Oxygen Company KSC (Kuwait)	49.62%	P
	– Société d'Oxygène et d'Acétylène du Liban Sal (Lebanon)	49.93%	P
	– Air Liquide Maroc (Morocco)	74.80%	
	– Air Liquide Sohar Industrial Gases L.L.C. (Oman)	50.11%	
	– Gasal Q.S.C. (Qatar)	40.00%	E
	– Air Liquide Arabia LLC (Saudi Arabia)	55%	E
	– Air Liquide Syria LLC (Syrian Arab Republic)	99%	E
	– Air Liquide Middle East & North Africa FZCO (United Arab Emirates)	100%	
	• Pure Helium Egypt Ltd (Egypt)	100%	
	• Pure Helium India Pvt. Ltd (India)	97.50%	
	• Air Liquide Al-Khafrah Industrial Gases (Saudi Arabia)	75%	
	• Helium Saudi Co. Ltd (Saudi Arabia)	100%	
	• Pure Helium Gulf FZE (United Arab Emirates)	100%	
17	Société Gabonaise d'Oxygène et d'Acétylène (Gabon)	87.14%	
	L'Air Liquide Ghana Ltd (Ghana)	100%	E
	Société Ivoirienne d'Oxygène et d'Acétylène (Ivory Coast)	72.08%	
	Société Malienne des Gaz Industriels (Mali)	99.97%	
	Société Marocaine de Technique et d'Industrie (Morocco)	49.99%	E
	Air Liquide Nigeria plc (Nigeria)	61.11%	E
	Air Liquide Tunisie (Tunisia)	59.17%	

ASIA-PACIFIC

18	Daesung Industrial Gases (South Korea)	40%	E

	Air Liquide China Holding Co., Ltd (China) and its main subsidiaries, including:	100%	
	– Air Liquide Cangzhou Co., Ltd (China)	100%	
	– Air Liquide Changshu Co., Ltd (China)	100%	
	– Air Liquide Dalian Co., Ltd (China)	100%	
	– Air Liquide Dongying Co., Ltd (China)	100%	
	– Air Liquide Qingdao 2 Co., Ltd (China)	100%	
	– Air Liquide Rizhao Co., Ltd (China)	100%	
	– Air Liquide Tangshan Co., Ltd (China)	100%	
	– Air Liquide Tianjin Yongli Co., Ltd (China)	55%	
	– Air Liquide TPCC Gases Co., Ltd (China)	50%	
	– Air Liquide Wuxi Industrial Gas Co., Ltd (China)	100%	
	– Air Liquide Yulin Co., Ltd (China)	100%	
	– Air Liquide Zhangjiagang Co., Ltd (China)	100%	
	– Air Liquide Zhangjiagang Industry Gas Co., Ltd (China)	100%	
	– 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%	
19	Air Liquide Shanghai Co., Ltd (China)	100%	
	– Wuxi High Tech Gases Co., Ltd (China)	50%	P
20	Air Liquide Shanghai International Trading Co., Ltd (China)	100%	
21	Air Liquide Tianjin Co., Ltd (China)	100%	
	Société d'Oxygène et d'Acétylène d'Extrême-Orient (France)	100%	
	– P. T. Air Liquide Indonesia (Indonesia)	100%	
	– Air Liquide Philippines Inc. (Philippines) and its subsidiaries	100%	
	– Singapore Oxygen Air Liquide Pte Ltd (Singapore) and its subsidiaries	100%	
	– Brunei Oxygen (Sultanate of Brunei)	50%	E
	– Air Liquide Thailand Ltd (Thailand)	100%	
	– Air Liquide Vietnam Co., Ltd (Vietnam)	100%	
	Air Liquide Engineering India (India)	100%	
	Air Liquide India Holding Pvt. Ltd. (India)	100%	
	Air Liquide Réunion (La Réunion)	95.01%	
	Esqal (New Caledonia)	99.97%	
	Gaz de Polynésie (French Polynesia)	100%	
	Air Liquide Engineering South Asia (Singapore)	100%	
22	Air Liquide Korea (South Korea)	100%	
	– Air Liquide Yeosu (formerly H-Plus SGS) (South Korea)	100%	
23	Air Liquide Electronics Systems Asia (Taiwan)	100%	E
24	Air Liquide Far Eastern Ltd (Taiwan)	65%	

25	Air Liquide Australia Ltd (Australia) and its main subsidiaries, including:	100%	
	– Air Liquide Healthcare P/L (Australia)	100%	
	– Air Liquide W.A. Pty Ltd (Australia)	60%	
	– Air Liquide New Zealand Ltd (New Zealand)	100%	
	Air Liquide Asia - Pacific (Japan)	100%	
	– Air Liquide Japan Ltd (Japan) and its main subsidiaries, including :	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, 2010 in:

1 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.

2 Air Liquide Deutschland GmbH (Germany):

100% including 92.48% held by Air Liquide Industriegase GmbH & Co. KG and 7.52% by Air Liquide International.

3 Air Liquide Danmark A.S. (Denmark):

100% including 43.01% held by Air Liquide International Corp. and 56.99% by Air Liquide International.

4 Air Liquide Large Industry S.A. (Belgium):

100% including 74.26% held by Air Liquide Eurotonnage and 25.74% by Air Liquide International.

5 Air Liquide Industries Belgium (Belgium):

100% including 53.51% held by Air Liquide Eurotonnage and 46.49% by Air Liquide International.

6 Air Liquide Industrie B.V. (Netherlands):

100% including 55.37% held by Air Liquide Eurotonnage and 44.63% by Air Liquide International.

7 Lamers High Tech Systems B.V. (Netherlands):

100% including 51% held by Air Liquide B.V. and 49% by Air Liquide Electronics Systems.

8 Sociedade Portuguesa do Ar Liquido (Portugal):

99.93% including 74% held by Air Liquide International and 25.93% by L'Air Liquide S.A..

9 Carbagas S.A. (Switzerland):

100% including 70% held by Carba Holding AG and 30% by Air Liquide International.

10 Air Liquide Belgium S.A. (Belgium):

99.97% including 50.01% held by Air Liquide Belge S.A. (99.95% held by the Group) and 49.99% by Air Liquide International.

11 Air Liquide Benelux S.A. (Belgium):

99.97% including 50.01% held by Air Liquide Belge S.A. (99.95% held by the Group) and 49.99% by Air Liquide International.

12 Air Liquide Spatial (Guyana):

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).

13 American Air Liquide Holdings, Inc. (United States):

100% including 97.33% held by American Air Liquide, Inc. and 2.67% held by Carba Holding AG.

14 Société d'Installations et de Diffusion de Matériel Technique S.P.A. (Algeria):

100% including 80% held by Air Liquide International and 20% by Air Liquide Afrique.

15 Société d'Oxygène et d'Acétylène de Madagascar (Madagascar):

73.73% including 66.74% held by Air Liquide Afrique and 7.36% by Air Liquide Réunion (95.01% held by the Group).

16 Air Liquide Bostwana Proprietary Limited (Bostwana):

99.91% including 97% held by Air Liquide Proprietary Limited (99.91% held by the Group) and 3% by L'Air Liquide S.A.

17 Société Gabonaise d'Oxygène et d'Acétylène (Gabon):

87.14% including 80% held by Air Liquide International and 7.14% by Société Congolaise des Gaz Industriels (Congo).

18 Daesung Industrial Gases (South Korea):

40% including 20% held by L'Air Liquide S.A. and 20% by Air Liquide Japan Ltd.

19 Air Liquide Shanghai Co., Ltd (China):

100% including 89.42% held by Air Liquide International, 5.68% by Air Liquide China and 4.90% by Air Liquide Japan Ltd.

20 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.

21 Air Liquide Tianjin Co., Ltd (China):

100% including 90% held by Air Liquide International and 10% by Air Liquide China Holding Co., Ltd.

22 Air Liquide Korea (South Korea):

100% including 50% held by Air Liquide International and 50% by Air Liquide Japan Ltd.

23 Air Liquide Electronics Systems Asia (Taiwan):

100% including 60.42% held by Air Liquide Electronics Systems and 39.58% 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 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.

Remuneration of Statutory Auditors and their network

Fees reported in 2009 and 2010 by the Air Liquide Group for engagements awarded to the Statutory Auditors related to audit services were as follows:

	2010							
In thousands of euros	**Ernst & Young**		**Mazars**		**Other**		**Total**	
Statutory audit, certification, review of individual and consolidated financial statements	5,095	69.1%	3,745	93.5%	638	56.7%	9,478	75.8%
Issuer	851		582		0		1,433	
Fully consolidated subsidiaries	4,244		3,163		638		8,045	
Other statutory audit engagements	812	11.0%	127	3.2%	59	5.2%	998	8.0%
Issuer	241		71		0		312	
Fully consolidated subsidiaries	571		56		59		686	
TOTAL OF AUDIT SERVICES	**5,907**	**80.1%**	**3,872**	**96.6%**	**697**	**62.0%**	**10,476**	**83.8%**

	2009							
In thousands of euros	**Ernst & Young**		**Mazars**		**Other**		**Total**	
Statutory audit, certification, review of individual and consolidated financial statements	5,022	74.2%	3,580	92.6%	578	34.9%	9,180	74.7%
Issuer	553		493		0		1,046	
Fully consolidated subsidiaries	4,469		3,087		578		8,134	
Other statutory audit engagements	724	10.7%	285	7.4%	3	0.2%	1,012	8.2%
Issuer	81		86		0		167	
Fully consolidated subsidiaries	643		199		3		845	
TOTAL OF AUDIT SERVICES	**5,746**	**84.9%**	**3,865**	**100.0%**	**581**	**35.1%**	**10,192**	**82.9%**

Statutory Auditors' Report
on the consolidated financial statements

This is a free translation into English of the Statutory Auditors' report on the consolidated financial statements issued in the French language and it is provided solely for the convenience of English speaking users.

The Statutory Auditors' report includes information specifically required by French law in such reports, whether qualified or not. This information is presented below the audit opinion on the consolidated financial statements and includes an explanatory paragraph discussing the auditors' assessment of certain significant accounting and auditing matters. These assessments were considered for the purpose of issuing an audit opinion on the consolidated financial statements taken as a whole and not to provide separate assurance on individual account balances, transactions, or disclosures.
This report also includes information relating to the specific verification of information given in the Group's management report.
This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

To the Shareholders,

In compliance with the assignment entrusted to us by your Annual Shareholders' Meeting, we hereby report to you, for the year ended December 31, 2010, on:

- the audit of the accompanying consolidated financial statements of L'Air Liquide S.A.;
- the justification of our assessments;
- the specific verification required by French law.

These consolidated financial statements have been approved by the Board of Directors. Our role is to express an opinion on these financial statements based on our audit.

I - Opinion on the consolidated financial statements

We conducted our audit in accordance with professional standards applicable in France; those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes verifying, by audit sampling and other selective testing procedures, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used, the significant estimates made by the management, and the overall financial statements presentation. We believe that the evidence we have gathered in order to form our opinion is adequate and relevant.

In our opinion, the consolidated financial statements present a true and fair view of the assets and liabilities, the financial position of the Group as of December 31, 2010 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards, as adopted by the European Union.

Without qualifying the opinion expressed above, we draw your attention to the note "New IFRS and interpretations" of the consolidated financial statements which sets out in the paragraph 1 the new standards, interpretations and amendments applied as of January 1, 2010 and notably IFRS3 revised "Business combinations" and the amendment to IAS27 "Consolidated and Separate financial statements".

II - Justification of assessments

In accordance with the requirements of Article L. 823-9 of French Commercial Code (Code de Commerce) relating to the justification of our assessments, we bring to your attention the following matters:

- Goodwill are subject to impairment tests performed in accordance with the principles set out in paragraph 5.F of the consolidated financial statements relating to accounting policies. We have reviewed the soundness of the chosen approach and the assumptions used for these impairment tests and we carried out the assessment of the reasonableness of these estimates, and have ensured that the information given in the Note 10.2. to the consolidated financial statements is appropriate;
- we have reviewed the methodology used to recognize "provisions, pensions and other employee benefits", as well as the assumptions used for their estimation. We ensured that such provisions were recognized in accordance with the principles set out in paragraphs 11.A and 11.B of the consolidated financial statements relating to accounting policies and that the information given in the Notes 22 and 23 to the consolidated financial statements is appropriate.

These assessments were made as part of our audit of the consolidated financial statements taken as a whole and therefore contributed to the formation our audit opinion expressed in the first part of this report.

III - Specific verification

As required by law we have also verified in accordance with professional standards applicable in France the information presented in the Group's management report.

We have no matters to report as to its fair presentation and its consistency with the consolidated financial statements.

Courbevoie and Neuilly-sur-Seine, March 9, 2011

The Statutory Auditors

MAZARS — ERNST & YOUNG et Autres

Lionel Gotlib — Jean-Yves Jégourel

Statutory accounts of the parent company

BALANCE SHEET

For the year ended December 31

In millions of euros	As of December 31, 2009 Net	As of December 31, 2010 Gross	Depreciation, amortization and provision	Net
ASSETS				
Intangible assets	**46.1**	**227.4**	**185.6**	**41.8**
Tangible assets				
Land	25.5	47.2	18.4	28.8
Real estate units - Additional value arising from revaluation		1.4	1.4	
Buildings	30.9	87.8	60.1	27.7
Plant, machinery and equipment	67.5	301.4	242.2	59.2
Recyclable sales packaging	3.7	5.8	1.6	4.2
Other tangible assets	15.0	65.1	50.1	15.0
Tangible assets under construction	5.3	6.4		6.4
Payments on account - tangible assets	0.5	1.1		1.1
	148.4	**516.2**	**373.8**	**142.4**
Financial Investments				
Equity investments	9,032.5	9,180.8	49.5	9,131.3
Loans to equity affiliates	1.2	1.4		1.4
Other long-term investment securities	100.5	104.5	14.6	89.9
Loans	2.1	35.5	2.5	33.0
Other long-term investments	93.7	97.1	0.1	97.0
	9,230.0	**9,419.3**	**66.7**	**9,352.6**
Total non-current assets	**9,424.5**	**10,162.9**	**626.1**	**9,536.8**
Inventories and work-in-progress				
Raw materials and other supplies	7.1	6.9	0.1	6.8
Work-in-progress	4.1	11.7		11.7
Semi-finished and finished goods	36.2	40.1	2.9	37.2
	47.4	**58.7**	**3.0**	**55.7**
Prepayments and advances paid to suppliers	**2.7**	**6.8**		**6.8**
Trade receivables				
Trade receivables and related accounts	308.8	330.0	11.5	318.5
Other receivables	685.0	711.0	6.1	704.9
	993.8	**1,041.0**	**17.6**	**1,023.4**
Company treasury shares	**2.3**	**11.4**		**11.4**
Other short-term financial investments	**42.5**	**26.8**		**26.8**
Cash	**2.1**	**2.9**		**2.9**
Prepayments and miscellaneous	**3.2**	**3.5**		**3.5**
	1,094.0	**1,151.1**	**20.6**	**1,130.5**
Loan issue premiums	**2.5**	**3.5**		**3.5**
Bond redemption premiums	**1.2**	**43.5**		**43.5**
Unrealized foreign exchange losses	**0.6**	**0.5**		**0.5**
TOTAL ASSETS	**10,522.8**	**11,361.5**	**646.7**	**10,714.8**

In millions of euros	As of December 31, 2009 Before approval of the financial statements	As of December 31, 2010 Before approval of the financial statements	As of December 31, 2010 After approval of the financial statements
LIABILITIES AND SHAREHOLDERS' EQUITY			
Shareholders' equity			
Share capital	1,453.4	1,562.5	1,562.5
Additional paid-in capital	171.8	170.3	170.3
Revaluation reserve	25.5	25.5	25.5
Reserves:			
■ Legal reserve	143.5	145.3	156.2
■ 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	380.1	587.7	714.8
Net profit for the year	816.2	822.2	
Sub-total			**3,017.8**
Accelerated depreciation	45.5	46.1	46.1
Other tax-driven provisions	0.0	0.0	0.0
	3,424.5	**3,748.1**	**3,063.9**
Provisions			
Provisions for contingencies	16.3	22.6	22.6
Provisions for losses	31.3	33.4	33.4
	47.6	**56.0**	**56.0**
Liabilities			
Other bonds	2,053.5	1,578.0	1,578.0
Bank borrowings	273.5	596.9	596.9
Other borrowings	68.0	1,477.5	1,477.5
Prepayments received from customers	59.9	64.7	64.7
Trade payables and related accounts	285.5	272.1	272.1
Tax and employee-related liabilities	435.2	506.3	506.3
Amounts payable in respect of fixed assets and related accounts	4.2	4.8	4.8
Other amounts payable	3,840.6	2,382.2	2,382.2
Dividends			684.2
Deferred income and miscellaneous	**29.5**	**26.8**	**26.8**
	7,049.9	**6,909.3**	**7,593.5**
Unrealized foreign exchange gains	**0.8**	**1.4**	**1.4**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**10,522.8**	**10,714.8**	**10,714.8**

INCOME STATEMENT

For the year ended December 31

In millions of euros	2009	2010
Operating revenue		
Sales of:		
■ Goods	1,040.5	1,093.6
■ Services and related activities	519.3	512.7
Net revenue	**1,559.8**	**1,606.3**
Change in inventories of goods and services	(1.6)	5.9
Production of assets capitalized	7.1	8.6
Operating subsidies	2.8	3.8
Provision reversals	14.5	12.9
Expense reclassifications	0.7	1.3
Other revenues	275.9	321.2
Sub-total	**299.4**	**353.7**
Total I	**1,859.2**	**1,960.0**
Operating expenses		
Purchases of raw materials and other supplies	192.5	205.0
Change in inventories of raw materials and supplies	3.6	(2.6)
Other purchases	433.0	484.4
External charges	424.6	461.2
Duties and taxes other than corporate income tax	39.9	39.0
Wages, salaries and provisions for paid vacation	274.0	268.2
Social security contributions and similar charges	206.4	212.6
Depreciation, amortization and impairment losses:		
■ On non-current assets: depreciation, amortization and impairment losses	37.2	36.2
■ On current assets: charges to provisions	9.5	7.1
For contingencies and losses: charges to provisions	4.4	11.5
Other charges	8.6	6.8
Total II	**1,633.7**	**1,729.4**
Net operating profit/(loss) (I-II)	**225.5**	**230.6**

In millions of euros	2009	2010
Financial income		
Financial income from equity affiliates	661.2	746.1
Revenues from other marketable securities and long-term loans	26.6	10.5
Other interest and similar income		0.1
Reversals of impairment and provisions	2.2	2.6
Foreign exchange gains	3.3	5.2
Capital gains on short-term financial investments	0.4	0.1
Total III	**693.7**	**764.6**
Financial expenses		
Amortization, impairment and provisions	1.8	6.2
Interest and similar charges	191.0	172.5
Foreign exchange losses	2.0	4.8
Total IV	**194.8**	**183.5**
Net profit/(loss) from financial items (III-IV)	**498.9**	**581.1**
Net profit/(loss) from ordinary activities before tax (I-II+III-IV)	**724.4**	**811.7**
Exceptional income		
Exceptional income from non-capital transactions	92.7	18.2
Exceptional income from capital transactions	185.0	236.4
Reversals of impairment and provisions	37.6	11.3
Total V	**315.3**	**265.9**
Exceptional expenses		
Exceptional charges on non-capital transactions	6.8	3.5
Exceptional charges on capital transactions	196.3	225.3
Exceptional depreciation, amortization, impairment and provisions	7.9	8.8
Total VI	**211.0**	**237.6**
Net exceptional items (V-VI)	**104.3**	**28.3**
Statutory employee profit-sharing	**3.1**	**3.2**
Corporate income tax	**9.4**	**14.6**
NET PROFIT FOR THE YEAR	**816.2**	**822.2**

NOTES

1 Preliminary note: Refund claim for the equalization charge in 2009

On March 6, 2009, L'Air Liquide S.A. initiated legal proceedings at the Administrative Court in order to get the refund of equalization charge paid for the years 2000 to 2004.

Pursuant to the constant jurisprudence of the European Court of Justice, a portion of this refund claim has been recognized:

- in the balance sheet assets as a receivable in "Other long-term investments" for 91.3 million euros;
- in the income statement as:
  - "Exceptional income from non-capital transactions" for the amount of the refund claim (71.7 million euros),
  - "Revenues from other long-term loans" for the amount of the interest on arrears (19.6 million euros).

2 Accounting policies

2.1. GENERAL PRINCIPLES

The balance sheet and income statement of L'Air Liquide S.A. have been prepared in accordance with the French General Chart of Accounts (*Plan Comptable Général*) and the French Commercial Code.

2.2. NON-CURRENT ASSETS

A. Intangible assets

Internally generated intangible assets primarily include the development costs of information management systems. They are capitalized only if they generate probable future economic benefits. Internal and external costs corresponding to detailed application design, programming, the performance of tests and the drafting of technical documentation intended for internal or external use are capitalized.

Significant maintenance and improvement costs are added to the initial cost of assets if they specifically meet the capitalization criteria.

Other intangible assets include separately acquired intangible assets such as software, licenses, certain businesses and intellectual property rights and are measured at acquisition cost.

Intangible assets are amortized according to the straight-line method over their estimated useful lives.

B. Tangible assets

Land, buildings and equipment are recognized at historical cost, with the exception of items of property, plant and equipment acquired prior to December 31, 1976 which are stated at their revalued amount on this date, under the provisions of Law 76-1232 of December 29, 1976. Interim interest expense is not included in the cost.

Where appropriate, the costs of dismantling or retiring an asset are added to the initial cost of the asset and a provision is recognized to cover such costs.

Where components of a tangible asset have different useful lives, they are accounted for separately and depreciated over their own useful lives.

Depreciation is computed according to the straight-line method over their estimated useful lives as follows:

- buildings: 20 years;
- cylinders: 10 to 20 years;
- plants: 15 to 20 years;
- pipelines: 15 to 35 years;
- other equipment: 5 to 15 years.

Land is not depreciated.

C. Impairment of intangible and tangible assets

The Company assesses at each closing date whether there is any indication of impairment loss of intangible and tangible assets. If such indications exist, an impairment test is performed to assess whether the carrying amount of the asset exceeds its present value, which is defined as the higher of its fair value less costs to sell and its value in use.

In assessing value in use, the estimated future cash flows are discounted to their present value as this would be done for an investment decision.

When the present amount of an asset is lower than its net carrying amount, an impairment loss is recognized in the income statement. When the present value exceeds the carrying amount, the previously recognized impairment is reversed to the income statement.

D. Equity investments

Equity investments are recognized at their initial amount on the entry date, with the exception of those subject to a revaluation as provided by Law 76-1232 of December 29, 1976. Acquisition costs that are not representative of market value are expensed.

When the carrying amount, determined using the criteria normally adopted for the measurement of equity investments (capital value, net asset value), is lower than the gross amount, an impairment loss is recognized for the difference.

E. Treasury shares

When the Company purchases its own shares, they are recognized at cost as treasury shares in other long-term investment securities. The gains or losses on disposals of treasury shares contribute to the net profit for the year.

However, shares allocated for the purpose of implementing plans for free grants of shares are reclassified to a "Short-term financial investments - Company treasury shares" caption at the balance sheet value on the date of allotment.

A provision is recorded over the rights vesting period to cover the future charge relating to the remittance of current shares when the performance criteria can be determined with certainty. Conversely, the amount corresponding to the maximum performance level is presented in off-balance sheet commitments.

When the purchase cost of shares is higher than their valuation based on the average share price during the last month of the fiscal year, treasury shares earmarked for cancellation or allocated for the purpose of implementing plans for free grants of shares are not impaired.

2.3. INVENTORIES AND WORK-IN-PROGRESS

Raw materials, supplies and goods are primarily measured at weighted average cost.

Work-in-progress and finished goods are measured at production cost calculated using a standard cost adjusted for annual cost variances. Production costs include direct and indirect production expenses.

A provision is recognized for inventories and work-in-progress when the estimated realizable amount is lower than cost.

Regarding the costs of research carried out under contracts signed with the French State or third parties, those costs assumed by the Company give rise to an impairment loss at year-end.

2.4. TRADE AND OTHER CURRENT RECEIVABLES

Trade and other current receivables are measured at historical cost less provisions.

Provisions are recognized when it becomes probable that the amount due will not be collected and the loss can be reasonably estimated. Allowances are valued by taking into account historical losses, age and a detailed risk estimate.

2.5. FOREIGN CURRENCY TRANSACTIONS

Foreign currency transactions are translated at the exchange rate prevailing on the transaction date, with the exception of forward hedging transactions that are translated at the hedging rate.

At year-end, the difference arising from the translation of receivables and payables, not subject to a forward hedge and denominated in a foreign currency, are recognized in suspense accounts in assets and liabilities ("Unrealized foreign currency gains or losses").

Unrealized foreign exchange losses are subject to a contingency provision.

2.6. PROVISIONS

Provisions are recognized when:

- the Company has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation;
- a reliable estimate can be made of the amount of the obligation.

A provision for onerous contracts is recognized when the expected benefits from the contract are lower than the cost of meeting the obligations under the contract.

2.7. FINANCIAL INSTRUMENTS

Gains or losses relating to financial instruments used in hedging transactions are determined and recognized in line with the recording of income and expenses on the hedged items.

When the financial instruments used do not constitute hedging transactions, the losses resulting from their year-end fair value measurement are recognized in the income statement. Pursuant to the prudence principle, unrealized gains are not recognized in the income statement.

2.8. POST-EMPLOYMENT BENEFITS

The Company applies CNC recommendation 2003-R01 related to the recognition and measurement of retirement benefits and similar obligations.

The Company provides its employees with various pension plans, termination benefits, jubilees (awards based on years of service) and other post-employment benefits for both active employees and retirees. These benefits are covered in two ways:

- by so-called defined contribution plans;
- by so-called defined benefit plans.

Defined contribution plans are plans under which the employer's sole obligation is to pay regular contributions. The employer does not grant any guarantee on the future level of benefits paid to the employee or retiree ("means-based obligation"). The annual pension expense is equal to the contribution paid during the fiscal year which relieves the employer from any further obligation.

Defined benefit plans are those by which the employer guarantees the future level of services defined in the agreement, most often depending on the employee's salary and seniority ("result-based obligation"). Defined benefit plans can be:

- either financed by contributions to a fund specialized in managing the contributions paid;
- or managed internally.

The Company grants both defined benefit and defined contribution plans.

In the case of defined benefit plans, retirement and similar obligations are measured by independent actuaries, according to the projected unit credit method. The actuarial calculations mainly take into account the following assumptions: salary increases, employee turnover, retirement date, expected salary trends, mortality, inflation and appropriate discount rates (4.90% as of December 31, 2010).

Actuarial gains and losses exceeding the greater of 10% of the obligations or 10% of the fair value of plan assets at the beginning of the reporting period are amortized over the expected average working lives of the plan participants.

In accordance with the option offered by CRC recommendation 2003-R01, the Company maintained its previous practices: obligations related to retirement termination benefits and jubilees are accrued whereas retirement obligations related to defined benefit plans are not recorded but are disclosed in the notes.

2.9. REVENUE RECOGNITION

A. Revenue from the sale of goods and services

Revenue from the sale of goods is recognized when the risks and rewards of ownership have been transferred to the buyer.

Revenue associated with delivery of services is recognized depending on the stage of completion of the project at the balance sheet date, when this can be reliably measured.

B. Engineering and Construction contracts

Revenue from construction contracts, its related costs and margin are recognized using the completed contract method.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognized as an expense immediately.

2.10. TAX CONSOLIDATION

L'Air Liquide S.A. has set up a tax consolidation group with the French subsidiaries that it holds by more than 95%, directly or indirectly, as defined by Article 223 A of the French General Tax Code.

Each company calculates its tax provision as if it was taxed separately. L'Air Liquide S.A., as head of the tax consolidation group, recognizes as an expense the tax corresponding to its own profits and recognizes in a balance sheet current tax account the impact of restatements and eliminations performed when determining taxable profit as a whole and the tax deferrals of companies with losses.

2.11. RESEARCH AND DEVELOPMENT EXPENDITURES

Development costs shall be recognized as assets if and only if the Company can demonstrate all of the following:

- the project is clearly identified and the related costs are individualized and reliably monitored;
- the technical feasibility of completing the intangible asset so that it will be available for use or sale is demonstrated;
- there is a clear intention to complete the intangible asset and use or sell it;
- it is probable that the project will generate future economic benefits for the Company.

It is considered that the conditions required by accounting standards for the capitalization of development costs are not met, since expenditures do not systematically result in the completion of an intangible asset that will be available for use or sale.

As a result, the development costs incurred by the Company in the course of its Research and Development projects are expensed as incurred.

3 Notes on information relating to statutory accounts

3.1. INTANGIBLE AND TANGIBLE ASSETS

Changes in gross value break down as follows:

In millions of euros	Gross value as of January 1, 2010	Additions	Disposals	Gross value as of December 31, 2010
Intangible assets				
Concessions, patents, licenses	88.9	1.8	(6.9)	83.8
Other intangible assets	139.6	6.1	(2.1)	143.6
TOTAL	**228.5**	**7.9**	**(9.0)**	**227.4**
Tangible assets				
Land	42.5	5.1	(0.4)	47.2
Real estate units - Additional value arising from revaluation	2.0		(0.6)	1.4
Buildings	86.9	1.3	(0.4)	87.8
Plant, machinery and equipment	299.3	5.8	(3.7)	301.4
Recyclable sales packaging	4.8	1.1	(0.1)	5.8
Other tangible assets	64.0	5.5	(4.4)	65.1
Tangible assets under construction	5.3	3.1	(2.0)	6.4
Payments on account - tangible assets	0.5	0.9	(0.3)	1.1
TOTAL	**505.3**	**22.8**	**(11.9)**	**516.2**

Changes in depreciation and impairment losses break down as follows:

In millions of euros	Depreciation, amortization and impairment losses as of January 1, 2010	Depreciation and amortization	Charge (reversal) of impairment losses	Decreases, disposals, scrappings	Depreciation, amortization and impairment losses as of December 31, 2010
Intangible assets	182.4	11.8		(8.6)	185.6
Tangible assets	356.9	24.4	0.4	(7.9)	373.8
TOTAL	**539.3**	**36.2**	**0.4**	**(16.5)**	**559.4**

Notes:
Depreciation and amortization expenses totaled 36.2 million euros in 2010.
With respect to disposals, retirements, accumulated amortization of -16.5 million euros has been reversed.

3.2. FINANCIAL INVESTMENTS

Changes in gross value break down as follows:

In millions of euros	Gross value as of January 1, 2010	Increases	Decreases	Gross value as of December 31, 2010
Equity investments				
Companies operating in France	6,934.8	314.7	(185.3)	7,064.2
Companies operating outside of France	2,153.1		(36.5)	2,116.6
Total	9,087.9	314.7	(221.8)	9,180.8
Loans to equity affiliates	1.2	0.2		1.4
Other long-term investment securities	114.9	248.3	(258.7)	104.5
Loans	4.7	31.9	(1.1)	35.5
Other long-term investments	93.7	3.6	(0.2)	97.1
TOTAL	**9,302.4**	**598.7**	**(481.8)**	**9,419.3**

Notes:

- *The increase in equity investments operating in France was mainly due to the capital increase of the subsidiary Air Liquide International for 314.5 million euros.*
- *The decrease in equity investments operating in France was mainly due to the buyback by Air Liquide Stockage of its treasury shares for -185.2 million euros in order to cancel them.*
- *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 -36.5 million euros.*
- *The change in other long-term investment securities corresponds to:*
  - *the acquisition and sale of Company treasury shares under the liquidity contract implemented pursuant to the 4th resolution of the Combined Annual Shareholders' Meetings of May 7, 2009 and May 5, 2010, for 246.7 million euros and -248.7 million euros respectively;*
  - *the subscription to the capital increase of the company Arianespace Participation in the amount of 1.5 million euros;*
  - *the reclassification of 125,000 Company treasury shares in "short-term financial investments - Company treasury shares" caption in the amount of -10.0 million euros. This operation followed the Chairman and Chief Executive Officer's decision, as delegated by the Board of Directors, to allocate the shares for the implementation of plans for free grants of shares.*
- The increase in loans mainly corresponds to the implementation of medium-term loans to Group subsidiaries.
- At the 2010 year-end, the "Other long-term investments" caption mainly includes the receivable linked to the refund claim of the equalization charge paid for the years 2000 to 2004 for 71.7 million euros and the interest on arrears for 23.0 million euros.

In accordance with the provisions of Article L. 233-6 of the French Commercial Code, the Company performed the following transactions in 2010:

- creation of the company owned 99.88% Air Liquide European Conditionning;
- creation of the company owned 99.88% Air Liquide European Exploitation;
- creation of the company owned 99.88% Air Liquide European Industrie;
- creation of the company owned 99.88% Air Liquide European Trading;
- disposal of the 99.88% stake in Air Liquide Marketing.

3.3. SHAREHOLDERS' EQUITY

As of December 31, 2010, the share capital comprised 284,095,093 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, 2009 (before appropriation of earnings)	Appropriation of 2009 net profit *	Other changes	As of December 31, 2010 (before appropriation of earnings)
Share capital [(a)]	1,453.4		109.1	1,562.5
Additional paid-in capital [(a)]	171.8		(1.5)	170.3
Special revaluation reserve	25.5			25.5
Reserves:				
■ Legal reserve	143.5	1.8		145.3
■ 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)]	380.1	205.2	2.4	587.7
Net profit for the year	816.2	(816.2)	822.2	822.2
Accelerated depreciation	45.5		0.6	46.1
Other tax-driven provisions	0.0			0.0
TOTAL	**3,424.5**	**(609.2)** [(c)]	**932.8**	**3,748.1**

* *Following the decision made at the Combined Annual Shareholders' Meeting of May 5, 2010.*

(a) The change in the "Share capital", "Additional paid-in capital", and "Retained earnings" captions results from the following transactions:
- *Capital increase of 3.9 million euros as a result of the subscription of 712,958 shares by employees of the Group , noted on December 9, 2010 by the Chairman and Chief Executive Officer by virtue of the powers granted by the Board of Directors on May 5, 2010.*
- *Capital increase of 5.8 million euros resulting from the exercize of 1,049,341 subscription options.*
  The "Additional paid-in capital" caption increased by the amount of the premiums related to these share capital increases, i.e. 99.6 million euros.
- *Capital increase of 99.4 million euros, decided at the Board of Directors' meeting of May 5, 2010 resulting from the granting of one new share for 15 existing shares (creation of 17,651,181 new shares) and one new share for 150 existing shares as part of a 10% bonus allotment (creation of 427,259 new shares) by deducting -99.4 million euros from "Additional paid-in-capital".*
  The "Additional paid-in capital" caption decreased by the amount of the costs related to these share capital increases, i.e.-1.7 million euros.

(b) The change in "Retained earnings" also includes the difference between the estimated loyalty dividend and the loyalty dividend actually paid and the cancellation of the dividend pertaining to treasury shares.

(c) Amounts distributed.

3.4. IMPAIRMENT, ALLOWANCES AND PROVISIONS

A. Impairment and allowances

Impairment and allowances are recognized when the asset's carrying amount is lower than its entry value.

Impairment and allowances break down as follows:

In millions of euros	2009	2010
Plant, machinery and equipment		0.4
Equity investments	55.4	49.5
Other long-term investment securities	14.4	14.6
Loans	2.6	2.5
Other long-term investments		0.1
Inventories and work-in-progress	2.8	3.0
Trade receivables and related accounts	11.7	11.5
Other receivables	2.9	6.1
TOTAL	**89.8**	**87.7**

The net change in impairment and allowances is represented by charges for 15.0 million euros, utilizations for -5.6 million euros and cancellations for -11.5 million euros.

Charges mainly relate to impairments of trade receivables for 6.4 million euros, current accounts for 3.4 millions euros, equity investments for 1.5 million euros and other long-term investment securities for 2.6 million euros.

Utilizations primarily correspond to impairments of trade receivables for -5.2 million euros.

Cancellations mainly stem from impairments of equity investments for -7.4 million euros and Company treasury shares for -2.5 million euros.

B. Tax-driven provisions

Tax-driven provisions break down as follows:

In millions of euros	2009	2010
Accelerated depreciation	45.5	46.1
Other special provisions in the form of a tax exemption	-	-

The net change in accelerated depreciation is represented by charges for 0.6 million euros, performed under normal depreciation and amortization policies.

Tax options were used to a maximum extent.

C. Provisions

Provisions mainly include:

- provisions for industrial, tax and commercial contingencies and litigation, and probable losses due to sector risks or the launch of new businesses;
- provisions for repair charges and for jubilee awards and vested rights with regard to retirement benefits.

Provisions break down as follows:

In millions of euros	2009	2010
Provisions for contingencies	16.3	22.6
Provisions for losses	31.3	33.4
TOTAL	**47.6**	**56.0**

The net change in provisions for contingencies and losses is represented by charges for 15.8 million euros, utilizations for -4.6 million euros and cancellations for -2.8 million euros.

Charges mainly relate to provisions for industrial and sales contingencies (6.3 million euros), tax contingencies (2.6 million euros) and jubilee awards and vested rights with regard to retirement termination benefits (4.6 million euros).

Utilizations primarily stem from provisions for industrial and sales contingencies (-0.9 million euros) and jubilee awards and vested rights with regard to retirement termination benefits (-3.4 million euros).

Cancellations primarily relate to provisions for industrial and sales contingencies (-1.4 million euros) and subsidiary contingencies (-0.6 million euros).

The provision for vested rights with regard to retirement termination benefits totaled 28.8 million euros (27.7 million euros in 2009).

3.5. DEBT MATURITY ANALYSIS, PREPAYMENTS AND DEFERRED INCOME

	2009	2010		
In millions of euros	Gross	Gross	≤ 1 year	> 1 year
Assets				
Loans to equity affiliates	1.2	1.4		1.4
Loans	4.7	35.5	1.9	33.6
Other long-term investments	93.7	97.1	1.1	96.0
Sub-total	99.6	134.0	3.0	131.0
Trade receivables and related accounts [(a)]	320.5	330.0	329.9	0.1
Other receivables	687.9	711.0	707.7	3.3
Prepayments and miscellaneous	3.2	3.5	3.5	
Sub-total	1,011.6	1,044.5	1,041.1	3.4
TOTAL	**1,111.2**	**1,178.5**	**1,044.1**	**134.4**
(a) Including notes receivable	*4.4*	*3.5*	*3.5*	

	2009	2010			
In millions of euros	Gross	Gross	≤ 1 year	> 1 to ≤ 5 years	> 5 years
Liabilities					
Other bonds	2,053.5	1,578.0	34.1	1,087.1	456.8
Bank borrowings [(a)]	273.5	596.9	5.7	491.2	100.0
Other borrowings [(d)]	68.0	1,477.5	40.0	37.5	1,400.0
Payments received from customers	59.9	64.7	41.5	14.9	8.3
Trade payables and related accounts [(b)]	285.5	272.1	271.1	1.0	
Tax and employee-related liabilities	435.2	506.3	506.3		
Amounts payable in respect of fixed assets and related accounts [(c)]	4.2	4.8	4.8		
Other amounts payable [(d)]	3,840.6	2,382.2	2,378.9	3.3	
Deferred income and miscellaneous	29.5	26.8	14.6	12.2	
TOTAL	**7,049.9**	**6,909.3**	**3,297.0**	**1,647.2**	**1,965.1**
(a) Including current bank loans and credit balance bank accounts	*11.7*	*0.7*	*0.7*		

(b) Including notes payable.
(c) Including notes payable on non-current assets.
(d) Changes in the "Other borrowings" and "Other amounts payable" line items are mainly attributable to the set-up of two long-term borrowings for 1,400 million euros (maturing in 2016 and 2019) subscribed with Air Liquide Finance in order to refinance short-term debt.

3.6. ACCRUED INCOME AND ACCRUED EXPENSES

In millions of euros	2009	2010
Accrued income		
Accrued income included in the following balance sheet items:		
Other long-term investments	91.3	94.7
Trade receivables and related accounts	1.5	7.2
Other receivables	16.3	17.1
TOTAL	**109.1**	**119.0**
Accrued expenses		
Accrued expenses included in the following balance sheet items:		
Other bonds	53.5	34.1
Bank borrowings	4.8	4.8
Other borrowings	0.5	0.7
Trade payables and related accounts	64.3	81.3
Tax and employee-related liabilities	68.2	74.4
Amounts payable on fixed assets and related accounts	0.4	1.2
Other amounts payable	14.0	23.1
TOTAL	**205.7**	**219.6**

3.7. PREPAYMENTS, DEFERRED INCOME AND BOND REDEMPTION PREMIUMS

A. Prepayments and deferred income

Prepayments and deferred income include income and expense items recorded during the period but related to a subsequent period.

B. Bond redemption premiums

In 2010, the Company refinanced bonds maturing in March 2013 (5% coupon) for 104.3 million euros, June 2014 (4.75% coupon) for 164.5 million euros and June 2015 (4.375% coupon) for 144.2 million euros through a new bond issue for 456.8 million euros maturing in October 2018 (2.908% coupon).

The bond exchange gave rise to the recognition of a premium for 43.8 million euros and issue expenses for 1.6 million euros to be spread until October 2018.

3.8. ITEMS CONCERNING RELATED UNDERTAKINGS

	2009		2010	
In millions of euros	**Gross**	**including related undertakings**	**Gross**	**including related undertakings**
Balance sheet				
Trade receivables and related accounts	320.5	96.4	330.0	99.3
Other receivables	687.9	656.9	711.0	674.0
Other borrowings	68.0		1,477.5	1,400.2
Trade payables and related accounts (including amounts payable on fixed assets)	289.7	196.6	276.9	176.8
Other amounts payable	3,840.6	3,813.5	2,382.2	2,344.0
Income statement				
Financial expenses	194.8	87.6	183.5	83.3
Financial income	693.7	664.5	764.6	752.5

3.9. OFF-BALANCE SHEET COMMITMENTS

Off-balance sheet commitments break down as follows:

In millions of euros	2009	2010
Commitments received		
Endorsements, securities and guarantees received	0.1	0.3
TOTAL	**0.1**	**0.3**
Commitments given		
Endorsements, securities and guarantees given [(a)]	7.7	842.6
To Air Liquide Finance and Air Liquide US LLC on transactions performed [(b)]	2,205.6	2,336.8
TOTAL	**2,213.3**	**3,179.4**

(a) The increase in guarantees given included in the amount of 832.5 million euros the joint and several liability guarantee of the subsidiary Air Liquide France Industrie (ex Société des Gaz Industriels de France) in connection with energy purchases and the guarantee of obligations of the Air Liquide Arabia and Air Liquide Engineering subsidiaries under new Middle Eastern projects.

(b) 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 so far, Air Liquide Finance set up the wholly-owned Air Liquide US LLC subsidiary, in order to borrow on the US market.
Insofar as the sole activity of Air Liquide Finance and Air Liquide US LLC is the Group's financing, L'Air Liquide S.A. is required to guarantee any issuances performed by these companies.

3.10. FINANCIAL INSTRUMENTS

Unsettled derivatives as of December 31, 2010 break down as follows:

	2009		2010	
In millions of euros	**Carrying value**	**Fair value difference**	**Carrying value**	**Fair value difference**
Foreign exchange risk				
Currency forwards	94.5	3.9	34.8	(2.0)
TOTAL	**94.5**	**3.9**	**34.8**	**(2.0)**
Interest rate risk				
Interest rate swaps	72.5	(3.4)	72.5	(2.4)
TOTAL	**72.5**	**(3.4)**	**72.5**	**(2.4)**

The fair value difference represents the difference between the derivative's valuation and the value of the contract determined at the closing year-end exchange rate.

In so far as these instruments are all allocated to hedging transactions, the fair value differences had no impact on the financial statements for the 2010 and 2009 year-ends.

3.11. NET REVENUE

In millions of euros	2009	2010
Breakdown by business sector		
Gas and Services	1,366.3	1,402.5
Engineering and Construction	193.5	203.8
TOTAL	**1,559.8**	**1,606.3**
Breakdown by geographical area		
France	1,467.3	1,495.6
Abroad	92.5	110.7
TOTAL	**1,559.8**	**1,606.3**

3.12. EXPENSE RECLASSIFICATIONS

Expense reclassifications mainly include in 2010 the reclassification to exceptional items of expenses related to the hive-down of the Company's operating activities for 1.0 million euros.

3.13. EXCEPTIONAL INCOME AND EXPENSES

Exceptional income and expenses in 2010 primarily include:

- a reversal of treasury share impairment for 2.4 million euros (21.3 million euros in 2009);
- the reversal of a debt related to the tax consolidation regime for 14.3 million euros (17.3 million euros in 2009);
- gains (net of losses) on the sale of Company shares under the liquidity contract for 4.2 million euros (3.4 million euros in 2009);
- a reversal of equity investments impairment (net of impairments and disposal gains) for equity investments for 14.7 million euros (-3.3 million euros of impairment charge (net of reversals and disposal losses) in 2009);
- an impairment charge for other long-term investment securities for -2.5 million euros (0.1 million euros of reversal in 2009);
- a provision charge for tax contingencies in an amount of -2.6 million euros;
- exceptional income due to invoicing of lost sales packaging in an amount of 3.0 million euros (2.8 million euros in 2009);
- expenses related to the hive-down of the Company's operating activities in an amount of 1.0 million euros.

In addition, exceptional income and expenses included in 2009 the recording of the refund claim for the equalization charge paid for the years 2000 to 2004 for 71.7 million euros.

3.14. RETIREMENT AND SIMILAR PLANS

The Company and a number of subsidiaries in France under the same Group agreement grant:

A. Group retirement benefit guarantee agreement

Additional benefits to retirees (4,537 retirees as of December 31, 2010) and to employees over 45, or with more than 20 years of service as of January 1, 1996 (250 employees as of December 31, 2010). 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 from 2011, these 12% fractions will be reduced in proportion to the number of plan beneficiaries for the year compared with the number of plan beneficiaries as of December 31, 2010. The contributions amounted to 38.7 million euros in 2010 (39.3 million euros in 2009) 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, 2010, would be equal to approximately 636.9 million euros (554.7 million euros for retirees and 82.2 million euros for active employees).

Up to 4.7 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 (4,355 employees as of December 31, 2010) with at least one year of service. Contributions to this plan are jointly paid by the employer and employee. For 2010, employer contributions amounted to 7.4 million euros (7.2 million euros in 2009).

C. Retirement termination benefits and jubilees

The corresponding obligations are provided for in the amount of 28.8 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, 2009	**648.0**	**57.5**	**2.5**	**708.0**
Service cost	3.2	3.1	0.1	6.4
Interest cost	31.1	2.8	0.1	34.0
Employee contributions				
Plan amendments [a]	(4.6)	0.3		(4.3)
Curtailment / Settlement				
Transfers [b]		(1.3)		(1.3)
Acquisition / (Divestiture) / Merger				
Benefit payments	(43.8)	(3.5)	(0.2)	(47.5)
Actuarial (gains) / losses	3.0	3.3		6.3
Obligations as of December 31, 2010	**636.9**	**62.2**	**2.5**	**701.6**

(a) The adoption in 2010 of a new amendment to the Convention collective de la Métallurgie as well as the restructuring of supplementary plans involved a decrease of the commitments of the Company for -4.3 million euros.

(b) Mainly corresponds to employee transfers to Air Liquide Santé (International), Axane and Air Liquide Hydrogen Energy.

3.15. STATUTORY EMPLOYEE PROFIT-SHARING

The statutory employee profit-sharing was calculated under the terms and conditions of the agreement concluded on January 23, 2004 and amended on April 27, 2010. Furthermore, the scope of the agreement was extended on May 21, 2010. These measures were registered with the French Labor Ministry respectively on June 21, 2004, April 27 and June 16, 2010.

3.16. CORPORATE INCOME TAX

Corporate income tax totaled 14.6 million euros, compared to 9.4 million in 2009.

It breaks down as follows, after allocation of add-backs, deductions and tax credits relating to profits:

In millions of euros	2009	2010
Net profit from ordinary activities before tax	8.4	13.5
Net profit from exceptional items		
Additional contributions	1.0	1.1
TOTAL	**9.4**	**14.6**

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 2009).

The Company adopted the tax consolidation regime to determine corporate income tax.

3.17. 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, 2010 are estimated as follows:

In millions of euros	2009	2010
Deferred tax assets (decrease in future tax expense)	9.6	11.6
Deferred tax liabilities (increase in future tax expense)	-	15.2

The increase in future tax expense is mainly due to the add-back to 2010 taxable income of the premium arising from the bond exchange.

Deferred taxes were calculated taking into account the 3.3% social security contribution on earnings (i.e. a general rate of 34.43%).

3.18. REMUNERATION PAID 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) paid by the Company to members of Executive Management and the Board of Directors respectively, amounts to:

In millions of euros	2010
Remuneration of the Board of Directors	0.6
Remuneration of Executive Management	3.4
TOTAL	**4.0**

During 2010, the Company paid to third parties the total amount of [(a)] 251,703 euros.

(a) *For Benoît Potier and Pierre Dufour: with respect to supplemental retirement benefits (defined contribution plans): 88,743 euros for each one and with respect to death and disability benefits: 52,513 euros and 21,704 euros respectively.*

3.19. AVERAGE NUMBER OF EMPLOYEES

The monthly average number of employees was:

	2009	2010
Engineers and executives	2,162	2,065
Supervisory staff	2,263	2,217
Employees	82	93
Laborers	596	513
TOTAL	**5,103**	**4,888**

Note:

During the first quarter of 2010, 69 employees were transferred to Air Liquide Santé (International), 7 to Axane and 22 to Air Liquide Hydrogen Energy.

3.20. SUBSIDIARIES AND AFFILIATES INFORMATION

In thousands of euros	**Share capital as of December 31, 2010**	**Other equity as of December 31, 2010**	**% share holding**
A. Detailed information on affiliates whose carrying amounts exceed 1% of the capital of the Company required to publish its financial statements			
I - SUBSIDIARIES (more than 50% of capital held by the Company)			
a) Companies operating in France			
Air Liquide Santé (International) - 75 quai d'Orsay - 75007 Paris	33,347	21,393	99.99
Société Immobilière de L'Air Liquide - 75 quai d'Orsay - 75007 Paris	50	(4,493) (a)	99.99
Air Liquide International (b) - 75 quai d'Orsay - 75007 Paris	2,709,300	4,314,270 (a)	99.99
Air Liquide Stockage - 6 rue Cognacq-Jay - 75007 Paris	39,893	36,328	100.00
Air Liquide France Industrie *(ex Société des Gaz Industriels de France)* - 6 rue Cognacq-Jay - 75007 Paris	115,138	200,235	65.13
Air Liquide Hydrogène - 6 rue Cognacq-Jay - 75007 Paris	61,037	(10,114)	99.99
Chemoxal (b) - 75 quai d'Orsay - 75007 Paris	30,036	3,367	99.99
Société Industrielle des Gaz de l'Air - 75 quai d'Orsay - 75007 Paris	34,513	(10,762)	99.58
Air Liquide Advanced Technologies *(ex Altal)* 75 quai d'Orsay - 75007 Paris	15,292	1,130	99.99
Air Liquide Finance - 6 rue Cognacq-Jay - 75007 Paris	72,000	4,272	99.99
Air Liquide Engineering - 6 rue Cognacq-Jay - 75007 Paris	12,000	16,542	99.99
b) Companies operating outside of France			
Air Liquide Industriegase GmbH & Co. KG - Hans-Günther-Sohl-Strasse 5 - 40235 Düsseldorf - Germany	10	2,632,027	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	16,598	10.12
b) Companies operating outside of France - None			
B. General information on other subsidiaries and affiliates			
I - SUBSIDIARIES NOT INCLUDED IN I			
a) French subsidiaries (together)			
b) Foreign subsidiaries (together)			
II - AFFILIATES NOT INCLUDED IN II			
a) French companies (together)			
b) Foreign companies (together)			

(a) Air Liquide International and Société Immobilière de L'Air Liquide pay a portion of their dividend in the form of an interim dividend.
(b) Holding company.
(c) Net amount: 43,895 thousands of euros.

Carrying amount of shares held after the revaluations of 1976, 1978 and 1979			Loans and advances granted by the Company and not repaid	Guarantees and endorsements given by the Company	2010 net revenue	Net profit (or loss) for 2010	Dividends collected by the Company during 2010
Gross	Net	Including revaluation difference					
110,808	110,808	6,301	53,481		18,522	80,528	73,362
16,107	16,107	16,069			8,880	5,386	5,475 [(a)]
6,417,367	6,417,367	21,186				797,510	598,375 [(a)]
39,963	39,963				13,100	1,640	
115,148	115,148		96,866		438,181	18	
61,037	54,037		43,082		86,362	(3,806)	
30,326	30,326					19,708	1,457
35,575	35,575		37,710		97	(512)	
16,150	16,050				61,209	(399)	
72,901	72,901			2,336,808		41,354	23,100
16,028	16,028			87,562	214,596	8,748	9,375
2,106,474	2,106,474				68,124	137,303	
20,388	20,388		34,980		210,968	23,413	2,680
112,184	70,496	2,348	47,255 [(c)]	1,906			31,563
341	341						
8,734	7,977		30,000				407

Statutory Auditors' Report
on the annual financial statements

This is a free translation into English of the Statutory Auditors' report on the financial statements issued in French and it is provided solely for the convenience of English speaking users.
The Statutory Auditors' report includes information specifically required by French law in such reports, whether modified or not. This information is presented below the audit opinion on the financial statements and includes an explanatory paragraph discussing the auditors' assessments of certain significant accounting and auditing matters. These assessments were considered for the purpose of issuing an audit opinion on the financial statements taken as a whole and not to provide separate assurance on individual account balances, transactions, or disclosures.
This report also includes information relating to the specific verification of information given in the management report and in the documents addressed to shareholders.
This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

To the Shareholders,

In compliance with the assignment entrusted to us by your Annual Shareholders' Meeting, we hereby report to you, for the year ended December 31, 2010, 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, 2010 and the results of its operations for the year then ended, in accordance with the accounting rules and principles applicable in France.

II - Justification of assessments

In accordance with the requirements of Article L. 823-9 of the French Commercial Code *(Code de Commerce)* relating to the justification of our assessments, we bring to your attention the following matters:

Investments are valued in accordance with the methods described in the Note 2.2.D to the annual financial statements. We assessed the approach and the estimates used by the Company were reasonable, and checked the depreciation computation, if any.

These assessments were thus made in the context of the performance of our audit of the financial statements of the Company taken as a whole and, therefore, contributed to the formation of our audit opinion expressed in the first part of this report.

III - Specific verification and information

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by French law.

We have no matters to report as to the fair presentation and the consistency with the financial statements of the information given in the management report of the Board of Directors and in the documents addressed to shareholders with respect to the financial position and the financial statements.

Concerning the information given in accordance with the requirements of Article L. 225-102-1 of French Commercial Code *(Code de Commerce)* relating to remunerations and benefits received by the Directors and any other commitments made in their favour, we have verified its consistency with the financial statements, or with the underlying information used to prepare these financial statements and, where applicable, with the information obtained by your Company from companies controlled by it. Based on this work, we concur with the accuracy and fair presentation of this information.

In accordance with French law, we have ensured that the required information concerning the purchase of investments and controlling interests and the names of the principal shareholders and holders of the voting rights has been properly disclosed in the Directors' Report.

Courbevoie and Neuilly-sur-Seine, March 9, 2011

The Statutory Auditors

MAZARS	ERNST & YOUNG et Autres
Lionel Gotlib	Jean-Yves Jégourel

FIVE-YEAR SUMMARY OF COMPANY'S RESULTS

(Articles R. 225-83 and R. 225-102 of the French Commercial Code)

	2006	2007	2008	2009	2010
I - Share capital at the end of the year					
a) Share capital *(in euros)* [(a) (b) (c)]	1,332,641,079	1,313,645,905	1,435,072,914	1,453,398,947	1,562,523,012
b) Number of outstanding ordinary shares [(d)]	121,149,189	238,844,710	260,922,348	264,254,354	284,095,093
c) Number of shares with loyalty dividend entitlement [(d) (e)]	31,126,097	61,587,166	67,969,494	66,269,428	71,940,478
d) Convertible bonds					
II -Operations and results of the year *(in millions of euros)*					
a) Net revenue	1,549.7	1,585.0	1,697.5	1,559.8	1,606.3
b) Net profit before tax, employee profit-sharing, depreciation, amortization and provisions	634.9	657.3	819.7	889.5	909.8
c) Corporate income tax	7.8	8.3	8.9	9.4	14.6
d) Employee profit-sharing for the year	2.6	2.7	3.3	3.1	3.2
e) Net profit after tax, employee profit-sharing and depreciation, amortization and provisions	547.6	574.1	695.1	816.2	822.2
f) Distributed profit	497.0	551.0	602.0	609.2	684.2
III - Per share data *(in euros)*					
a) Net profit after tax, employee profit-sharing, but before depreciation, amortization and provisions					
■ over the number of ordinary shares outstanding	5.16	2.71	3.10	3.32	3.14
■ over the adjusted number of shares [(f)]	2.21	2.29	2.91	3.14	3.17
b) Net profit after tax, employee profit-sharing and depreciation, amortization and provisions					
■ over the number of ordinary shares outstanding	4.52	2.40	2.66	3.09	2.89
■ over the adjusted number of shares [(f)]	1.94	2.04	2.51	2.92	2.92
c) Dividend allocated to each share					
■ over the number of ordinary shares outstanding	4.00	2.25	2.25	2.25	2.35
■ over the adjusted number of shares [(g)]	1.70	1.91	2.11	2.11	2.35
d) Bonus dividend					
■ over the number of beneficiary shares	0.40	0.22	0.22	0.22	0.23
■ over the adjusted number of shares [(g)]	0.17	0.19	0.21	0.21	0.23
IV - Employees working in France					
a) Average number of salaried employees during the year	4,991	4,969	5,124	5,103	4,888
b) Total payroll for the year *(in millions of euros)*	235.3	244.1	260.4	266.3	259.8
c) Amounts paid with respect to employee benefits during the year (social security, staff benefits, etc.) *(in millions of euros)*	187.8	197.7	211.8	214.1	221.1

(a) 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 18th resolution of the Combined Annual Shareholders' Meeting of May 7, 2008, the Board of Directors decided in its meeting of May 7, 2008, the granting for no consideration of one new share for 10 existing shares (ranking for dividends as of 01/01/2008), and the granting for no consideration of a 10% bonus for shares held in registered form from December 31, 2005 to June 6, 2008 (ranking for dividends as of 01/01/2008).

Using the authorization granted by the 19th resolution of the Combined Annual Shareholders' Meeting of May 5, 2010, the Board of Directors decided in its meeting of May 5, 2010, the granting for no consideration of one new share for 15 existing shares (ranking for dividends as of 01/01/2010), and the granting for no consideration of a 10% bonus for shares held in registered form from December 31, 2007 to May 27, 2010 (ranking for dividends as of 01/01/2010).

(c) Using the authorizations granted by the resolutions of 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 12, 2010 the issuance of 28,491 shares arising from:
  - *the exercize of 16,927 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 01/01/2010);*
  - *the exercize of 1,837 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 01/01/2010);*
  - *the exercize of 9,727 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 01/01/2010).*
- pursuant to the delegation granted by the Board of Directors in its meeting of May 5, 2010, the Chairman and CEO noted on May 25, 2010 the issuance of 484,866 shares arising from:
  - *the exercize of 304,753 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 01/01/2010);*
  - *the exercize of 43,941 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 01/01/2010);*
  - *the exercize of 110,942 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 01/01/2010);*
  - *the exercize of 24,260 options, in accordance with the deliberations of the Management Board on March 20, 2006. These shares were subscribed at the price of 69.41 euros, i.e. with a premium of 63.91 euros (ranking for dividends as of 01/01/2010);*
  - *the exercize of 970 options, in accordance with the deliberations of the Management Board on March 20, 2006. These shares were subscribed at the price of 70.70 euros, i.e. with a premium of 65.20 euros (ranking for dividends as of 01/01/2010).*
- pursuant to the delegation granted by the Board of Directors in its meeting of November 9, 2010, the Chairman and CEO noted on December 9, 2010 the issuance of 426,941 shares arising from:
  - *the exercize of 247,139 options, in accordance with the deliberations of the Management Board on April 8, 2004. These shares were subscribed at the price of 48.86 euros, i.e. with a premium of 43.36 euros (ranking for dividends as of 01/01/2010);*
  - *the exercize of 7,559 options, in accordance with the deliberations of the Management Board on November 30, 2004. These shares were subscribed at the price of 50.66 euros, i.e. with a premium of 45.16 euros (ranking for dividends as of 01/01/2010);*
  - *the exercize of 94,891 options, in accordance with the deliberations of the Management Board on March 21, 2005. These shares were subscribed at the price of 53.36 euros, i.e. with a premium of 47.86 euros (ranking for dividends as of 01/01/2010);*
  - *the exercize of 75,020 options, in accordance with the deliberations of the Management Board on March 20, 2006. These shares were subscribed at the price of 64.97 euros, i.e. with a premium of 59.47 euros (ranking for dividends as of 01/01/2010);*
  - *the exercize of 2,332 options, in accordance with the deliberations of the Management Board on March 20, 2006. These shares were subscribed at the price of 66.18 euros, i.e. with a premium of 60.68 euros (ranking for dividends as of 01/01/2010).*
- the Board of Directors noted in its meeting of February 14, 2011, the issuance of 109,043 shares arising from:
  - *the exercize of 79,887 options, in accordance with the deliberations of the Management Board on April 8, 2004. These shares were subscribed at the price of 48.86 euros, i.e. with a premium of 43.36 euros (ranking for dividends as of 01/01/2010);*
  - *the exercize of 1,350 options, in accordance with the deliberations of the Management Board on November 30, 2004. These shares were subscribed at the price of 50.66 euros, i.e. with a premium of 45.16 euros (ranking for dividends as of 01/01/2010);*
  - *the exercize of 18,225 options, in accordance with the deliberations of the Management Board on March 21, 2005. These shares were subscribed at the price of 53.36 euros, i.e. with a premium of 47.86 euros (ranking for dividends as of 01/01/2010);*
  - *the exercize of 8,803 options, in accordance with the deliberations of the Management Board on March 20, 2006. These shares were subscribed at the price of 64.97 euros, i.e. with a premium of 59.47 euros (ranking for dividends as of 01/01/2010);*
  - *the exercize of 778 options, in accordance with the deliberations of the Management Board on March 20, 2006. These shares were subscribed at the price of 66.18 euros, i.e. with a premium of 60.68 euros (ranking for dividends as of 01/01/2010).*

Using the authorization granted by the 20th resolution of the Combined Annual Shareholders' Meeting of May 5, 2010, pursuant to the delegation granted by the Board of Directors in its meeting of May 5, 2010, the Chairman and CEO noted on December 9, 2010 the employee-reserved issuance of 712,958 new shares:

- 680,074 new shares subscribed in cash at a price of 74.49 euros per share, *i.e.* with a, premium of 68.99 euros (ranking for dividends as of 01/01/2010), of which 9,732 shares were subscribed as part of the contribution paid by the Company (1 bonus share for 4 shares subscribed with a maximum of 3 bonus shares per employee);
- 32,884 new shares subscribed in cash at a price of 79.15 euros per share, *i.e.* with a premium of 73.65 euros (ranking for dividends as of 01/01/2010).

(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 loyalty dividend calculated on the number of shares outstanding as of the period-end and the loyalty dividend actually paid shall be allocated to retaining earnings.

(f) 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.

(g) Adjusted to take into account the capital increases performed via capitalization of reserves or additional paid-in capital and the share split.

Annual General Meeting 2011

Board of Directors' Report

on the resolutions presented to the 2011 Combined Shareholders' Meeting

RESULTS FOR THE FISCAL YEAR

Attached to this report are the financial statements of L'Air Liquide S.A. that have been prepared by applying the methods provided for by law and the standards of the French General Chart of Accounts.

Revenue for the fiscal year ended December 31, 2010 amounted to 1,606.3 million, compared to 1,559.8 million euros in 2009, up by 3.0%.

L'Air Liquide S.A. net profit for the fiscal year ended December 31, 2010 amounted to 822.2 million euros, compared to 816.2 million euros in 2009.

The income from French and foreign equity securities amounted to 746.1 million euros, compared to 661.2 million euros in 2009.

Consolidated revenue for 2010 amounted to 13,488.0 million euros, compared to 11,976.1 million euros in 2009, up by 12.6%. On a comparable basis (excluding foreign exchange impact and natural gas prices impact), the increase is 7.0%.

Consolidated net profit, after deduction of minority interests, amounted to 1,403.6 million euros, compared to 1,230.0 million euros in 2009, an increase of 14.1% (a 10.5% increase excluding the foreign exchange impact).

These results are described in detail in the Management Report and the financial statements.

INFORMATION ON SHARE CAPITAL

Amount of share capital held by employees

Since 1986, L'Air Liquide S.A. has offered the employees of certain Group companies the possibility to subscribe to several share capital increases reserved for them. At the end of 2010, the share capital held by employees and former employees of the Group is estimated at 2.1%, of which 1.6%, *i.e.* 4,569,984 shares (within the meaning of articles L. 255-102 of the French Commercial Code) corresponding to shares subscribed by employees in connection with share capital increases reserved for employees or held through mutual funds.

Crossing of share capital and voting rights thresholds in 2010

Please refer to the chapter "Additional Information" of this Reference Document (page 279).

INVESTMENTS AND ACQUISITION OF CONTROLLING INTERESTS

In accordance with the provisions of article L. 233-6 of the French Commercial Code, the shareholders are informed that L'Air Liquide S.A. performed the following transactions in 2010:

- creation of the 99.88%-held Air Liquide European Conditionning;
- creation of the 99.88%-held Air Liquide European Exploitation;
- creation of the 99.88%-held Air Liquide European Industrie;
- creation of the 99.88%-held Air Liquide European Trading;
- sale of the 99.88%-held Air Liquide Marketing to Air Liquide Santé (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 2010 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, 2010 as presented, as well as the transactions set out in these financial statements or mentioned in these reports.

Your Company's net profit allows the Board to propose the payment of a dividend of 2.35 euros for each of the shares entitled to a dividend, it being specified that in the event of a change in the number of shares entitled to a dividend compared to the 284,095,093 shares making up the share capital as of December 31, 2010, 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 proposed dividend amounted to 2.35 euros. This amount corresponds to an increase of +11.4% compared to the 2009 dividend paid in 2010, adjusted to account for the free share attribution of May 2010.

The dividend payment date will be set for May 16, 2011.

In accordance with the provisions of article 243 bis of the French Tax Code, it is specified that this dividend is in its entirety eligible for the 40% allowance referred to in paragraph 2 of section 3 of article 158 of the French Tax Code.

In addition, shareholders who had held their shares in registered form for at least two years as of December 31, 2010 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 71,940,478 shares at December 31, 2010), to a loyalty dividend of 10% compared with the dividend paid to the other shares, or a total dividend of 2.58 euros. In accordance with the provisions of article 243 bis of the French Tax Code, it is specified that this dividend is also in its entirety eligible for the 40% allowance referred to in paragraph 2 of section 3 of article 158 of the French Tax Code.

The difference between the loyalty dividend calculated on the number of shares known to exist at December 31, 2010 and the loyalty 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 2010 of 822,246,186 euros, less the appropriation to the legal reserve of 10,912,406 euros plus available retained earnings at December 31, 2010 of 587,732,122 euros, *i.e.* a total of 1,399,065,902 euros.

We propose that you appropriate the distributable earnings for fiscal year 2010, *i.e.* 1,399,065,902 euros, as follows:

Retained earnings	714,896,124 euros
Dividend (including the loyalty dividend)	684,169,778 euros

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:

2007	Total amount distributed [(a)] *(in euros)*	Number of shares [(b)]	Dividend distributed in its entirety eligible 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
Loyalty dividend	13,549,177	61,587,166	0.22
2008			
Ordinary dividend	587,075,283	260,922,348	2.25
Loyalty dividend	14,953,289	67,969,494	0.22
2009			
Ordinary dividend	594,572,297	264,254,354	2.25
Loyalty dividend	14,579,274	66,269,428	0.22

(a) Theoretical values based on the number of shares as of December 31 of each fiscal year.
(b) Number of shares expressed historically as of December 31 of each fiscal year.
The amounts effectively paid after each adjustment total:
- fiscal 2007: 543,902,599 euros for 235,958,155 shares;
- fiscal 2008: 602,950,665 euros for 261,657,353 shares.
- fiscal 2009: 606,804,564 euros for 263,543,383 shares.
The adjustment arises from the existence of treasury shares, from the final determination of the loyalty dividend taking into account shares sold between January 1st and the dividend ex-date, and from the exercize of options and (in 2009) the share capital increase reserved for employees, carried out over this same period.

Company share buybacks

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 NO. 2009-105 OF JANUARY 30, 2009)

The Combined Shareholders' Meeting of May 5, 2010 authorized the Board, for a period of eighteen months, in accordance with articles L. 225-209 *et seq.* of the French Commercial Code and the directly applicable provisions of EC regulation no. 2273/2003 of December 22, 2003, to allow the Company to repurchase its own shares in order to:

- either cancel them;
- retain them for the purpose of tendering them within the scope of an exchange offer or for payment in external growth transactions, in accordance with recognized market practices and applicable regulations;
- tender them following the exercize of rights attached to marketable securities conferring entitlement to Company shares by redemption, conversion, exchange, presentation of a warrant or any other means;
- implement any share purchase option plans or plans for the free grant of shares, or any employee share ownership transactions reserved for members of a company savings plan, performed through the transfer of shares acquired previously by the Company, or providing for a free grant of shares in respect of a contribution in shares by the Company and/or to replace the discount;
- maintain an active market in the Company's shares pursuant to a market liquidity contract in accordance with an ethics charter recognized by the French financial markets authority (*Autorité des marchés financiers*).

The maximum purchase price was set at 165 euros per share and the maximum number of shares that can be bought back at 10% of the total number of shares making up the share capital as of December 31, 2009, that is 26,425,435 shares for a maximum total amount of 4,360,196,775 euros, subject to the legal limits.

These shares could be purchased at any time, excluding the periods for takeover bids on the Company's share capital, and by all available means, either on or off a stock exchange, in private transactions or through the use of option mechanisms, and, if applicable, by all third parties acting on behalf of the Company, in accordance with the last paragraph of article L. 225-206 of the French Commercial Code.

Pursuant to this authorization, the following instrument was set up:

- a liquidity contract which led to the following movements during the 2010 fiscal year:
  - 2,872,589 shares (including 10,300 shares received in respect of the free grant of shares of May 28, 2010) were purchased for a total price of 246,730,307 euros, or an average purchase price of 85.89 euros,
  - 2,919,133 shares were sold for a total price of 252,857,169 euros, or an average purchase price of 86.62 euros;
- there were no purchases outside the liquidity contract; the total cost of the buybacks was thus limited to 246,730,307 euros;
- in addition, during the fiscal year the Company also carried out a share tender to certain beneficiaries of plans for the free grant of shares (2008 CGSE Plan) in the amount of 11,094 treasury shares.

The total amount of the transaction fees (exclusive of taxes) was 0.3 million euros.

Considering these transactions, as of December 31, 2010, the Company directly owns 1,148,865 shares, at an average purchase price of 78.82 euros, *i.e.* a balance sheet value of 90,557,897 euros and, in respect of the liquidity contract, 112,500 shares at an average purchase price of 95.58 euros, *i.e.* a balance sheet value of 10,752,638 euros. These shares, each with a par value of 5.50 euros, represent 0.44% of the Company's share capital.

Furthermore, for the liquidity contract, marketable securities in the amount of 26,779,492 euros were recorded on the Company's balance sheet.

As of December 31, 2010, shares directly owned by the Company (1,148,865 shares, representing 0.40% of the share capital) are allocated for the purpose of share exchanges or as payment in connection with possible external growth transactions (1,005,093 shares) and for the purpose of the implementation of any conditional grants to shares to employees (143,772 shares).

B. PROPOSED RESOLUTION

As the authorization granted by the Ordinary Shareholders' Meeting of May 5, 2010 was partially used, the Board proposes to replace it with a new authorization to allow the Company to repurchase its own shares in order to:

- cancel them, subject to the adoption of the tenth 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 exercize 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) share purchase option plans or (ii) plans for free grant of shares, or (iii) employee share ownership transactions reserved for members of a company savings plan, performed under the terms and conditions set forth in articles L. 3331-1 *et seq.* of the French Labor Code through the transfer of shares acquired previously by the Company under this resolution, or providing for a free grant of shares in respect of a contribution in shares by the Company and/or to replace the discount, or (iv) allocations of shares to employees and/or officers of the Company and affiliated companies, in accordance with applicable legal and regulatory provisions;

- maintain an active market in the Company's shares pursuant to a liquidity contract in accordance with an ethics charter recognized by the French financial markets authority (*Autorité des marchés financiers*).

The maximum purchase price will be set at 165 euros (excluding acquisition costs) per share with a par value of 5.50 euros per share, and the maximum number of shares that can be bought back at 10% of the total number of shares making up the share capital on December 31, 2010, or 28,409,509 shares with a par value of 5.50 euros, for a maximum total amount of 4,687,568,985 euros, subject to the legal limits.

These shares may be purchased at any time, excluding the periods for takeover bids on the Company's share capital, and by all available means, either on or off a stock exchange, in private transactions, including the purchase of blocks of shares, or through the use of option mechanisms, and, if applicable, by all third parties acting on behalf of the Company, in accordance with the last paragraph of article L. 225-206 of the French Commercial Code.

Shares bought back may be assigned or transferred in any manner on or off a stock exchange or through private transactions, including the sale of blocks of shares, in accordance with the applicable regulations.

Dividends on own shares held by the Company shall be allocated to retained earnings.

This authorization shall be granted for a period of eighteen months starting from the date of this Shareholders' Meeting. It supersedes the authorization granted by the Ordinary Shareholders' Meeting of May 5, 2010 with respect to the non-utilized portion of such authorization.

Renewal of the terms of office of two members of the Board Directors

The terms of office of Gérard de La Martinière and Cornelis van Lede are due to expire at the date of this Shareholders' Meeting.

As Gérard de La Martinière and Cornelis van Lede agree to the renewal of their terms of office, we propose a resolution with a view to re-electing them as members of the Company's Board of Directors for a period of four years.

Mr. Gérard de La Martinière, a former Management Board member and Chief Financial, Control and Strategic Officer of AXA, has been an Air Liquide Board member since May 2003. Mr. Gérard de La Martinière will continue to provide his extensive financial expertise as well as his in-depth knowledge of stock market operations and regulations.

Mr. Cornelis van Lede, former Management Board Chairman and member of the Akzo Nobel N.V. Supervisory Board, has been an Air Liquide Board member since May 2003. Mr. Cornelis van Lede will continue to provide his extensive expertise of managing industrial matters in an international context.

Assuming that their term of office as Director will be renewed, the Board has also planned to retain Mr. Gérard de La Martinière in his role as Chairman of the Audit and Accounts Committee, and Mr. Cornelis van Lede in his role as Chairman of the Remunerations Committee and member of the Appointments and Governance Committee.

Appointment of a Director

Upon the recommendation of the Appointments and Governance Committee, shareholders are asked to appoint as Director, for a term of four years, Mrs. Siân Herbert-Jones, of British nationality. Chief Financial Officer of the Sodexo group since 2001, Mrs. Siân Herbert-Jones is a trained chartered accountant and will bring her financial expertise to the Board and her knowledge of the Service sector acquired in an international listed company.

Approval of a related party agreement

Within the framework of consolidating the French operations and technological departments leading to an internal evolution in the organization of the Group's subsidiaries portfolio, you are asked, in the 8th resolution, to approve a contribution of shares by L'Air Liquide S.A. to Air Liquide International, a wholly-owned subsidiary and with which it has common corporate officers. Such agreement is to be viewed as an extension of the transactions subject to your approval by the 11th, 12th, 13th, 14th and 15th resolutions hereinafter and is described in detail in the Statutory Auditors' Special Report on related party agreements and commitments.

Setting of Directors' fees

The 9th resolution shall set the annual amount of Directors' fees, in order to account for changes in the composition of the Board, and the increase in the Board's workload and that of its Committees. The amount, set at 650,000 euros since 2008, shall increase to an annual amount of 800,000 euros.

Directors' fees comprise a fixed and a variable portion, based on lump-sum amounts per meeting, which take into account the actual participation of each Director in the Board's work and that of its Committees.

RESOLUTIONS WITHIN THE AUTHORITY OF THE EXTRAORDINARY SHAREHOLDERS' MEETING

Cancellation of shares purchased by the Company via a reduction in share capital

To recap, in 2010 no shares were cancelled by the Board of Directors.

You are asked to authorize the Board of Directors to cancel, via its decisions alone, on one or more occasions, 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 5, 2010, May 7, 2008 and May 9, 2007 and to reduce the share capital by this amount to totally compensate any potential dilution resulting from diverse capital increases.

The difference between the book value of the cancelled shares and their par value will be allocated to any reserve or additional paid-in capital accounts.

This authorization shall be granted for a period of twenty-four months starting from the date hereof and supersedes the authorization granted by the Extraordinary Shareholders' Meeting of May 5, 2010 in its fifteenth resolution.

Governance of operations in France

REPORT PREPARED PURSUANT TO THE PROVISIONS OF ARTICLE L. 236-9 OF THE FRENCH COMMERCIAL CODE

Purpose

Resolutions 11 to 15 presented to your General Meeting form part of a plan for the development of Air Liquide Group's governance. The aim of such evolution is to implement, through some of the group's leading subsidiaries in the main geographies in which the group operates, including in France, an operational governance system which is homogenous in terms of type of businesses, more specifically in order to allow for the implementation of strategic goals and action plans, to manage risks and to gain geographic proximity. Within this context, the organization of operational business activities currently conducted by L'Air Liquide S.A. shall be developed by type of business activity in such dedicated entities.

Assets to be contributed

In connection with this project, the Company would initially contribute (i) its various operational business lines (mainly industrial gases, Advanced Technologies/Engineering and Construction), by way of partial asset contributions (*apports partiels d'actifs*), to existing dedicated subsidiaries in which it has a 99.99% shareholding, then (ii) the shares that it holds or will hold in a number of its subsidiaries to Air Liquide International, in which it also has a 99.99% shareholding, by way of simple contribution in kind (*apport en nature pur et simple*).

1. The proposed partial asset contributions relates to the following business lines:
   - contribution to the subsidiary Air Liquide France Industrie of the gas supply and marketing business line (the "Air Liquide France Industrie Contribution");
   - contribution to the subsidiary Air Liquide Advanced Technologies of the "ATD" division (Advanced Technologies Division - *Division des Techniques Avancées*) in charge of designing and manufacturing equipment in the space, aeronautics and cryogenics fields (the "Air Liquide Advanced Technologies Contribution");
   - contribution to the subsidiary Cryopal of the "CMD" division (Cryogenics Material Division - *Division Matériel Cryogénique*) in charge of manufacturing and marketing cryogenic receptacles (the "Cryopal Contribution");
   - contribution to the subsidiary Air Liquide Engineering of the "ETC" (Expert Technology Centre - *Centre Technologique d'Expertise*) in charge of technological expertise activities conducted at the Blanc-Mesnil site (the "Air Liquide Engineering Contribution"); and
   - contribution to the subsidiary Air Liquide Services of the ISIS department (Information Systems for Industrial Solutions - *Département d'informatique industrielle*) in charge of the development, installation and operation of industrial information systems (the "Air Liquide Services Contribution").
2. With respect to the subsequent simple contribution in kind, the Company would contribute to Air Liquide International, all of the shares it holds or will hold following the above-mentioned contributions in its subsidiaries Air Liquide Cryogenic Services, Air Liquide Electronics Materials, Air Liquide Engineering, Air Liquide Electronics Systems, Air Liquide Advanced Technologies, Cryopal and Cryolor (including, in the cases of Air Liquide Advanced Technologies, Cryopal and Air Liquide Engineering, the shares issued in consideration of the above-mentioned business line contributions).

Procedure

For each of these partial asset contributions, Mr Vincent Baillot has been appointed by the President of the Paris Commercial Court as special contribution auditor by order dated September 27, 2010. He has submitted to your General Meeting, for each of these partial asset contributions, a report on the value of such contribution and a report on the terms and conditions of operation, such reports having been filed with the Registrar of the Commercial Courts (*greffes*) and made available to you within the required legal timeframe, as well as all other documents required under applicable regulations.

In this context, the principles underlying these changes have been explained to the employees' representative bodies in the Company (the Central Works Council and the relevant establishment Committees) and to all affected employees.

A dialogue with the employees' representative bodies resulted on January 5, 2011 in the publication of minutes covering a number of accompanying measures. The majority of the representative trade union organisations of the Company have signed these minutes. Following the opinion given by the Central Works Council on January 6, 2011, the twenty-four affected establishment Committees of the Company, as well as the works councils of four companies in the Air Liquide Group covered by the same collective agreements (none of which would benefit from the above-mentioned partial asset contributions) have been consulted and have given their opinion between January 6 and 14, 2011. The opinion of the Central Works Council is made available to you within the legally required timeframe (those of the twenty-four establishment Committees are also made available).

In accordance with the provisions of article L. 236-18 of the French Commercial Code, the above-mentioned partial asset contributions have been submitted for approval at meetings of the Company's bondholders on March 14, 2011. All the contributions have been approved as of this date by the bondholders' meeting.

1. Presentation of the characteristics common to all of the partial asset contributions the subject of resolutions 11 to 15

The characteristics common to the proposed partial asset contributions are as follows:

(a) each contribution shall be governed by the legal regime applicable to spin-offs (*régime juridique des scissions*) as provided under articles L. 236-16 to L. 236-21 of the French Commercial Code implying a universal transfer of the assets and liabilities (*transfert universel de patrimoine*) of the business line contributed;

(b) each contribution would cover all of the assets and liabilities of the business line contributed, excluding, in the case of certain contributions, industrial and intellectual property rights relating to operation of the business line contributed;

(c) in accordance with the option available under article L. 236-4 of the French Commercial Code, each contribution would have retroactive effect for accounting and tax purposes as of January 1, 2011, such that the transactions relating to items transferred by way of contribution and performed by the Company on or after January 1, 2011 and up to the completion date of the contribution, shall be deemed by operation of law to have been performed by the beneficiary company which shall be solely liable for the positive or negative financial results of operation of the assets and rights transferred;

(d) in respect of each contribution, the beneficiary shall not be jointly and severally liable with the Company for liability items not included in the contributed business line and, furthermore, the Company shall not be jointly and severally liable with the beneficiary for liability items included in the contributed business line (it is provided so far as may be necessary, that any joint and several liability is excluded as between beneficiaries amongst themselves in respect of the partial asset contributions);

(e) in accordance with the provisions of CRC Regulation n°2004-01 of May 4, 2004, each contribution shall be made on the basis of the net book value of the assets and liabilities transferred as appearing in the Company's financial statements for the financial year ending December 31, 2010;

(f) the accounts used as the basis of the terms and conditions of each of the contributions shall be the financial statements for the financial year ending December 31, 2010 of the Company and each of the beneficiary companies, as approved by their Board of Directors on February 14, 2011 and certified without qualification by their respective auditors;

(g) for the purposes of calculating the remuneration for each contribution:

- specific methods have been used to calculate the value of the contributed business line and the value of the shares of the beneficiary company, and
- these methods have been chosen depending on the nature of the contributions and the activity of the beneficiary company; they are described in each sub-section setting out the contributions submitted for approval;

(h) each of the contributions will be subject to approval by the Extraordinary Shareholders' Meeting of the Company and the beneficiary and to a consequential increase of the share capital of the beneficiary company for the benefit of the Company as remuneration for the contribution.

Each contribution is documented in a partial asset contribution agreement that has been approved by the Board of Directors of the Company and the relevant beneficiary company prior to being signed on February 15, 2011. Each agreement has been filed with the Registrar of the Paris Commercial Court on February 18, 2011 as well as with the Registrar of the Commercial Court of Meaux in the case of the partial asset contribution agreement entered into between the Company and Cryopal.

2. Presentation of the specific characteristics of the partial asset contributions the subject of resolutions 11 to 15

2.1. AIR LIQUIDE FRANCE INDUSTRIE CONTRIBUTION (11TH RESOLUTION)

The business line to which the Air Liquide France Industrie Contribution relates includes (i) the "LIF" department (Large Industry France - *Grande Industrie France*) involving the supply of industrial gases to large account clients by pipeline of which the "RGD/He" (Rare Gas Department/Helium - *Direction Gaz Rare/Hélium*) is a part, (ii) the "IGS" department (Industrial Gas Services - *Gaz Industriels Services*) involving the supply of industrial gases to industries of all sizes in bulk or in tanks, of which the «Electronics» department is a part involving the supply of very pure gases and services to electronics clients, and (iii) holdings in the share capital of a number of companies whose business activity is related to the activities referred to in (i) or (ii) above (the "Air Liquide France Industrie Business Line").

The proposed partial asset contribution agreement reveals that the Air Liquide France Industrie Business Line has assets of 599,528,765 euros and liabilities to be assumed of 429,549,724 euros, resulting in net assets contributed of 169,979,041 euros, which is the contribution value.

The proposed agreement provides that the contribution of the Air Liquide France Industrie Business Line, which is therefore valued at 169,979,041 euros, shall be remunerated by Air Liquide France Industrie creating 1,917,201 new shares to be issued entirely for the benefit of the Company, each with a par value of 30 euros, all fully paid-up. The difference between the contribution value (169,979,041 euros) and the par value of the shares which shall be issued by the aforementioned capital increase (57,516,030 euros) shall constitute a contribution premium of 112,463,011 euros.

The parity has been calculated using the following methods:

- for Air Liquide France Industrie, the adjusted net asset method;
- for the Air Liquide France Industrie Business Line, the market multiples method.

It is proposed that you approve the Air Liquide France Industrie Contribution, its remuneration and valuation and that you grant power to the Board of Directors, with the power of sub-delegation, to record the completion of the Air Liquide France Industrie Contribution and carry out necessary formalities.

2.2. AIR LIQUIDE ADVANCED TECHNOLOGIES CONTRIBUTION (12TH RESOLUTION)

The business line to which the Air Liquide Advanced Technologies Contribution relates is the "ATD" division (Advanced Technologies Division - *Division des Techniques Avancées*) responsible for Research and Development activities relating to (i) cryogenics and gas engineering projects for scientific research, electronics, pharmaceutical chemistry, involving extreme operating parameters (very low temperatures and high purety levels), (ii) cryogenics and gas engineering programmes involving environments outside the traditional industrial norm (space, aeronautics, marine) and (iii) gas engineering projects relating to decentralised energy and environmental systems (the "Air Liquide Advanced Technologies Business Line").

The proposed partial asset contribution agreement reveals that the Air Liquide Advanced Technologies Business Line has assets of 49,369,034 euros and liabilities assumed of 42,974,047 euros, resulting in net assets contributed of 6,394,987 euros, which constitutes the contribution value.

The proposed agreement provides that the contribution of the Air Liquide Advanced Technologies Business Line, which is therefore valued at 6,394,987 euros, shall be remunerated by Air Liquide Advanced Technologies creating 777,979 new shares to be issued entirely for the benefit of the Company, each with a par value of 5 euros, all fully paid-up. The difference between the contribution value (6,394,987 euros) and the par value of the shares which shall be issued by the aforementioned capital increase (3,889,895 euros) shall constitute a contribution premium of 2,505,092 euros.

The parity has been calculated using the following methods:

- for Air Liquide Advanced Technologies, the adjusted net asset method;
- for the Air Liquide Advanced Technologies Business Line, based on the profitability of projects to be implemented over the short and medium term.

It is proposed that you approve the Air Liquide Advanced Technologies Contribution, its remuneration and valuation and that you grant power to the Board of Directors, with the power of sub-delegation, to record the completion of the Air Liquide Advanced Technologies Contribution and carry out necessary formalities.

2.3. CRYOPAL CONTRIBUTION (13TH RESOLUTION)

The business line to which the Cryopal Contribution relates is the "CMD" division (Cryogenics Material Division - *Division Matériel Cryogénique*) responsible for the development, design, manufacture and marketing of cryogenic receptacles used for storage and transportation of cryogenic liquids, cryoconservation and the transportation of biological samples (the "Cryopal Business Line").

The proposed partial asset contribution agreement reveals that the Cryopal Business Line has assets of 12,894,082 euros and liabilities assumed of 7,635,045 euros, resulting in net assets contributed of 5,259,037 euros, which constitutes the contribution value. In addition, a provision for losses incurred during the intervening period due to retroactivity (*provision pour perte intercalaire*) in an amount of 300,000 euros shall be taken into account for the purposes of assessing the amount of fully paid-up capital on the completion date of the contribution.

The proposed agreement provides that the contribution of the Cryopal Business Line, which is therefore valued at 5,259,037 euros, shall be remunerated by Cryopal creating 170,063 new shares to be issued entirely for the benefit of the Company, each with a par value of 6 euros, all fully paid-up. The difference between the contribution value (5,259,037 euros) and the par value of the shares which shall be issued by the aforementioned capital increase (1,020,378 euros) shall constitute a contribution premium of 4,238,659 euros, of which, 300,000 euros correspond to the amount of the provision for losses incurred during the intervening period due to retroactivity which shall be recorded in a sub-account of the contribution premium account.

The parity has been calculated using the following methods:

- for Cryopal, the market multiples method;
- for the Cryopal Business Line, based on its net book value.

It is proposed that you approve the Cryopal Contribution, its remuneration and valuation and that you grant power to the Board of Directors, with the power of sub-delegation, to record the completion of the Cryopal Contribution and carry out necessary formalities.

2.4. AIR LIQUIDE ENGINEERING CONTRIBUTION (14TH RESOLUTION)

The business line to which the Air Liquide Engineering Contribution relates is the "ETC" (Expert Technology Centre - *Centre Technologique d'Expertise*) responsible for technological expertise business activities conducted at the Blanc-Mesnil site, for the purpose of resistance testing bottles and the oxygen compatibility of equipment (the "Air Liquide Engineering Business Line").

The proposed partial asset contribution agreement reveals that the Air Liquide Engineering Business Line has assets of 1,898,654 euros and liabilities assumed of 80,498 euros, resulting in net assets contributed of 1,818,156 euros, which constitutes the contribution value. In addition, a provision for losses incurred during the intervening period due to retroactivity (*provision pour perte intercalaire*) in an amount of 200,000 euros shall be taken into account for the purposes of assessing the amount of fully paid-up capital on the completion date of the contribution.

The proposed agreement provides that the contribution of the Air Liquide Engineering Business Line, which is therefore valued at 1,818,156 euros, shall be remunerated by Air Liquide Engineering creating 4,994 new shares to be issued entirely for the benefit of the Company, each with a par value of 16 euros, all fully paid-up. The difference between the contribution value (1,818,156 euros) and the par value of the shares which shall be issued by the aforementioned capital increase (79,904 euros) shall constitute a contribution premium of 1,738,252 euros, of which, 200,000 euros correspond to the amount of the provision for losses incurred during the intervening period due to retroactivity which shall be recorded in a sub-account of the contribution premium account.

The parity has been calculated using the following methods:

- For Air Liquide Engineering, the market multiples method;
- For the Air Liquide Engineering Business Line, based on its net book value.

It is proposed that you approve the Air Liquide Engineering Contribution, its remuneration and valuation and that you grant power to the Board of Directors, with the power of sub-delegation, to record the completion of the Air Liquide Engineering Contribution and carry out necessary formalities.

2.5. AIR LIQUIDE SERVICES CONTRIBUTION (14TH RESOLUTION)

The business line to which the Air Liquide Services Contribution relates is the ISIS department (*Département d'informatique industrielle* - Information Systems for Industrial Solutions) responsible for development, installation and operation of information systems that are critical for the Air Liquide Group's industrial operations in the field of gas production and distribution (the "Air Liquide Services Business Line").

The proposed partial asset contribution agreement reveals that the Air Liquide Services Business Line has assets of 10,254,331 euros and liabilities assumed of 8,214,964 euros, resulting in net assets contributed of 2,039,367 euros, which constitutes the contribution value.

The proposed agreement provides that the contribution of the Air Liquide Services Business Line, which is therefore valued at 2,039,367 euros, shall be remunerated by Air Liquide Services creating 380,479 new shares to be issued entirely for the benefit of the Company, each with a par value of 4 euros, all fully paid-up. The difference between the contribution value (2,039,367 euros) and the par value of the shares which shall be issued by the aforementioned capital increase (1,521,916 euros) shall constitute a contribution premium of 517,451 euros.

The parity has been calculated using the following methods:

- For Air Liquide Services, the market multiples method;
- For the Air Liquide Services Business Line, also by the market multiples method.

It is proposed that you approve the Air Liquide Services Contribution, its remuneration and valuation and that you grant power to the Board of Directors, with the power of sub-delegation, to record the completion of the Air Liquide Services Contribution and carry out necessary formalities.

Delegation of authority to issue free share subscription warrants in the event of a takeover bid is launched on the Company

The law of March 31, 2006 transposing the Takeover Directive allows, in case a takeover bid is launched on the Company, the issuance of share subscription warrants at preferential terms to any Company shareholder. As for the similar resolution voted last year by the shareholders, the delegation that is submitted to you concerns the case of a takeover bid on the Company's shares launched within eighteen months after this Shareholders' Meeting, if such takeover bid qualifies under the so-called "reciprocity exception" as provided by law.

The "reciprocity exception" applies in particular if a takeover bid is launched by a bidder that is not itself subject to a rule preventing it, were it subject to a takeover bid, from adopting defensive measures against such offer without first seeking the approval of its shareholders, or if the bidder is controlled by an entity that is not itself subject to such rule or acting in concert with such an entity.

Air Liquide's business model is based on performance and long-term value creation, and the primary mission of the Board of Directors is to preserve the interests of the Company and those of its shareholders. Accordingly, the Board of Directors considers that the power to issue such warrants is a mechanism likely to ensure the full valuation of the Company in the context of a takeover bid by inducing the bidder to raise the price of his bid in case the initial price was deemed too low. This mechanism is therefore aimed at preserving the interests of the Company and its shareholders in compliance with the Company's values. Moreover, the mechanism is strictly defined by law and the AMF General Regulations, so as to ensure in particular compliance with governance rules, equal treatment of all shareholders and equal treatment of potential bidders. Besides, taking into account the Company's specific share holding structure, the time required for the convening of a Shareholders' Meeting during a takeover bid would not be consistent with the practical aspects necessary to collect votes from all shareholders wishing to vote.

Therefore, you are asked to authorize the Board of Directors, if need be, to issue warrants and to allocate them to all shareholders at no cost, as provided under the law of March 31, 2006. This delegation would be used only if the Board of Directors deemed that a takeover bid would be contrary to the interests of the Company and its shareholders. The Board of Directors could consult any outside expert of its choosing to assist itself in making this determination and to assess whether or not the "reciprocity exception" applied to the bid.

Should this delegation be used, the Board of Directors, based on a report prepared by an advisory bank, should report to the shareholders, at the time of the issuance of the warrants, on:

- the circumstances and reasons supporting the Board's assessment that the takeover bid would not be 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 exercize price.

The free allocation of these warrants to all the shareholders is a mechanism equivalent to a preferential subscription right: indeed, it gives each shareholder, in proportion to the shares held, a preferential right to be awarded these warrants. These warrants would allow the shareholders to subscribe shares of the Company on preferential terms, but the warrants would lapse should the takeover bid or any competing takeover bid fail, failed, lapsed or 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 par value amount of the share capital increase that would result from the exercize of the warrants would be capped at 515.4 million euros, namely 33% of the share capital, down significantly compared to the 50% dilution rate authorized previously. The other characteristics of the warrants and the conditions of their exercize would be set by the Board of Directors. The Board of Directors would be able to use this authorization for any takeover bid filed within 18 months after the vote of this resolution, under the conditions provided by law. In practice, an annual consultation of the shareholders would be necessary for the renewal of this authorization.

Delegation of authority 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

The Extraordinary Shareholders' Meeting of May 7, 2009 had delegated to the Board of Directors the authority to decide to increase share capital for a maximum par value amount of 350 million euros corresponding to around 25% of share capital as of December 31, 2008, by issuing, on one or more occasions, shares or marketable securities conferring entitlement, immediately or in the future, to the Company's shares, with retention of shareholders' preferential subscription rights. This authorization, granted for 26 months, was not used.

Shareholders are asked in the seventeenth resolution to renew this delegation by setting the maximum par value amount of capital increases that may be carried out by the Board of Directors under this delegation to 390 million euros, or around 25% of share capital as of December 31, 2010. This delegation of authority would be valid for a period of twenty-six months and supersede the delegation granted by the Extraordinary Shareholders' Meeting of May 7, 2009 in its fourteenth resolution.

The total amount of capital increases reserved for employees that would be carried out by virtue of the nineteenth and twentieth resolutions shall be deducted from this maximum amount of 390 million euros.

Besides, the maximum nominal amount of the marketable debt securities conferring entitlement to the Company's share capital issued by virtue of the seventeenth resolution may not exceed a limit of 2 billion euros.

Under the eighteenth resolution, the amount of shares issued can be increased, within the legal limits, in the event of oversubscription.

Shareholders shall have, in proportion to the amount of shares they own, a preferential subscription right to the shares or marketable securities issued.

Share capital increases reserved for employees

The Shareholders' Meeting of May 5, 2010 authorized the Board of Directors to increase the share capital for a maximum par value amount of 30.25 million euros, and a maximum of 5.5 million shares, for Group employees belonging to a Company or Group savings plan.

Upon the decision of the Board of Directors, acting in accordance with the delegation of authority granted by the Shareholders' Meeting of May 5, 2010, a share capital increase for all Group employees was carried out in December 2010. The transaction, conducted in 69 countries, enabled the subscription of 712,958 shares by 15,669 Group employees.

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 5, 2010.

Shareholders, having read the Board of Directors' Report and the Statutory Auditors' Special Report, are therefore asked to authorize the Board of Directors to decide one or more share capital increases, at the time or times and in the proportions that it deems appropriate, via the issuance of ordinary shares of the Company, as well as any other marketable securities granting access, immediately or in the future, to the Company's share capital, reserved for:

- under the nineteenth resolution, the members, from the Company and the French or foreign companies which are affiliated to it within the meaning of article L. 225-180 of the French Commercial Code and article L. 3344-1 of the French Labor Code, of a Company or Group savings plan (directly or through a Company mutual fund or all other structures or entities permitted by applicable legal or regulatory provisions). The delegation shall be valid for a period of twenty-six months starting from the date of this Shareholders' Meeting;

- under the twentieth 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 twentieth resolution, with the sole intent to enable employees and corporate officers of foreign companies, affiliated to the Company within the meaning of article L. 225-180 of the French Commercial Code and article L. 3344-1 of the French Labor Code, to benefit from a plan with an economic profile comparable to an employee share ownership scheme that would be set up in connection with a share capital increase performed in accordance with the nineteenth 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 amount of 30.25 million euros, corresponding to the issue of a maximum of 5.5 million shares (amounts identical to those approved in 2010). Furthermore, the total maximum amount of share capital increases likely to be performed on the basis of these two resolutions shall be deducted from the overall limit stipulated in paragraph 2 of the seventeenth 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 Labor Code, of the opening trading prices for the Company's share during the twenty stock market trading days preceding the date of the decision setting the opening date for the subscription to a share capital increase made on the basis of the nineteenth resolution, or be more than 20% lower than such average, bearing in mind that the shareholders will officially authorize the Board of Directors, if deemed appropriate, to reduce or cancel the aforementioned discount, within the legal and regulatory limits. In accordance with article L. 3332-21 of the French Labor Code, the Board of Directors may provide for the allotment, on a bonus basis, to the beneficiaries referred to in the nineteenth resolution, of shares to be issued or already issued or other securities granting access to the Company's share capital to be issued or already issued, in respect of (i) the contribution that could be paid in accordance with the regulations governing Company or Group saving plans, and/or (ii) where appropriate, the discount.

Should the beneficiaries referred to in the nineteenth resolution not subscribe to the entire share capital increase within the allotted deadlines, the share capital increase would only be performed for the amount of the shares subscribed, and the non-subscribed shares may be offered again to the beneficiaries concerned within the scope of a subsequent share capital increase.

Finally, the shareholders shall grant full powers to the Board of Directors, with the option of sub-delegation under the conditions determined by law, to set, within the limits described above, the various terms and conditions governing the implementation of the two proposed resolutions.

Combined Shareholders' Meeting – May 4, 2011

ORDINARY SHAREHOLDERS' MEETING

APPROVAL OF THE FINANCIAL STATEMENTS FOR THE YEAR

PURPOSE

Having reviewed the Reports of the Board of Directors and the Statutory Auditors, shareholders are asked in the **1st and 2nd resolutions** to approve the company financial statements and Consolidated financial statements of Air Liquide for the year ended December 31, 2010.

First resolution

(Approval of the Company financial statements for the year ended December 31, 2010)

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, 2010 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 822,246,186 euros.

Second resolution

(Approval of the consolidated financial statements for the year ended December 31, 2010)

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, 2010 as presented.

APPROPRIATION OF EARNINGS AND SETTING OF THE DIVIDEND

PURPOSE

In the **3rd resolution**, shareholders are asked to take due note of the distributable earnings for the year and approve the appropriation of earnings and the **distribution of a dividend of 2.35 euros per share**, with a payment date set for **May 16, 2011**.

This amount corresponds to an increase of +11.4% compared to the 2009 dividend, adjusted to account for the free share attribution of May 2010.

This amount corresponds to an increase of +11.4% compared to the 2009 dividend paid in 2010, adjusted to account for the free share attribution of May 2010.

A loyalty dividend of 10%, i.e. 0.23 euros per share, shall be granted to shares which have been held in registered form since December 31, 2008, and which shall remain held in this form continuously until May 16, 2011, the dividend payment date. As of December 31, 2010, 25% of the shares making up the share capital are likely to benefit from this loyalty dividend.

With a **pay-out ratio of 48.7% of the Group's net income**, the dividend proposed to shareholders is an integral part of Air Liquide's policy to reward and grow shareholder portfolios in the long term.

Third resolution

(Appropriation of 2010 earnings and setting of the dividend)

The shareholders, deliberating according to the quorum and majority required for Ordinary Shareholders' Meetings, after having noted that, considering the fiscal year 2010 earnings of 822,246,186 euros, the allocation of 10,912,406 euros to the legal reserve, and the retained earnings of 587,732,122 euros as of December 31, 2010, distributable earnings for the year total 1,399,065,902 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	714,896,124 euros
Dividend (including the loyalty dividend)	684,169,778 euros

Hence, a dividend of 2.35 euros shall be paid on each of the shares conferring entitlement to a dividend, it being specified that in the event of a change in the number of shares conferring entitlement to a dividend compared to the 284,095,093 shares making up the share capital as of December 31, 2010, the overall dividend amount would be adjusted accordingly and the amount appropriated to the "Retained earnings" account would be determined on the basis of the dividend effectively paid.

The dividend payment date will be set for May 16, 2011:

- for directly registered shares: directly by the Company, based on the means of payment indicated by the 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:

2007	Total amount distributed [(a)] *(in euros)*	Number of shares concerned [(b)]	Dividend distributed in its entirety eligible 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
Loyalty dividend	13,549,177	61,587,166	0.22
2008			
Loyalty dividend	587,075,283	260,922,348	2.25
Bonus dividend	14,953,289	67,969,494	0.22
2009			
Loyalty dividend	594,572,297	264,254,354	2.25
Bonus dividend	14,579,274	66,269,428	0.22

(a) Theoretical values calculated based on the number of shares as of December 31 for each fiscal year.
(b) Number of shares expressed historically as of December 31 for each fiscal year.
The amounts paid after adjustment were as follows:
- fiscal year 2007: 543,902,599 euros for 235,958,155 shares.
- fiscal year 2008: 602,950,665 euros for 261,657,353 shares.
- fiscal year 2009: 606,804,564 euros for 263,543,383 shares.
The adjustment arises from the existence of treasury shares, from the final determination of the loyalty dividend taking into account shares sold between January 1 and the dividend ex-date, and from the exercize of options and (in 2009) the share capital increase reserved for employees, carried out over this same period.

Pursuant to the provisions of the articles of association, a loyalty dividend of 10%, *i.e.* 0.23 euros per share with a par value of 5.50 euros, shall be granted to shares which have been held in registered form since December 31, 2008, and which shall remain held in this form continuously until May 16, 2011, the dividend payment date.

In accordance with the provisions of Article 243 bis of the French Tax Code, it is specified that the ordinary and loyalty dividends are also in their entirety eligible for the 40% allowance referred to in section 2° of paragraph 3 of article 158 of the aforementioned code.

The amount of the loyalty dividend, for the 71,940,478 shares which have been held in registered form since December 31, 2008, and which remained held in this form continuously until December 31, 2010, totaled 16,546,310 euros.

The total loyalty dividend corresponding to those shares out of the aforementioned 71,940,478 shares that will have been sold between January 1, 2011 and May 16, 2011, the dividend payment date, shall be deducted from such amount.

BUYBACK BY THE COMPANY OF ITS OWN SHARES

PURPOSE

The 4th **resolution** renews the authorization granted to the Board to allow the Company to buy back its own shares.

The maximum purchase price is set at 165 euros per share and the maximum number of shares that can be bought back is limited to 10% of the total number of shares making up the share capital as of December 31, 2010, i.e. 28,409,509 shares for a maximum total amount of 4,687,568,985 euros.

In line with the objectives described in the text of the resolution, the shares purchased may, among others, be cancelled in order to offset the long term dilutive impact for shareholders of the implementation of stock option plans or Conditional Share Grants to Employees, employee share ownership transactions or share grants to employees and/or executive corporate officers of the Company or Group companies.

In 2010, no shares were bought back outside of the liquidity contract. As of December 31, 2010, the Company held 1.15 million shares (outside of the liquidity contract) for the purpose of exchange or payment in the context of external growth transactions and the implementation of conditional share grants to employees. **These shares represent 0.40% of the Company's share capital.** They do not have any voting rights and their related dividends are allocated to retained earnings.

Fourth resolution

(Authorization granted to the Board of Directors for a period of 18 months to allow the Company to trade in its own shares)

The shareholders, deliberating according to the quorum and majority required for Ordinary Shareholders' Meetings, after having reviewed the Report of the Board of Directors, in accordance with Articles L. 225-209 *et seq.* of the French Commercial Code and the directly applicable provisions of European Commission regulation no. 2273/2003 of December 22, 2003, authorize the Board of Directors to allow the Company to repurchase its own shares in order to:

- cancel them, subject to the adoption of the tenth 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 exercize 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) share purchase option plans or (ii) plans for free grants of shares, or (iii) employee share ownership transactions reserved for members of a company savings plan, performed under the terms and conditions set forth in Articles L. 3331-1 *et seq.* of the French Labor Code through the transfer of shares bought back previously by the Company under this resolution, or providing for a free grant of shares in respect of a contribution in shares by the Company and/or to replace the discount; or (iv) allocation of shares to employees and/or executive corporate officers of the Company and affiliated companies, in accordance with the laws and regulations in force;
- maintain an active market in the Company's shares pursuant to a market liquidity contract in accordance with an Ethics Charter recognized by the French financial markets authority (*Autorité des marchés financiers*).

The shareholders set the maximum purchase price at 165 euros (excluding acquisition costs) per share with a par value of 5.50 euros and the maximum number of shares that can be bought back at 10% of the total number of shares comprising the share capital at December 31, 2010, *i.e.* 28,409,509 shares with a par value of 5.50 euros, for a maximum total amount of 4,687,568,985 euros, subject to the legal limits.

These shares may be purchased at any time, excluding the periods for takeover bids on the Company's share capital, and by all available means, either on any stock market or off a stock exchange, in private transactions, including the purchase of blocks of shares, or through the use of option mechanisms, and, if applicable, by all third parties acting on behalf of the Company, under the terms and conditions stipulated in the last paragraph of Article L. 225-206 of the French Commercial Code.

Shares bought back may be commuted, assigned or transferred in any manner on any stock market or off a stock exchange or through private transactions, including the sale of blocks of shares, in accordance with the applicable regulations. Dividends on own shares held by the Company shall be allocated to retained earnings.

This authorization is granted for a period of eighteen months starting from the date of the Shareholders' Meeting. It supersedes the authorization granted by the fourth resolution of the Ordinary Shareholders' Meeting of May 5, 2010 with respect to the non-utilized portion of such authorization.

The shareholders give full powers to the Board of Directors, with the possibility of delegating such powers, to implement this authorization, place orders for trades, enter into all agreements, perform all formalities and make all declarations with regard to all authorities and, generally, do all that is necessary for the execution of any of the Board's decisions made in connection with this authorization.

The Board of Directors shall inform the shareholders of any transactions performed in accordance with applicable regulations.

APPOINTMENT OR RENEWAL OF TERMS OF OFFICE OF DIRECTORS

PURPOSE

The **5th and 6th resolutions** concern the **renewal of the terms** of office of certain Company Directors. The Board of Directors currently comprises 12 members, 9 of whom are independent as defined by the Board's internal regulations.

The purpose of the resolutions submitted to your vote is the renewal, for a period of four years, of the term of office of:

- Mr. Gérard de La Martinière, a former Management Board member and Chief Financial, Control and Strategic Officer of AXA, an Air Liquide Board member since May 2003. Mr. Gérard de La Martinière will continue to provide his extensive financial expertise as well as his in-depth knowledge of stock market operations and regulations.
- Mr. Cornelis van Lede, former Management Board Chairman and then member of the Akzo Nobel N.V. Supervisory Board, an Air Liquide Board member since May 2003. Mr. Cornelis van Lede will continue to provide his extensive expertise in managing industrial matters in an international context.

Assuming that their term of office as Director will be renewed, the Board has also planned to retain Mr. Gérard de La Martinière in his role as Chairman of the Audit and Accounts Committee, and Mr. Cornelis van Lede in his role as Chairman of the Remuneration Committee and member of the Appointments and Governance Committee.

Upon the recommendation of the Appointments and Governance Committee, shareholders are asked by virtue of the **7th resolution** to **appoint** as Director, for a term of four years, Mrs. Siân Herbert-Jones, of British nationality. Chief Financial Officer of the Sodexo group since 2001, Mrs. Siân Herbert-Jones is a trained chartered accountant and will bring her financial expertise to the Board and her knowledge of the Service sector acquired in an international listed company.

Following these renewals and the appointment, the Board of Directors will comprise 13 members, 10 of whom will be independent within the meaning of the internal regulations. The Board will notably be composed of three women and five non-French members.

Fifth resolution

(Renewal of the term of office of Mr. Gérard de La Martinière)

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. Gérard de La Martinière as a Director for a term of four years, which will expire at the end of the Ordinary Shareholders' Meeting for 2015, called to approve the financial statements for the fiscal year ending December 31, 2014.

Sixth resolution

(Renewal of the term of office of Mr. Cornelis van Lede)

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. Cornelis van Lede as a Director for a term of four years, which will expire at the end of the Ordinary Shareholders' Meeting for 2015, called to approve the financial statements for the fiscal year ending December 31, 2014.

Seventh resolution

(Appointment of Mrs. Siân Herbert-Jones as Director)

The shareholders, deliberating according to the quorum and majority required for Ordinary Shareholders' Meetings, after having reviewed the Report of the Board of Directors, decide to appoint Mrs. Siân Herbert-Jones as Director for a term of four years, which will expire at the end of the Ordinary Shareholders' Meeting for 2015, called to approve the financial statements for the fiscal year ending December 31, 2014.

APPROVAL OF A RELATED PARTY AGREEMENT

PURPOSE

Within the framework of reorganizing the French operations and technology departments as described in the 11th to 15th resolutions and leading to an evolution of the internal organization of the Group's portfolio of subsidiaries, you are asked, in the **8th resolution**, to approve a contribution of shares by L'Air Liquide S.A. to Air Liquide International, a wholly-owned subsidiary and with which it has common corporate officers. Such agreement is to be viewed as an extension of the transactions subject to your approval by the **11th, 12th, 13th, 14th** and **15th resolutions** hereinafter and is described in detail in the Statutory Auditors' Special Report on related party agreements and commitments.

Eighth resolution

(Approval of the agreement referred to in Articles L. 225-38 *et seq.* of the French Commercial Code and the Statutory Auditors' Special Report relating to Air Liquide International)

The shareholders, deliberating according to the quorum and majority required for Ordinary Shareholders' Meetings, duly note that the Special Report provided for by the laws and regulations currently in force on the agreement referred to in Articles L. 225-38 *et seq.* of the French Commercial Code entered into with its subsidiary Air Liquide International, 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 *et seq.* of the French Commercial Code.

SETTING OF DIRECTORS' FEES

PURPOSE

The **9th resolution** shall set the annual amount of Directors' fees, in order to account for changes in the composition of the Board, and the increase in the Board's workload and that of its Committees. The amount, set at 650,000 euros since 2008, shall increase to an annual amount of 800,000 euros due to the increasing number of meetings and of the number of subjects to be addresse by the Board.

Directors' fees comprise a fixed and a variable portion, based on fixed amounts per meeting, which take into account the effective participation of each Director in the Board's work and that of its Committees.

Ninth resolution

(Setting of Directors' fees)

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, in accordance with article 16 of the articles of association, to set the overall amount of Directors' fees to be granted annually at 800,000 euros, as of fiscal year 2011.

EXTRAORDINARY SHAREHOLDERS' MEETING

CANCELLATION OF SHARES PURCHASED BY THE COMPANY VIA A REDUCTION IN CAPITAL

PURPOSE

As it is the case each year, we ask you, in the **10th resolution**, to authorize the Board of Directors to cancel any or all of the shares purchased in the share buyback program and reduce share capital under certain conditions, to totally compensate any potential dilution resulting from diverse capital increases.

The difference between the book value of the cancelled shares and their par value will be allocated to any reserve or additional paid-in capital accounts. This authorization granted to the Board of Directors will be for a period of 24 months.

Tenth resolution

(Authorization granted to the Board of Directors for a period 24-months to reduce the share capital by cancellation of treasury shares)

The shareholders, deliberating according to the quorum and majority required for Extraordinary Shareholders' Meetings, after having reviewed the Report of the Board of Directors and the Statutory Auditors' Special Report, authorize the Board of Directors to cancel, *via* its decisions alone, on one or more occasions, and within the limit of 10% of the Company's share capital per twenty-four month period, any or all of the shares bought back by the Company within the scope of the authorization adopted by this Ordinary Shareholders' Meeting in its fourth resolution and of those shares bought back within the scope of the authorizations adopted by the Ordinary Shareholders' Meetings of May 5, 2010, 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 accounts.

This authorization is granted for a period of twenty-four months starting from the date of this Shareholders' Meeting. It supersedes the authorization granted by the Extraordinary Shareholders' Meeting of May 5, 2010 in its fifteenth resolution.

Full powers are granted to the Board of Directors to implement this authorization, deduct the difference between the book value of the shares cancelled and their par value amount from all reserve and additional paid-in capital accounts, and with the possibility of sub-delegation, to carry out the necessary formalities to implement the reduction in capital which shall be decided in accordance with this resolution, and amend the articles of association.

OPERATIONAL GOVERNANCE IN FRANCE

PURPOSE

In the Group's main operating regions, including in France, a governance system for operations is being implemented *via* large subsidiaries by type of business. The aim is to facilitate, in particular, the achievement of strategic orientations, implement the action plans, manage risks and be geographically close to the business.

Within this context, it is proposed to regroup the French operations technology departments currently held by L'Air Liquide S.A., by type of business activity (essentially, Industrial Gases; Advanced Technologies / Engineering and Construction) within specialized French subsidiaries wholly-owned by the Group.

This reorganization would take place through contributions of complete business activities by L'Air Liquide S.A., to its subsidiaries, subject to your approval in the **11th, 12th, 13th, 14th and 15th resolutions**.

Each contribution shall be made at the net book value of the assets contributed, based on L'Air Liquide S.A.'s financial statements as of December 31, 2010. All the beneficiaries' shares issued as consideration for the contribution shall belong to L'Air Liquide S.A. There will be no impact on jobs or the number of people.

The **11th resolution** involves the contribution to Air Liquide France Industrie of the Industrial gases business; the **12th resolution** involves the contribution to Air Liquide Advanced Technologies of the design and production of equipment for the aerospace, aeronautics and cryogenics fields; the **13th resolution** involves the contribution to Cryopal of the production and marketing of cryogenics reservoirs ; the **14th resolution** involves the contribution to Air Liquide Engineering of the technical assessment activities conducted at the Blanc-Mesnil site and the **15th resolution** involves the contribution to Air Liquide Services of the development, installation and operation of industrial information systems.

Eleventh resolution

(Approval of a partial asset contribution plan governed by the legal regime for spin-offs granted by the Company to its subsidiary Air Liquide France Industrie of its business for supplying and marketing industrial gases)

The General Meeting, resolving on the quorum and majority conditions required for Extraordinary Shareholders' Meetings, after having read:

- the opinion of the central works council, dated January 6, 2011;
- the Report of the Board of Directors;
- the reports prepared by the contribution auditor by order (*ordonnance*) of the President of the Paris Commercial Court dated September 27, 2010;
- the partial asset contribution agreement dated February 15, 2011 between the Company and its subsidiary Air Liquide France Industrie, French limited liability company (*société anonyme*), with capital of 22,650,180 euros, whose registered office is located at 6, rue Cognacq-Jay, 75007 Paris, registered with the Paris Trade and Companies Register, under number 314 119 504 (the "Beneficiary"); and
- the respective financial statements and management reports of the Company and of the Beneficiary, made available to the shareholders pursuant to applicable regulations.

1. Approves:
   - the partial asset contribution agreement pursuant to which the Company contributes to the Beneficiary, under the legal regime for spin-offs, all the assets, rights and obligations and the liabilities, related to the complete and autonomous business for supplying and marketing industrial gases, subject to the approval by the Beneficiary's General Shareholders' Meeting, of such contribution, its valuation, its consideration and the Beneficiary's related capital increase;
   - its valuation based on the net book values of the assets contributed equal to 599,528,765 euros and the liabilities assumed equal to 429,549,724 euros, meaning net assets contributed equal to 169,979,041 euros, based on L'Air Liquide S.A.'s financial statements as of December 31, 2010;
   - the allocation to the Company, as consideration for the contribution made, of 1,917,201 new shares of the Beneficiary, with a par value of 30 euros each, to be created by the Beneficiary by increasing its capital. The difference between the net value of the assets and rights contributed by the Company, *i.e.,* 169,979,041 euros and the par value of the shares which shall be created by the aforementioned capital increase, *i.e.,* 57,516,030 euros, shall constitute a contribution premium of 112,463,011 euros which shall be posted as liabilities in the Beneficiary's balance sheet and to which the former and new shareholders' rights shall be applicable;
   - the establishment of the date for performing the contribution-spin-off for the lifting of the aforementioned condition precedent and no later than September 30, 2011, unless the Company and Beneficiary decide to extend such date;
   - the establishment of the effective date from an accounting and tax perspective of such contribution retroactively to January 1, 2011, such that all income from all the transactions performed by the Company between January 1 and the date of completion of such contribution shall be deemed realized to the Beneficiary's profit or loss, depending which applies, and shall be deemed completed by the Beneficiary since January 1, 2011.

2. Gives, as a result of the foregoing, all powers to the Board of Directors, with the option to sub-delegate on the legal and regulatory terms applicable, for the purpose of:
   - acknowledging the fulfilment of the aforementioned condition precedent;
   - acknowledging as a result the completion of the partial asset contribution and its consideration; and
   - if need be, to formalize the terms of such contribution before a notary, execute all instruments finalizing such partial asset contribution agreement, undertake all reports, conclusions, disclosures and formalities, *inter alia* the declaration of compliance required by the applicable legal provisions, which may be necessary for the purpose of completing the contribution granted by the Company to the Beneficiary.

Twelfth resolution

(Approval of a partial asset contribution plan governed by the legal regime for spin-offs granted by the Company to its subsidiary Air Liquide Advanced Technologies of its business for the design and production of equipment in the aerospace, aeronautics and cryogenics fields)

The General Meeting, resolving on the quorum and majority conditions required for Extraordinary Shareholders' Meetings, after having read:

- the opinion of the central works council dated January 6, 2011;
- the Report of the Board of Directors;
- the reports prepared by the contribution auditor by order (*ordonnance*) of the President of the Paris Commercial Court dated September 27, 2010;
- the partial asset contribution agreement dated February 15, 2011 between the Company and its subsidiary Air Liquide Advanced Technologies, French limited liability company (*société anonyme*), with capital of 4,778,655 euros, whose registered office is located at 75 quai d'Orsay, 75007 Paris, registered with the Paris Trade and Companies Register, under number 712 009 661 (the "Beneficiary"); and
- the respective financial statements and management reports of the Company and of the Beneficiary, made available to the shareholders pursuant to applicable regulations.

1. Approves:
   - the partial asset contribution agreement pursuant to which the Company contributes to the Beneficiary, under the legal regime for spin-offs, all the assets, rights and obligations and the liabilities, related to the complete and autonomous business for the design and production of equipment in the aerospace, aeronautics and cryogenics fields, subject to the approval by the Beneficiary's General Shareholders' Meeting, of such contribution, its valuation, its consideration and the Beneficiary's related capital increase;
   - its valuation based on the net book values of the assets contributed equal to 49,369,034 euros and the liabilities assumed equal to 42,974,047 euros, meaning net assets contributed equal to 6,394,987 euros, based on L'Air Liquide S.A.'s financial statements as of December 31, 2010;
   - the allocation to the Company, as consideration for the contribution made, of 777,979 new shares of the Beneficiary, with a par value of 5 euros each, to be created by the Beneficiary by increasing its capital. The difference between the net value of the assets and rights contributed by the Company, *i.e.,* 6,394,987 euros and the par value of the shares which shall be created by the aforementioned capital increase, *i.e.,* 3,889,895 euros, shall constitute a contribution premium of 2,505,092 euros which shall be posted as liabilities in the Beneficiary's balance sheet and to which the former and new shareholders' rights shall be applicable;
   - the establishment of the date for performing the contribution-spin-off for the lifting of the aforementioned condition precedent and no later than September 30, 2011, unless the Company and Beneficiary decide to extend such date;
   - the establishment of the effective date from an accounting and tax perspective of such contribution retroactively to January 1, 2011, such that all income from all the transactions performed by the Company between January 1 and the date of completion of such contribution shall be deemed realized to the Beneficiary's profit or loss, depending which applies, and shall be deemed completed by the Beneficiary since January 1, 2011.
2. Gives, as a result of the foregoing, all powers to the Board of Directors, with the option to sub-delegate on the legal and regulatory terms applicable, for the purpose of:
   - acknowledging the fulfilment of the aforementioned condition precedent;
   - acknowledging as a result the completion of the partial asset contribution and its consideration; and
   - if need be, to formalize the terms of such contribution before a notary, execute all instruments finalizing such partial asset contribution agreement, undertake all reports, conclusions, disclosures and formalities, *inter alia* the declaration of compliance required by the applicable legal provisions, which may be necessary for the purpose of completing the contribution granted by the Company to the Beneficiary.

Thirteenth resolution

(Approval of a partial asset contribution plan governed by the legal regime for spin-offs granted by the Company to its subsidiary Cryopal of its business for producing and marketing cryogenic receptacles)

The General Meeting, resolving on the quorum and majority conditions required for Extraordinary Shareholders' Meetings, after having read:

- the opinion of the central works council dated January 6, 2011;
- the Report of the Board of Directors;

- the reports prepared by the contribution auditor by order (*ordonnance*) of the President of the Paris Commercial Court dated September 27, 2010;
- the partial asset contribution agreement dated February 15, 2011 between the Company and its subsidiary Cryopal, French limited liability company (*société anonyme*), with capital of 1,209,234 euros, whose registered office is located at 8, avenue Gutenberg – Parc Gustave Eiffel, 77607 Bussy Saint-Georges, registered with the Meaux Trade and Companies Register, under number 420 499 477 (the "Beneficiary"); and
- the respective financial statements and management reports of the Company and of the Beneficiary, made available to the shareholders pursuant to applicable regulations.

1. Approves:
   - the partial asset contribution agreement pursuant to which the Company contributes to the Beneficiary, under the legal regime for spin-offs, all the assets, rights and obligations and the liabilities, related to the complete and autonomous business for the production and marketing of cryogenic receptacles, subject to the approval by the Beneficiary's General Shareholders' Meeting, of such contribution, its valuation, its consideration and the Beneficiary's related capital increase;
   - its valuation based on the net book values of the assets contributed equal to 12,894,082 euros, the liabilities assumed equal to 7,635,045 euros, meaning net assets contributed equal to 5,259,037 euros, based on L'Air Liquide S.A.'s financial statements as of December 31, 2010, on January 1, 2011 (effective date of the contribution from an accounting perspective), it being agreed that, in addition, a provision for losses incurred during the intervening period due to retroactivity (*provision pour perte intercalaire*) in an amount of 300,00 euros shall be taken into account for the purposes of assessing the amount of fully paid-up capital on the completion date of the contribution;
   - the allocation to the Company, as consideration for the contribution made, of 170,063 new shares of the Beneficiary, with a par value of 6 euros each, to be issued by the Beneficiary by increasing its capital. The difference between the net value of the assets and rights contributed by the Company, *i.e.,* 5,259,037 euros and the par value of the shares which shall be issued by the aforementioned capital increase, *i.e.,* 1,020,378 euros, shall constitute a contribution premium of 4,238,659 euros, of which 300,000 euros correspond to the amount of the provision for losses incurred during the intervening period due to retroactivity which shall be recorded in a sub-account of the contribution premium account. The amount of such provision for losses incurred during the intervening period due to retroactivity not used at the time of approval of the accounts for the financial year in which the completion of the contribution takes place will be reintegrated in the contribution premium, on which the former and new shareholders' rights shall be applicable;
   - the establishment of the date for performing the contribution-spin-off for the lifting of the aforementioned condition precedent and no later than September 30, 2011, unless the Company and Beneficiary decide to extend such date;
   - the establishment of the effective date from an accounting and tax perspective of such contribution retroactively to January 1, 2011, such that all income from all the transactions performed by the Company between January 1 and the date of completion of such contribution shall be deemed realized to the Beneficiary's profit or loss, depending which applies, and shall be deemed completed by the Beneficiary since January 1, 2011.
2. Gives, as a result of the foregoing, all powers to the Board of Directors, with the option to sub-delegate on the legal and regulatory terms applicable, for the purpose of:
   - acknowledging the fulfilment of the aforementioned condition precedent;
   - acknowledging as a result the completion of the partial asset contribution and its consideration; and
   - if need be, to formalize the terms of such contribution before a notary, execute all instruments finalizing such partial asset contribution agreement, undertake all reports, conclusions, disclosures and formalities, *inter alia* the declaration of compliance required by the applicable legal provisions, which may be necessary for the purpose of completing the contribution granted by the Company to the Beneficiary.

Fourteenth resolution

(Approval of a partial asset contribution plan governed by the legal regime for spin-offs granted by the Company to its subsidiary Air Liquide Engineering of its business for technological expertise conducted at the Blanc-Mesnil site)

The General Meeting, resolving on the quorum and majority conditions required for Extraordinary Shareholders' Meetings, after having read:

- the opinion of the central works council dated January 6, 2011;
- the Report of the Board of Directors;
- the reports prepared by the contribution auditor by order (*ordonnance*) of the President of the Paris Commercial Court dated September 27, 2010;
- the partial asset contribution agreement dated February 15, 2011 between the Company and its subsidiary Air Liquide Engineering, French limited liability company (*société anonyme*), with capital of 12,000,000 euros, whose registered office is located at 6, rue Cognacq-Jay, 75007 Paris, registered with the Paris Trade and Companies Register, under number 420 499 311 (the "Beneficiary"); and
- the respective financial statements and management reports of the Company and of the Beneficiary, made available to the shareholders pursuant to applicable regulations.

1. Approves:
   - the partial asset contribution agreement pursuant to which the Company contributes to the Beneficiary, under the legal regime for spin-offs, all the assets, rights and obligations and the liabilities, related to the complete and autonomous business for technological expertise conducted at the Blanc-Mesnil site, subject to the approval by the Beneficiary's General Shareholders' Meeting, of such contribution, its valuation, its consideration and the Beneficiary's related capital increase;
   - its valuation based on the net book values of the assets contributed equal to 1,898,654 euros, the liabilities assumed equal to 80,498 euros, meaning net assets contributed equal to 1,818,156 euros, based on L'Air Liquide S.A.'s financial statements as of December 31, 2010, on January 1, 2011 (effective date of the contribution from an accounting perspective), it being agreed that, in addition, a provision for losses incurred during the intervening period due to retroactivity (*provision pour perte intercalaire*) in an amount of 200,000 euros shall be taken into account for the purposes of assessing the amount of fully paid-up capital on the completion date of the contribution;
   - the allocation to the Company, as consideration for the contribution made, of 4,994 new shares of the Beneficiary, with a par value of 16 euros each, to be issued by the Beneficiary by increasing its capital. The difference between the net value of the assets and rights contributed by the Company, *i.e.,* 1,818,156 euros and the par value of the shares which shall be issued by the aforementioned capital increase, *i.e.,* 79,904 euros, shall constitute a contribution premium of 1,738,252 euros, of which 200,000 euros correspond to the amount of the provision for losses incurred during the intervening period due to retroactivity which shall be recorded in a sub-account of the contribution premium account. The amount of such provision for losses incurred during the intervening period due to retroactivity not used at the time of approval of the accounts for the financial year in which the completion of the contribution takes place will be reintegrated in the contribution premium, on which the former and new shareholders' rights shall be applicable;
   - the establishment of the date for performing the contribution-spin-off for the lifting of the aforementioned condition precedent and no later than September 30, 2011, unless the Company and Beneficiary decide to extend such date;
   - the establishment of the effective date from an accounting and tax perspective of such contribution retroactively to January 1, 2011, such that all income from all the transactions performed by the Company between January 1 and the date of completion of such contribution shall be deemed realized to the Beneficiary's profit or loss, depending which applies, and shall be deemed completed by the Beneficiary since January 1, 2011.
2. Gives, as a result of the foregoing, all powers to the Board of Directors, with the option to sub-delegate on the legal and regulatory terms applicable, for the purpose of:
   - acknowledging the fulfilment of the aforementioned condition precedent;
   - acknowledging as a result the completion of the partial asset contribution and its consideration; and
   - if need be, to formalize the terms of such contribution before a notary, execute all instruments finalizing such partial asset contribution agreement, undertake all reports, conclusions, disclosures and formalities, *inter alia* the declaration of compliance required by the applicable legal provisions, which may be necessary for the purpose of completing the contribution granted by the Company to the Beneficiary.

Fifteenth resolution

(Approval of a partial asset contribution plan governed by the legal regime for spin-offs granted by the Company to its subsidiary Air Liquide Services of its business for the development, installation and operation of industrial information systems)

The General Meeting, resolving on the quorum and majority conditions required for Extraordinary Shareholders' Meetings, after having read:

- the opinion of the central works council dated January 6, 2011;
- the Report of the Board of Directors;
- the reports prepared by the contribution auditor by order (*ordonnance*) of the President of the Paris Commercial Court dated September 27, 2010;
- the partial asset contribution agreement dated February 15, 2011 between the Company and its subsidiary Air Liquide Services, French limited liability company (*société anonyme*), with capital of 1,951,132 euros, whose registered office is located at 6, rue Cognacq-Jay, 75007 Paris, registered with the Paris Trade and Companies Register, under number 430 036 897 (the "Beneficiary"); and
- the respective financial statements and management reports of the Company and of the Beneficiary, made available to the shareholders pursuant to applicable regulations.

1. Approves:
   - the partial asset contribution agreement pursuant to which the Company contributes to the Beneficiary, under the legal regime for spin-offs, all the assets, rights and obligations and the liabilities, related to the complete and autonomous business for the development, installation and operation of industrial information systems, subject to the approval by the Beneficiary's General Shareholders' Meeting, of such contribution, its valuation, its consideration and the Beneficiary's related capital increase;

- its valuation based on the net book values of the assets contributed equal to 10,254,331 euros and the liabilities assumed equal to 8,214,964 euros, meaning net assets contributed equal to 2,039,367 euros, based on L'Air Liquide S.A.'s financial statements as of December 31, 2010;
- the allocation to the Company, as consideration for the contribution made, of 380,479 new shares of the Beneficiary, with a par value of 4 euros each, to be created by the Beneficiary by increasing its capital. The difference between the net value of the assets and rights contributed by the Company, *i.e.,* 2,039,367 euros and the par value of the shares which shall be created by the aforementioned capital increase, *i.e.,* 1,521,916 euros, shall constitute a contribution premium of 517,451 euros which shall be posted as liabilities in the Beneficiary's balance sheet and to which the former and new shareholders' rights shall be applicable;
- the establishment of the date for performing the contribution-spin-off for the lifting of the aforementioned condition precedent and no later than September 30, 2011, unless the Company and Beneficiary decide to extend such date;
- the establishment of the effective date from an accounting and tax perspective of such contribution retroactively to January 1, 2011, such that all income from all the transactions performed by the Company between January 1 and the date of completion of such contribution shall be deemed realized to the Beneficiary's profit or loss, depending which applies, and shall be deemed completed by the Beneficiary since January 1, 2011.

2. Gives, as a result of the foregoing, all powers to the Board of Directors, with the option to sub-delegate on the legal and regulatory terms applicable, for the purpose of:
   - acknowledging the fulfilment of the aforementioned condition precedent;
   - acknowledging as a result the completion of the partial asset contribution and its consideration; and
   - if need be, to formalize the terms of such contribution before a notary, execute all instruments finalizing such partial asset contribution agreement, undertake all reports, conclusions, disclosures and formalities, *inter alia* the declaration of compliance required by the applicable legal provisions, which may be necessary for the purpose of completing the contribution granted by the Company to the Beneficiary.

AUTHORIZATION TO ISSUE FREE SHARE SUBSCRIPTION WARRANTS IN THE EVENT OF A TAKEOVER BID FOR THE COMPANY

PURPOSE

As with the resolution voted last year, shareholders are asked to authorize the Board of Directors, if need be, to issue free share subscription warrants to shareholders at preferential conditions in the event of an unsolicited takeover bid from an entity not subject to the same restrictions in its actions as those applicable to Air Liquide (lack of reciprocity exception).

Air Liquide's business model is based on long-term performance and value creation, and the primary mission of the Board of Directors is to preserve the interests of the Company and its shareholders.

Accordingly, the Board of Directors considers that the power to issue such warrants in the event of a takeover bid for the Company would fully comply with the interests of the Company and its shareholders as well as the Company's values. This mechanism ensures full valuation of the Company in the context of a takeover bid by inducing the bidder to raise the price of its bid should the initial price was deemed too low. This mechanism is strictly defined by law and the French Financial Market Authority *(Autorité des marchés financiers)* General Regulations.

Should the Board of Directors have to resort to such an option without a previously approved resolution, it would have to convene a Shareholders' Meeting. Given the significant number of individual shareholders and their regular attendance at the Shareholders' Meeting, the time required for the convening of a Shareholders' Meeting during a takeover bid would not be consistent with the practical aspects of collecting votes from all the shareholders wishing to vote.

This delegation would be used only if the Board of Directors deemed that a takeover bid would be contrary to the interests of the Company and its shareholders. The Board of Directors could consult any outside expert of its choosing to assist making this determination and to assess whether or not the "lack of reciprocity exception" applied to the bid.

Should this delegation be used, the Board of Directors, based on a report prepared by an advisory bank, should report to the shareholders, at the time of the issuance of the warrants, on the circumstances and reasons supporting the Board's assessment that the takeover bid would not be in the interests of the Company and its shareholders, as well as the criteria and methods used to set the terms and conditions for determining the warrant exercize price.

These warrants would lapse automatically as soon as the takeover bid or any potential competitive bid failed, lapsed or withdrawn.

The par value of the capital increase that would result from the exercize of the warrants would be capped at 515.4 million euros, or 33% of the share capital, down considerably from the 50% dilution rate previously approved. The other characteristics of the warrants and the conditions of their exercize would be set by the Board of Directors. The Board of Directors would be able to use this authorization for any takeover bid filed within 18 months after the vote of this resolution. In practice, an annual consultation of the shareholders would be necessary for the renewal of this authorization.

Sixteenth resolution

(Delegation of authority granted to the Board of Directors for a period of 18 months in order to issue free share subscription warrants in the event of a takeover bid for the Company)

The Extraordinary General Meeting, deliberating under the conditions of quorum and majority required for Ordinary Shareholders' Meetings, after having reviewed the Report of the Board of Directors and the Statutory Auditors' Special Report and deliberating in accordance with Articles L. 233-32 II and L. 233-33 of the French Commercial Code:

1. delegates to the Board the authority to decide, in the event of a takeover bid for the Company:
   - the issuance, on one or several occasions, in the amount and on the dates it will determine, of warrants allowing for the subscription, on preferential terms, to one or several shares of the Company, with the option of postponement or cancellation,
   - their free allocation to any person who is a shareholder of the Company before the bidding period ends,
   - and the terms and conditions of the exercize of such warrants and their characteristics, such as the subscription price and more generally the terms of any issuance based on this resolution;
2. decides that the total par value amount of the share capital increase that would result from the exercize of the warrants shall not exceed 515.4 million euros, this maximum limit being set independently of any other maximum limit related to the issuances of equity securities or marketable securities conferring entitlement to share capital authorized by this Shareholders' Meeting or any previous Shareholders' Meeting; this limit will be increased by the amount corresponding to the par value of the securities necessary for the realization of the adjustments likely to be made in accordance with applicable legislative and regulatory provisions (particularly in case of a change in the par value of the shares, a capital increase by capitalization of reserves, issuance of new equity securities with a preferential subscription right reserved for shareholders) and if need be, in accordance with the contractual provisions providing for other cases of adjustment, to preserve the rights of the aforementioned warrant holders;
3. decides that the maximum number of warrants that could be issued shall not exceed the number of shares comprising the share capital at the time of the issuance of the warrants;
4. decides that this delegation will be used only in the event of a takeover bid for the Company;
5. decides that should this delegation be implemented, the Board of Directors, based on a report prepared by an advisory bank, shall report to the shareholders, at the time warrants are issued, on:
   - the circumstances and reasons supporting the Board's assessment that the takeover bid is not in the interests of the Company and its shareholders and justifying the issue of such warrants,
   - as well as the criteria and methods used to set the terms and conditions for determining the warrant exercize price.
6. decides that the Board, with the power to sub-delegate within the limits set by the articles of association or by law, shall have all the powers to implement this delegation, under the conditions provided by law.

These warrants will lapse automatically as soon as the takeover bid or any potential competitive bid fails, lapses or is withdrawn; the warrants which would lapse in accordance with the law shall not be taken into account for the calculation of the maximum number of warrants which may be issued, as mentioned under point 3. above.

This delegation is granted to the Board of Directors for a period which shall expire at the end of the bidding period of any takeover bid for the Company within eighteen months from the date of this Shareholders' Meeting. It supersedes the delegation of authority granted to the Board of Directors with respect to the eighteenth resolution of the Extraordinary Shareholders' Meeting of May 5, 2010.

INCREASE OF SHARE CAPITAL *VIA* THE ISSUANCE OF ORDINARY SHARES OR MARKETABLE SECURITIES CONFERRING ENTITLEMENT TO THE SHARE CAPITAL, WITH RETENTION OF SHAREHOLDERS PREFERENTIAL SHARE SUBSCRIPTION RIGHTS

PURPOSE

The Combined Shareholders' Meeting of May 7, 2009 had delegated to the Board of Directors the authority to decide to increase the share capital for a maximum par value amount of 350 million euros corresponding to around 25% of the share capital as of December 31, 2008, by issuing, on one or more occasions, shares or marketable securities conferring entitlement, immediately or in the future, to the Company's shares, with retention of shareholders' preferential subscription rights. This authorization, granted for 26 months, has not been used.

Shareholders are asked in the **17th resolution** to renew this delegation by setting the maximum par value amount of capital increases that may be carried out by the Board of Directors under this delegation to 390 million euros, or around 25% of the share capital as of December 31, 2010. This delegation of authority would be valid for a period of 26 months.

The total amount of capital increases reserved for employees that would be carried out pursuant to the **19th and 20th resolutions** shall be deducted from this maximum amount of 390 million euros.

The **18th resolution** allows, in the event of oversubscription, for the amount of shares issued to be increased, within the above mentioned and legal limits.

The shareholders shall have, in proportion to the amount of shares they own, a preferential subscription right to the shares or marketable securities issued.

Seventeenth resolution

(Delegation of authority granted to the Board of Directors for a period of 26 months in order to increase the 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 shareholders preferential share subscription rights for a maximum par value amount of 390 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 subdelegation, in accordance with the legal provisions, the authority to decide, in the amount and on the dates it will determine, 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 390 million euros in par value, from which shall be deducted (i) the issuance amount of shares or marketable securities in the event of oversubscription, pursuant to the eighteenth resolution and (ii) the total amount of share capital increases likely to be performed in accordance with the nineteenth and twentieth 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 a limit of 2 billion euros from which shall be deducted, as the case may be, the issuance amount, in the event of oversubscription, pursuant to the eighteenth resolution;

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, each of 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, 2009 in its fourteenth 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 exercize 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 premiums 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 increases arising from any issue carried out *via* this delegation and amend the articles of association accordingly.

Eighteenth resolution

(Authorization granted to the Board of Directors for a period of 26 months to increase the issuance amount of shares or marketable securities in the event of oversubscription)

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 seventeenth resolution:

- authorize the Board of Directors, with the option of subdelegation, 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;
- 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 and, in the event of an issue of debt securities, from the limit stipulated in the second limit stated in the seventeenth resolution;
- 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.

SHARE CAPITAL INCREASES RESERVED FOR EMPLOYEES

PURPOSE

At the end of 2010, the share capital held by employees and former employees of the Group is estimated at 2.1%, of which 1.6% (in the meaning of article L. 255-102 of the French Commercial Code) corresponds to shares subscribed by employees during reserved capital increases for employees or held through dedicated mutual funds. This figure takes into account the share capital increase reserved for employees of December 2010. The Group wishes to continue increasing the involvement of employees in its development. These operations contribute significantly to increasing employee motivation and sense of belonging to the Group.

In accordance with the law, you are again asked to approve the share capital increases reserved for members of a Company or Group savings plan, authorized during the Shareholders' Meeting of May 5, 2010, in addition to a second resolution described below. The total amount of share capital increases likely to be performed under these resolutions remains unchanged at 30.25 million euros, corresponding to the issue of a maximum of 5.5 million shares, or 1.94% of share capital as of December 31, 2010. This amount shall be deducted from the maximum par value amount of 390 million euros, or approximately 25% of the share capital, as stipulated in the **17th resolution** submitted for the approval of this Extraordinary Shareholders' Meeting, relating to the overall limit for share capital increases likely to be performed with delegation to the Board of Directors.

The **19th resolution** specifies the terms and conditions of the share capital increases reserved for members of a Company or Group savings plan.

The **20th resolution** will allow the employees and corporate officers of Group companies abroad who could not subscribe to the share capital increases stipulated in the **19th resolution**, to benefit from a comparable system.

The subscription price of the shares to be issued pursuant to the two proposed resolutions shall be defined in accordance with the French Labor Code and may hence be subject to a maximum discount of 20%.

The delegations granted in the **19th** and **20th resolutions** will be valid for periods of 26 and 18 months, respectively. They shall result in the waiver by shareholders of their preferential subscription rights in favor of the beneficiaries.

Nineteenth resolution

(Delegation of authority granted to the Board of Directors for a period of 26 months to perform share capital increases reserved for members of a company or Group savings plan)

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 Labor Code:

1. delegate to the Board of Directors the authority to decide to increase share capital, on one or more occasions, at the time or times and in the proportions that it deems appropriate, *via* the issuance of ordinary shares of the Company as well as any other marketable securities granting access, immediately or in the future, to the Company's share capital, reserved for employees who contribute to a Company or Group savings plan.

   The delegation thereby granted is valid for a period of twenty-six months starting from the date of this Shareholders' Meeting;

2. decide that the total amount of share capital increases likely to be performed under this resolution may not exceed a maximum par value amount of 30.25 million euros, corresponding to the issue of a maximum of 5.5 million shares, it being specified that this amount does not include additional shares to be issued, in accordance with applicable legal and regulatory provisions, and when relevant, contractual stipulations providing for other adjustments, to preserve the rights of holders of marketable securities or other rights conferring access to share capital and that the total amount of share capital increases likely to be performed under this resolution and the twentieth resolution may not exceed the aforementioned par value amount of 30.25 million euros;
3. decide that the maximum par value amount of share capital increases likely to be performed on the basis of this delegation shall be deducted from the overall limit stipulated in paragraph 2° of the seventeenth resolution voted by this Extraordinary Shareholders' Meeting;
4. decide that the beneficiaries of these capital increases will be, directly or through a Company mutual fund or all other structures or entities permitted by applicable legal or regulatory provisions, the members, within the Company and the French or foreign companies which are affiliated to it within the meaning of Article L. 225-180 of the French Commercial Code and Article L. 3344-1 of the French Labor Code, of a Company or Group savings plan;
5. decide to cancel the preferential subscription rights of shareholders to the new shares or other marketable securities granting access to capital and to the marketable securities to which the latter would confer entitlement, which shall be issued in favor of the members of a Company or Group savings plan in accordance with this resolution;
6. decide that the subscription price may not exceed the average, determined in accordance with Article L. 3332-19 of the French Labor Code, of the opening trading prices for the Company's share during the twenty trading days preceding the date of the decision setting the opening date for the subscription period, or be more than 20% lower than such average, bearing in mind that the shareholders officially authorize the Board of Directors, if deemed appropriate, to reduce or cancel the aforementioned discount, within the legal and regulatory limits;
7. decide, in accordance with Article L. 3332-21 of the French Labor Code, that the Board of Directors may provide for the allotment for no consideration, to the aforementioned beneficiaries, of shares to be issued or already issued or other securities granting access to the Company's capital to be issued or already issued, in respect of (i) the contribution that could be paid in accordance with the regulations governing Company or Group saving plans, and/or (ii) where appropriate, the discount;
8. also decide that, should the beneficiaries not subscribe to the entire capital increase within the allotted deadlines, the capital increase would only be performed for the amount of the shares subscribed, and that the non-subscribed shares may be offered again to the beneficiaries concerned within the scope of a subsequent capital increase;
9. grant full powers to the Board of Directors with the option of sub-delegation under the conditions set by law, to determine, within the limits described above, the various terms and conditions of the transaction and particularly:
   - define the criteria which the companies must meet in order for their employees to be entitled to benefit from the capital increases,
   - determine a list of these companies,
   - set the terms and conditions of the share issue, the characteristics of the shares, and, where appropriate, the other marketable securities, determine the subscription price calculated based on the method defined above, set the terms and conditions and deadline for fully paying up the subscribed shares, deduct from the "Additional paid-in capital" account all costs relating to these capital increases and, if deemed appropriate, all sums necessary to bring the legal reserve up to one tenth of the new share capital after each share issue, and generally complete, directly or through an authorized representative, all the transactions and formalities relating to the share capital increases performed under this resolution and, specifically, perform all the necessary formalities, and where appropriate, take any measures with a view to listing the shares issued pursuant to this resolution for trading on the Euronext Paris exchange,
   - 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 strips of all legal effect the delegation granted to the Board of Directors pursuant to the twentieth resolution of the Extraordinary Shareholders' Meeting of May 5, 2010, for the amount of the non-utilized portion of such authorization.

Twentieth resolution

(Delegation of authority granted to the Board of Directors for a period of 18 months to perform share capital increases reserved for a category of beneficiaries)

The shareholders, deliberating according to the quorum and majority required for Extraordinary Shareholders' Meetings, after having reviewed the Report of the Board of Directors and the Statutory Auditors' Special Report, pursuant to Articles L. 225-129 to L. 225-129-2 and Article L. 225-138 of the French Commercial Code:

1. delegate to the Board of Directors, the authority to decide to increase share capital, on one or more occasions, at the time or times and in the proportions it shall deem fit, *via* the issuance of ordinary shares of the Company as well as any other marketable securities conferring entitlement, immediately or in the future, to the Company's share capital, reserved for the category of beneficiaries defined hereafter;
2. decide that the total amount of share capital increases likely to be performed under this resolution may not exceed a maximum par value amount of 30.25 million euros, corresponding to the issue of a maximum of 5.5 million shares, it being specified that this amount does not include additional shares to be issued, in accordance with applicable legal and regulatory provisions, and when relevant, contractual stipulations providing for other adjustments, to preserve the rights of holders of marketable securities or other rights conferring access to share capital and that the total amount of share capital increases likely to be performed under this resolution and the nineteenth 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 seventeenth resolution voted by this Extraordinary Shareholders' Meeting;
4. decide to cancel the preferential subscription rights of shareholders to the shares or marketable securities and to the marketable securities to which the latter would confer entitlement, which shall be issued pursuant to this resolution and to reserve the right to subscribe them to the category of beneficiaries meeting the following characteristics: any financial institution or subsidiary of such an institution mandated by the Company and which would subscribe to shares, or other marketable securities issued by the Company pursuant to this resolution, with the sole intent to enable employees and corporate officers of foreign companies, affiliated to the Company within the meaning of Article L. 225-180 of the French Commercial Code and Article L. 3344-1 of the French Labor Code, to benefit from a plan with an economic profile comparable to an employee share ownership scheme that would be set up in connection with a share capital increase performed in accordance with the nineteenth resolution submitted to the vote of this Shareholders' Meeting, assuming the implementation of an identical employee share ownership scheme for the benefit of the employees and corporate officers of the aforementioned foreign companies would conflict with local legal, regulatory or tax constraints;
5. decide that the unit price for the issue of the shares to be issued pursuant to this resolution shall be determined by the Board of Directors based on the Company's share price; this issue price shall be equal to the average of the opening trading prices for the share during the twenty trading days preceding the date of the Board of Directors' decision setting the opening date for the period of subscription to a share capital increase performed on the basis of the nineteenth resolution, with the possibility of reducing this average by a maximum discount of 20%; the amount of this discount shall be determined by the Board of Directors in view of the legal, regulatory and tax constraints under the applicable foreign law, where applicable;
6. decide that the Board of Directors shall have full powers, under the terms and conditions set forth by law and within the limits defined above, with the option of sub-delegation, so as to implement this delegation and particularly in order to:
   - set the date and price for the issue of shares to be issued in accordance with this resolution as well as the other terms and conditions governing the issue,
   - determine the beneficiary (or list of beneficiaries) for the cancellation of the preferential subscription right within the above-defined category, as well as the number of shares to be subscribed by such beneficiary (or each beneficiary),
   - where appropriate, determine the characteristics of the other marketable securities granting access to the Company's share capital under the applicable legal and regulatory conditions,
   - record the completion of the share capital increase, complete, directly or through an authorized representative, all the transactions and formalities involving the share capital increases and on its sole decision and if it deems appropriate, deduct the share capital increase costs from the amount of additional paid-in capital relating to such increases, amend the articles of association accordingly and perform all the necessary formalities, and where appropriate, take any measures with a view to listing the shares issued pursuant to this resolution for trading on the Euronext Paris exchange;
7. decide that the delegation granted to the Board of Directors is valid for a period of eighteen months starting from the date of this Shareholders' Meeting and strips of all legal effect the delegation granted to the Board of Directors pursuant to the twenty-first resolution of the Extraordinary Shareholders' Meeting of May 5, 2010, for the amount of the non-utilized portion of such authorization.

ORDINARY SHAREHOLDERS' MEETING

POWERS

PURPOSE

The **21st resolution** is a standard resolution required for the completion of publications and legal formalities.

Twenty-first resolution

(Powers for formalities)

Full powers are granted to a holder of a copy or extract of the minutes of this Shareholders' Meeting to perform all official publications and other formalities required by law and the regulations.

Statutory Auditors' Report

Statutory Auditors' Special Report on related-party agreements and commitments

This is an unofficial translation into English of the Statutory Auditors' Special Report on related-party agreements and commitments that is issued in the French language and provided solely for the convenience of English-speaking readers. This report should be read in conjunction with, and construed in accordance with French law and professional auditing standards applicable in France. It should be understood that the agreements and commitments reported on are only those provided for by the French Commercial Code and that the report does not apply to those related-party transactions described in IAS24 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.

We are required to inform you, based on the information provided to us, of the characteristics and principal terms and conditions of those agreements and commitments of which we have been informed or which we discovered at the time of our engagement, 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.

Furthermore, we are required, where applicable, to inform you in accordance with Article R. 225-31 of the French Commercial Code (Code de commerce) relating to the performance, during the past fiscal year, of the agreements and commitments already approved by an Annual Shareholders' Meeting.

We performed those procedures which we considered necessary to comply with professional guidance issued by the national auditing body (Compagnie Nationale des Commissaires aux Comptes) relating to this type of engagement. These procedures consisted in verifying that information provided to us is consistent with the documentation from which it has been extracted.

AGREEMENTS AND COMMITMENTS SUBMITTED FOR APPROVAL OF THE ANNUAL SHAREHOLDERS' MEETING

Agreements and commitments authorized during the year

We hereby inform you that we have not been advised of any agreement or any commitment authorized during the past fiscal year to be submitted for the approval of the Annual Shareholders' Meeting pursuant to the provisions of Article L. 225-38 of the French Commercial Code.

Agreements and commitments authorized after the end of the year

We have been advised of the following agreements and commitments, authorized since the end of the fiscal year, which received the prior authorization of the Board of Directors during its meeting of February 14, 2011.

With Air Liquide International

Persons concerned

Mr. Benoît Potier, Chairman and Chief Executive Officer of L'Air Liquide and Air Liquide International and Jean-Claude Buono, director of L'Air Liquide and Air Liquide International.

Within the scope of the proposed grouping together of the operational businesses and technology divisions in France leading to a reorganization of the portfolio of the Group's subsidiaries, your Company would make a contribution in kind to its subsidiary Air Liquide International, with retroactive effect as of January 1, 2011, of the following shares:

- 3,194 ordinary shares representing 99.81% of the ordinary shares of Air Liquide Cryogenic Services;
- 638,460 ordinary shares representing 99.9% of the ordinary shares of Air Liquide Electronics Materials;
- 754,987 ordinary shares (including the 4,994 ordinary shares that will be issued in the event of approval of the partial asset contribution that is the subject of the fourteenth resolution submitted to the Extraordinary General Meeting) representing 99.99% of the ordinary shares of Air Liquide Engineering;
- 437,780 ordinary shares representing 99.99% of the ordinary shares of Air Liquide Electronics Systems;
- 1,733,702 ordinary shares (including the 777,979 ordinary shares that will be issued in the event of approval of the partial asset contribution that is the subject of the twelfth resolution submitted to the Extraordinary General Meeting) representing 99.99% of the ordinary shares of Air Liquide Advanced Technologies;
- 371,595 ordinary shares (including the 170,063 ordinary shares that will be issued in the event of approval of the partial asset contribution that is the subject of the thirteenth resolution submitted to the Extraordinary General Meeting) representing 99.99% of the ordinary shares of Cryopal;
- 194,993 ordinary shares representing 99.99% of the ordinary shares of Cryolor.

The contribution would be carried out on the basis of the net book value of the shares transferred at December 31, 2010. The value of the shares of the companies contributed would be determined on the basis of market values defined by reference to the activity of the companies concerned, mainly according to the market multiples method on the basis of the financial statements as at December 31, 2010 and the value of the shares of the beneficiary company would be determined in accordance with the market multiples method based on the consolidated financial statements as at December 31, 2009. On this basis, and in the light of the provision for losses incurred during the intervening period due to retroactivity (*provision pour perte intercalaire*) of 500,000 euros, the net assets contributed would amount to 69,530,053 euros. The contribution would be remunerated by 3,629,378 shares of Air Liquide International.

This contribution is contingent on its approval by the Extraordinary General Meeting of the beneficiary company and approval of the twelfth to fifteenth resolutions submitted to the Extraordinary General Meeting of the Company and to completion of the associated share capital increases.

AGREEMENTS AND COMMITMENTS ALREADY APPROVED BY AN ANNUAL SHAREHOLDERS' MEETING

Agreements and commitments approved during prior years

A) THE PERFORMANCE OF WHICH CONTINUED DURING THE PAST YEAR

Pursuant to Article R. 225-30 of the French Commercial Code, we have been informed that the performance of the following agreements and commitments, already approved by Annual Shareholders' Meetings during prior periods, continued during the past fiscal year.

With Mr. Benoît Potier

Unemployment insurance

Mr. Potier benefits, in his capacity as a corporate officer, from the guarantee covering corporate officers subscribed by the Company.

The contributions paid by the Company in this respect in 2010 totaled €7,633.

B) WHICH WERE NOT IMPLEMENTED DURING THE PAST YEAR

Furthermore, we have been informed of the continuance in effect of the following agreements and commitments, already approved by the Annual Shareholders' Meeting during prior fiscal years, which have not been implemented during the last fiscal year.

With Mr. Benoît Potier

Amendment to employment contract

The agreement defining the conditions under which Mr. Potier could have recovered the benefit of his employment contract in the event of termination of his corporate office has come to an end due to the termination of Mr. Potier's employment contract following the renewal of his corporate offices as director and Chairman and Chief Executive Officer of the Company on May 5, 2010.

With Mr. Pierre Dufour

Termination indemnities

In the event of forced departure of Mr. Dufour (removal from office, non-renewal of his duties, request for resignation) from his corporate office as Senior Executive Vice-President related to a change of strategy or a change in control, the Company has undertaken to pay Mr. Dufour an indemnity equal to twenty-four months' gross fixed and variable remuneration, the payment of which is subject to compliance with performance conditions.

Furthermore, pursuant to his duties as an employee, Mr. Dufour would benefit, where applicable, with respect to the termination of his employment contract, from a statutory indemnity or indemnity under the collective bargaining agreement as well as a non-competition indemnity, which would not be subject to performance conditions.

The sum of any indemnity paid in respect of termination of the employment contract and the indemnity due in case of forced departure may not exceed twenty-four months' remuneration.

This commitment did not have any effect during the fiscal year.

Amendment to the employment contract

Following his appointment as Senior Executive Vice-President, the Board of Directors authorized the signature of an amendment to Mr. Dufour's employment contract in order to adjust the duties and terms and conditions of remuneration applicable to Mr. Dufour as an employee. It is stipulated in this amendment that should Mr. Dufour cease to be a corporate officer, he shall be reinstated in full in his position as an employee. In consideration thereof, the fixed and variable portions of his remuneration shall be reinstated in the same proportions as those existing before he assumed the duties of corporate officer.

This commitment did not have any effect during the fiscal year.

AGREEMENTS AND COMMITMENTS AUTHORIZED DURING THE YEAR

We have furthermore been informed of the implementation, during the past fiscal year, of the following agreements and commitments, already approved by the Annual Shareholders' Meeting of May 5, 2010, on the basis of the Statutory Auditors' report dated of March 10, 2010.

With Mr. Benoît Potier

Pension plan

As from January 1, 2010, in light of the changes made to the entire pension system for management executives, Mr. Potier benefits from the pension schemes applicable to senior management executives and members of the Executive Management consisting of defined-contribution plans for the part of the remuneration which amounts to less than twenty-four times the French Social Security ceiling and a supplementary defined-benefit scheme for the portion of remuneration exceeding twenty-four times the French Social Security ceiling.

The total pension benefits, for all types of pension schemes combined, may not exceed 45% of the average of the three highest total amounts of annual remuneration for each of the last five years. For this calculation, the average of the variable parts of remuneration taken into account may not exceed 100% of the average of the fixed remuneration amounts.

The contributions paid by the Company in 2010 under the defined-contribution plans totaled 88,743 euros.

Death, disability and related benefits scheme

As a corporate officer, Mr. Potier benefits from the death, disability and related benefits scheme for senior management executives and members of the Executive Management whose total remuneration exceeds eight times the French Social Security ceiling. This scheme guarantees payment of a lump-sum amount in the event of death or permanent total disability.

The contributions paid by the Company in this respect in 2010 totaled 52,513 euros.

Termination indemnities

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 related to a change of strategy or a change in control, the Company undertook to pay Mr. Potier an indemnity equal to twenty-four months' gross fixed and variable remuneration, the payment of which is subject to compliance with performance conditions assessed in the light of the Company's performance.

If the forced departure occurs during the twenty-four months prior to the date when Mr. Potier's term of office as Chairman and Chief Executive Officer expires as a result of the statutory age limit, the amount of the indemnity will be capped at the number of months' gross remuneration between the date of forced departure and the date on which the statutory age limit will be reached. No indemnity will be paid if, on the date of forced departure, the beneficiary asks for the payment of his pension rights.

This commitment became effective at the close of the Annual Shareholders' Meeting on May 5, 2010 following the renewal of Mr. Potier's terms of office as Director and Chairman and Chief Executive Officer of the Company. It cancels and supersedes the decision made by the Board of Directors at its meeting of February 13, 2009 on the same subject as from the effective date.

This commitment did not have any effect during the fiscal year.

Indemnity to compensate for the loss of pension rights in respect of the corporate office

In the event of termination of his corporate office on the Company's initiative before he reaches fifty-five years of age and except in the event of gross misconduct or gross negligence, the Board of Directors has awarded Mr. Potier an indemnity to compensate for the loss of his rights under the supplementary defined-benefit pension plan applicable to senior management executives and members of the Executive Management of the Company. Payment of this indemnity is subject to compliance with conditions related to Mr. Potier's performance assessed in light of the Company's own performances.

This commitment became effective at the close of the Annual Shareholders' Meeting of May 5, 2010 following the renewal of the Mr. Potier's term of office as Director and Chairman and Chief Executive Officer of the Company. This commitment will lapse in 2012 on the date of Mr. Potier's 55th birthday. This commitment cancels and supersedes the decision made by the Board of Directors at its meeting of February 14, 2008 on the same subject as from its effective date.

This commitment did not have any effect during the fiscal year.

With Mr. Pierre Dufour

Pension plan

As from January 1, 2010, in light of the changes made to the entire pension system for management executives, Mr. Dufour benefits from the pension schemes applicable to senior management executives and members of the Executive Management consisting of defined-contribution plans for the part of the remuneration which amounts to less than twenty-four times the French Social Security ceiling and a supplementary defined-benefit scheme for the portion of remuneration exceeding twenty-four times the French Social Security ceiling.

The total pension benefits, for all types of pension schemes combined, may not exceed 45% of the average of the three highest total amounts of annual remuneration for each of the last five years. For this calculation, the average of the variable parts of remuneration taken into account may not exceed 100% of the average of the fixed remuneration amounts.

The contributions paid by the Company in 2010 under these defined-contribution plans totaled 88,743 euros.

Death, disability and related benefits scheme

As a corporate officer, Mr. Dufour benefits from the death, disability and related benefits scheme for senior management executives and members of the Executive Management whose total remuneration exceeds eight times the French Social Security ceiling. This scheme guarantees payment of a lump-sum amount in the event of death or permanent total disability.

The contributions paid by the Company in this respect in 2010 totaled 21,704 euros.

Courbevoie and Neuilly-sur-Seine, March 9, 2011

The Statutory Auditors

MAZARS	ERNST & YOUNG et Autres
Lionel Gotlib	Jean-Yves Jégourel

Statutory Auditors' Report
on the reduction in capital

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

To the Shareholders,

In our capacity as Statutory Auditors of your Company and in compliance with Article L. 225-209 of the French Commercial Code (Code de Commerce) in respect of the cancellation of a company's own shares previously repurchased, we hereby report on our assessment of the terms and conditions of the proposed reduction in capital.

Your Board of Directors requests that it be empowered for a period of 24 months from the date of this Shareholders' Meeting to proceed with the cancellation of own shares the Company was authorised to repurchase in accordance with Article L. 225-209, representing an amount not exceeding 10% of its total capital for a period of twenty-four months.

We have performed those procedures which we considered necessary in accordance with professional guidance issued by the national auditing body (Compagnie Nationale des Commissaires aux Comptes) relating to this operation. These standards require that we perform the necessary procedures to examine whether the terms and conditions for the proposed reduction in capital, that does not adversely affect the shareholders' equality, are fair.

We have nothing to report on the terms and conditions of the proposed reduction in capital.

Courbevoie and Neuilly-sur-Seine, March 9, 2011

The Statutory Auditors

MAZARS	ERNST & YOUNG et Autres
Lionel Gotlib	Jean-Yves Jégourel

Statutory Auditors' Report

on the issue of free share purchase warrants in the event of a takeover bid for the Company

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

To the Shareholders,

In our capacity as Statutory Auditors of your Company and in compliance with Articles L. 225-92 of the French Commercial Code (Code de Commerce), we hereby report on the proposed free issue of share purchase warrants in the event of a takeover bid for the Company, an operation upon which you are called to vote.

Your Board of Directors proposes, on the basis of its report, that it be authorized the ability to decide and to sub-delegate the decision, in accordance with Article L. 233-32 II of the French Commercial Code (Code de Commerce), in respect of the following:

- the issuing of share purchase warrants in accordance with Article L. 233-32 II of the French Commercial Code (Code de Commerce), with preferential subscription rights, for one or more shares in the Company, allocated free of charge to all shareholders enjoying such rights before the closing date of the takeover bid;
- determining the conditions of the issue and nature of the share purchase warrants.

This authorization is given for a period which shall expire at the closing date of the bid and shall be exercized within eighteen months from the Shareholders' Meeting of May 4, 2011.

The total nominal amount of shares thus issued may not exceed 515,400,000 euros and the maximum number of warrants issued may not exceed the number of shares that make up the share capital at the time the share purchase warrants are issued.

It is the responsibility of the Board of Directors to prepare a report in accordance with Articles R. 225-113, R. 225-114 and R. 225-117 of the French Commercial Code (Code de Commerce). Our role is to report on the fairness of the financial information taken from the financial statements, and on the other information relating to the issue of share purchase warrants provided in the report.

We have performed those procedures which we considered necessary to comply with the professional guidance issued by the national auditing body (Compagnie Nationale des Commissaires aux comptes) relating to this operation. These procedures consisted in verifying the information provided in the Board of Directors' report relating to this operation.

We have nothing to report regarding the information provided in the Board of Directors' report relating to the proposed issue of share warrants in the event of a takeover bid for the Company.

In accordance with Article R. 225-116 of the French Commercial Code (Code de Commerce), we will issue an additional report, if necessary, for the purpose of a further Shareholders' Meeting to comply with Article L. 232-32 III of the French Commercial Code (Code de Commerce), when your Board of Directors exercizes its authorization.

Courbevoie and Neuilly-sur-Seine, March 9, 2011

The Statutory Auditors

MAZARS	ERNST & YOUNG et Autres
Lionel Gotlib	Jean-Yves Jégourel

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 with retention of shareholders' 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 users. 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 French Commercial Code (Code de Commerce) and notably Article L. 228-92, we hereby report on the proposal to authorize your Board of Directors to decide whether to proceed with an issue of ordinary shares or marketable securities conferring entitlement immediately and/or in the future to the Company's shares, 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 390 million euros, which also includes the total increase in capital to be implemented under the nineteenth and twentieth resolutions. The maximum nominal amount of convertible securities that may be issued under the present authorization may not exceed 2 billion euros.

These limits would take into account the additional shares or marketable securities to be issued in accordance with Article L. 225-135-1 of the French Commercial Code (Code de Commerce) if the eighteenth resolution is adopted.

Your Board of Directors proposes that, on the basis of its report, it be authorized with the option of subdelegation for a period of twenty-six months to decide on whether to proceed with one (or several) issues. If applicable, 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 Commercial Code (Code de Commerce). Our role is to report on the fairness of the financial information taken from the accounts and on other information relating to the issue provided in the report.

We have performed those procedures which we considered necessary to comply with the professional guidance issued by the French national auditing body (Compagnie Nationale des Commissaires aux comptes) for this type of engagement. These procedures consisted in verifying the information provided in the Board of Directors' report relating to this operation and the methods used to determine the issue price of the capital securities.

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 issue price of the capital securities has not yet been determined, we cannot report on the final conditions in which the issues would be performed.

In accordance with Article R. 225-116 of the French Commercial Code (Code de Commerce), we will issue a supplementary report, if necessary, when your Board of Directors has exercized this authorisation.

Courbevoie and Neuilly-sur-Seine, March 9, 2011

The Statutory Auditors

MAZARS	ERNST & YOUNG et Autres
Lionel Gotlib	Jean-Yves Jégourel

Statutory Auditors' Report

on the issue of ordinary shares or marketable securities with cancellation of preferential subscription rights reserved for employees members of a Company or Group 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 users. This report should be read in conjunction with, and construed in accordance with, French law and professional standards applicable in France.

To the Shareholders,

In our capacity as Statutory Auditors of your Company and in compliance with Articles L. 225-135, L. 225-138 and L. 228-92 of the French Commercial Code (Code de Commerce), we hereby report on the proposal to grant your Board of Directors the ability to decide, in one or several times, on the issue of ordinary shares and marketable securities, conferring entitlement, now or in the future, to the Company's share capital, with cancellation of preferential subscription rights. These increases are reserved to the employees who contribute to a savings plan set up by the Company or affiliated companies as defined by Article L. 225-180 of the French Commercial Code (Code de Commerce), an operation upon which you are called to vote.

The maximum par value of the capital increase amounts to 30,250,000 euros, corresponding to the issue of a maximum of 5.5 million shares, provided that:

- the total amount of share capital increases to be performed under the nineteenth resolution and the twentieth may not exceed the aforementioned par value amount of 30,250,000 euros;
- the maximum per value amount of share capital increases likely to be performed on the basis of the nineteenth resolution and the twentieth resolution shall be deducted from the overall limit stipulated in the second part of the seventeenth resolution to the Shareholders' Meeting of May 4, 2011 that is to say 390 millions of euros.

This issue of ordinary shares and marketable securities is submitted for your approval in accordance with Articles L. 225-129-6 of the French Commercial Code (Code de Commerce) and L. 3332-18 and following of French Labour Law (Code du travail).

Your Board of Directors proposes that, on the basis of its report, it be authorized for a period of twenty-six months, with the option of sub delegation, to decide on whether to proceed with one or several increases in capital and proposes to cancel your preferential subscription rights to the ordinary shares and marketable securities conferring entitlement to the Company's share capital. If necessary, it will determine the final conditions for these operations.

It is the responsibility of your Board of Directors to prepare a report in accordance with Articles R. 225-113, R. 225-114 and R. 225-117 of the French Commercial Code (Code de Commerce). It is our responsibility to report on the fairness of the financial information taken from the financial statements, on the proposed cancellation of preferential subscription rights and on other information relating to the share issue, provided in this report.

We have performed the procedures which we considered necessary in accordance with the professional guidance issued by the national auditing body (Compagnie Nationale des Commissaires aux comptes) relating to this operation. These procedures require that we perform the necessary procedures to verify the contents of the Board of Director's report relating to this operation and on the methods for determining the issue price of the ordinary shares and of the marketable securities conferring entitlement to the Company's share capital, to be issued.

Subject to a subsequent examination of the conditions for the increases in capital that may be decided, we have nothing to report on the methods for determining the issue price of the ordinary shares and of the marketable securities conferring entitlement to the Company's share capital, to be issued, provided in the Board of Directors' report.

As the issue price of ordinary shares and marketable securities has not yet been determined, we do not express a conclusion on the final conditions under which the increases in capital would be carried out and, consequently, on the proposed cancellation of preferential subscription rights.

In accordance with Article R. 225-116 of the French Company Law (Code de Commerce), we will prepare an additional report, if necessary, when your Board of Directors exercizes this ability.

Courbevoie and Neuilly-sur-Seine, March 9, 2011

The Statutory Auditors

MAZARS	ERNST & YOUNG et Autres
Lionel Gotlib	Jean-Yves Jégourel

Statutory Auditors' Report

on the issue of ordinary shares or marketable securities conferring entitlement to the share capital, with cancellation of preferential subscription rights, reserved for a category of beneficiaries

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

To the Shareholders,

In our capacity as Statutory Auditors of your Company and in compliance with Articles L. 225-135, L. 225-138 and L. 228-92 of the French Commercial Code (Code de Commerce), we hereby report on the proposal to grant your Board of Directors the ability to decide, in one or several times, on the issue of ordinary shares and marketable securities, conferring entitlement, now or in the future, to the Company's share capital, with cancellation of preferential subscription rights. These increases are reserved in the conditions stipulated in the twentieth resolution to any financial institution or subsidiary of such an institution mandated by the Company with the sole intent to enable employees and corporate officers of foreign affiliated companies within the meaning of Article L. 225-180 of the French Company Law (Code de Commerce) and Article L. 3344-1 of the French Labor Code (Code du travail), to benefit from a plan with an economic profile comparable to an employee share ownership scheme assuming the implementation of such scheme would conflict with local legal, regulatory or tax constraints. You are called to vote on this operation.

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 nineteenth resolution and the twentieth may not exceed the aforementioned par value amount of 30,250,000 euros;
- the maximum per value amount of share capital increases likely to be performed on the basis of the nineteenth resolution and the twentieth resolution shall be deducted from the overall limit stipulated in the second part of the seventeenth resolution to the Shareholders' Meeting of May 4, 2011 that is to say 390 millions euros.

This increase in capital is submitted for your approval in accordance with Articles L. 225-129-6 of the French Commercial Code (Code de Commerce) and L. 3332-18 and following of French Labour Law (Code du travail).

Your Board of Directors proposes that, on the basis of its report, it be authorized for a period of eighteen months, with the option of sub delegation, to decide on whether to proceed with one or several increases in capital and proposes to cancel your preferential subscription rights to the ordinary shares and marketable securities conferring entitlement to the Company's share capital. If necessary, it will determine the final conditions for these operations.

It is the responsibility of your Board of Directors to prepare a report in accordance with Articles R. 225-113, R. 225-114 and R. 225-117 of the French Commercial Code (Code de Commerce). It is our responsibility to report on the fairness of the financial information taken from the financial statements, on the proposed cancellation of preferential subscription rights and on other information relating to the share issue, provided in this report.

We have performed the procedures which we considered necessary in accordance with the professional guidance issued by the national auditing body (Compagnie Nationale des Commissaires aux comptes) relating to this operation. These standards require that we perform the necessary procedures to verify the contents of the Board of Director's report relating to this operation and on the methods for determining the issue price of the ordinary shares and of the marketable securities conferring entitlement to the Company's share capital, to be issued.

Subject to a subsequent examination of the conditions for the increases in capital that may be decided, we have nothing to report on the methods for determining the issue price of the ordinary shares and of the marketable securities conferring entitlement to the Company's share capital, to be issued, provided in the Board of Directors' report.

As the issue price has not yet been determined, we do not express a conclusion on the final conditions under which the increases in capital would be carried out and, consequently, on the proposed cancellation of preferential subscription rights.

In accordance with Article R. 225-116 of the French Commercial Code (Code de Commerce), we will prepare an additional report, if necessary, when your Board of Directors exercizes its authority.

Courbevoie and Neuilly-sur-Seine, March 9, 2011

The Statutory Auditors

MAZARS	ERNST & YOUNG et Autres
Lionel Gotlib	Jean-Yves Jégourel

Statutory auditors' supplementary report

on the increase in capital with cancellation of preferential subscription rights reserved for Company employees members of the Company's savings plan

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

To the shareholders,

In our capacity as Statutory Auditors of your Company and in compliance with article R. 225-116 of the French Commercial Code (Code de commerce) we hereby present a supplementary report to our report dated March 10, 2010 on the issue of shares with cancellation of preferential subscription rights reserved for Company employees members of the Company's savings plan, authorised by your extraordinary shareholders' meeting on May 5, 2010.

This increase in capital had been submitted for your approval in accordance with articles L. 225-129-6 of the French Commercial Code (Code de commerce) and L. 3332-18 etc. of the French Labour Code (Code du travail).

The shareholders authorized your Board of Directors to decide on whether to proceed with such operation for a period of twenty six months and a maximum par value amount of 30.250.000 euros corresponding to the issue of a maximum of 5 million shares.

Exercising this authorisation, your Board of Directors decided on May 5, 2010 an increase in capital reserved for Company employees members of the Company's savings plan with a limit of 1 million actions and granted full powers to your Chaiman and Chief Executive Officer to proceed with this increase in capital. Exercising this sub-delegation, your Chairman and Chief Executive Officer decided on November 3, 2010 the subscription period and the subscription price of the shares. On December 9, 2010, your Chairman and Chief Executive Officer noted the issuing of 712.958 shares with a par value of 5,5 euros and a subscription price of 74,49 euros (79,15 euros in the United States).

It is the responsibility of the Chairman and Chief Executive Officer to prepare a report in accordance with articles R. 225-115 and R. 225-116 of the French Commercial Code (Code de commerce). Our role is to report on the fairness of the financial information taken from the accounts, on the proposed cancellation of preferential subscription rights and on other information relating the share issue provided in the report.

We have performed those procedures which we considered necessary to comply with the professional guidance issued by the French national auditing body (Compagnie Nationale des Commissaires aux comptes) relating to this operation. These procedures consisted in verifying:

- the fairness of the financial information taken from the condensed interim consolidated financial statements for the period ended June 30, 2010 approved by the Board of Directors and prepared according to accounting principles identical to those used for the last consolidated financial statements, except for the first-time adoption of new IFRS, interpretations or amendments as of January 1st, 2010 and notably revised IFRS 3 "Business combination" and the amendment to IAS 27 "Consolidated and separate financial statements". We performed a review of these accounts in accordance with professional standards applicable in France,
- the compliance with the terms of the operation as authorized by the shareholders and the fairness of the information provided in the Chairman and Chief Executive Officer's supplementary report on the choice of constituent elements used to determine the issue price and on its amount.

We have no matters to report as to:

- the fairness of the financial information taken from the Company's accounts and included in the Chairman and Chief Executive Officer's supplementary report,
- compliance with the terms of the operation as authorized by the shareholders on May 5, 2010 and the information provided to them,
- the proposed cancellation of the preferential subscription rights, upon which you have voted, the choice of constituent elements used to determine the issue price and its final amount,
- the presentation of the effect of the issuance on the financial position of the share and capital security holders as expressed in relation to the shareholders' equity and on the market value of the share.

Courbevoie and Paris-La Défense, December 20, 2010

The Statutory Auditors

MAZARS	ERNST & YOUNG et Autres
Lionel Gotlib	Jean-Yves Jégourel

Other reports

Conclusions of the spin-off Appraiser on the value of the transferred assets and on the compensation for the transferred assets from L'Air Liquide S.A. to its subsidiaries

UNOFFICIAL TRANSLATION— FOR INFORMATION PURPOSES ONLY

Prepared in accordance with article L.236-10 of the French Commercial Code (Code de commerce).

The conclusions presented below are extracted from each of the reports of the spin off appraiser (Commissaire à la scission) with which they form an indivisible whole. This is a free translation into English of reports issued in French language and it is provided solely for the convenience of English speaking users. These conclusions should be read in conjunction with, and construed in accordance with, French law and professional standards applicable in France. No assurances are given as to the accuracy or completeness of this translation, and the spin off appraiser assumes no responsibility with respect to this translation or any misstatement or omission that may be contained therein. In the event of any ambiguity or discrepancy between this translation and the French Report, the French Report shall prevail.

After due diligence, the spin off appraiser reached the following conclusions:

Air Liquide France Industrie

Value of the transferred assets

Based on my work and as at the date of this report, I believe that the adopted value of the transferred assets of €169,979,041 is not overvalued and, therefore, that the transferred net assets are at least equal to the amount of the capital increase of the beneficiary company receiving the partial transfer of assets plus the issue premium.

Compensation for the transferred assets

Based on my work, and as at the date of this report, I believe that the compensation proposed for the transfer, resulting in the issuance of 1,917,201 Air Liquide France Industrie shares established by the parties, is fair in nature.

Air Liquide Advanced Technologies

Value of the transferred assets

Based on my work and as at the date of this report, I believe that the adopted value of the transferred assets of €6,394,987 is not overvalued and, therefore, that the transferred net assets are at least equal to the amount of the capital increase of the beneficiary company receiving the partial transfer of assets plus the issue premium.

Compensation for the transferred assets

Based on my work, and as at the date of this report, I believe that the compensation proposed for the transfer, resulting in the issuance of 777,979 Air Liquide Advanced Technologies shares established by the parties, is fair in nature.

Cryopal

Value of the transferred assets

Based on my work and as at the date of this report, I believe that the adopted value of the transferred assets of €4,959,037 is not overvalued and, therefore, that the transferred net assets as at the completion date are at least equal to the amount of the capital increase of the beneficiary company receiving the partial transfer of assets plus the issue premium.

Compensation for the transferred assets

Based on my work, and as at the date of this report, I believe that the compensation proposed for the transfer, resulting in the issuance of 170,063 Cryopal shares established by the parties, is fair in nature.

Air Liquide Engineering

Value of the transferred assets

Based on my work and as at the date of this report, I believe that the adopted value of the transferred assets of €1,618,156 is not overvalued and, therefore, that the transferred net assets as at the completion date are at least equal to the amount of the capital increase of the beneficiary company receiving the partial transfer of assets plus the issue premium.

Compensation for the transferred assets

Based on my work, and as at the date of this report, I believe that the compensation proposed for the transfer, resulting in the issuance of 4,994 Air Liquide Engineering shares established by the parties, is fair in nature.

Air Liquide Services

Value of the transferred assets

Based on my work and as at the date of this report, I believe that the adopted value of the transferred assets of €2,039,367 is not overvalued and, therefore, that the transferred net assets are at least equal to the amount of the capital increase of the beneficiary company receiving the partial transfer of assets plus the issue premium.

Compensation for the transferred assets

Based on my work, and as at the date of this report, I believe that the compensation proposed for the transfer, resulting in the issuance of 380,479 Air Liquide Services shares established by the parties, is fair in nature.

Versailles, March 18, 2011

Vincent Baillot

Auditor

Member of the regional Company of Versailles (Compagnie régionale de Versailles)

The full version of the spin-off Appraiser reports is available on the website of the Company (www.airliquide.com).

Additional information

Share capital

DELEGATIONS OF AUTHORITY GRANTED AT THE SHAREHOLDERS' MEETING

Type of authorization	Purpose of the authorization	Validity of the delegation	Maximum amount	Utilization in 2010
Share buyback	Purchase own shares for the purpose of: ■ cancelling them; ■ retaining them for the purpose of a share exchange or payment as part of an external growth strategy, in accordance with applicable regulations; ■ tendering them following the exercize of rights attached to marketable securities conferring entitlement to Company shares by redemption, conversion, exchange, presentation of a warrant or any other means; ■ implementing share purchase option plans, free share attribution plans, or any employee share ownership transactions in favor of its employees or those of its subsidiaries; ■ maintaining an active market in the Company's shares pursuant to a market liquidity agreement in compliance with a Code of Ethics recognized by the French financial markets authority, the AMF (Autorité des marchés financiers).	Granted during the Shareholders' Meeting on May 5, 2010 for a period of 18 months Maximum price: 165 euros	10% of share capital, or 26,425,435 shares, for a maximum par value amount of 4,360,196,775 euros	**Treasury shares:** 11,094 Company treasury shares were tendered in connection with the 2008 ACAS plan ("France" Plan). No treasury shares were purchased in 2010. 72,496 shares were received in respect of the free share attribution of May 28, 2010. Considering these transactions, as of December 31, 2010, the Company owned 1,148,865 shares at an average price of 78.82 euros, i.e. a balance sheet value of 90,557,897 euros. **Liquidity contract changes:** 2,872,589 shares (including 10,300 shares received in respect of the free share attribution of May 28, 2010) purchased at an average price of 85.89 euros and 2,919,133 shares sold at an average price of 86.62 euros. As of December 31, 2010, under the liquidity contract, the balance sheet value of the 112,500 shares held was 10,752,638 euros (see Information on the completion of the Company's share buyback program page 238).
Cancellation of shares purchased by the Company	Reduce the number of outstanding shares and improve basic earnings per share.	Granted during the Shareholders' Meeting on May 5, 2010 for a period of 24 months	10% of share capital	This authorization was not used in 2010. (see Information on the completion of the Company's share buyback program page 238). No shares were cancelled by the Board of Directors.
Share capital increase	Increase the share capital by the issuance of shares or marketable securities conferring entitlement, immediately or in the future, to the Company's capital, with retention of the shareholders' preferential share subscription rights.	Granted during the Shareholders' Meeting on May 7, 2009 for a period of 26 months	For a maximum par value amount of 350 million euros	This authorization was not used in 2010.
Share capital increase	To be able to increase the amount of shares or marketable securities issued with retention of the shareholders' preferential share subscription rights in the event of oversubscription.	Granted during the Shareholders' Meeting on May 7, 2009 for a period of 26 months	To be deducted from the aforementioned overall limit of 350 million euros	This authorization was not used in 2010.

Share capital increase	Increase the share capital by capitalization of reserves, earnings, additional paid-in capital or other items in view of the attribution of free shares and/or an increase in the par value of existing shares.	Granted during the Shareholders' Meeting on May 5, 2010 for a period of 26 months	For a maximum par value amount of 250 million euros	In 2010, capitalization of 99.4 million euros, deducted from "Additional paid-in capital", via the creation of 17,651,181 free shares allocated to shareholders, in the ratio of one new share for 15 existing shares and 427,259 free shares allocated to shareholders corresponding to the 10% bonus allocation.
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 5, 2010 for a period of 26 months	A par value amount of 30.25 million euros and a maximum of 5.5 million shares	Pursuant to the first of these two resolutions, the Board of Directors' meeting of May 5, 2010 decided to propose a share capital increase reserved for employees of Group companies which are members of a company or group savings plan in France or abroad. A total of 712,958 new shares were subscribed, each with a par value of 5.50 euros.
	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 5, 2010 for a period of 18 months		
Bond issuance	Issue one or more bonds.	Granted during the Shareholders' Meeting on May 7, 2008 for a period of five years	8 billion euros	As of December 31, 2010, the outstanding amount of L'Air Liquide S.A. bond issues totaled 1.5 billion euros and 3.8 billion euros for the Air Liquide Group.
Issuance of share subscription warrants	Issue free share subscription warrants in the event of a public offer for the Company.	Granted during the Shareholders' Meeting on May 5, 2010 for a period of 18 months	A par value amount of 776.4 million euros	This authorization was not used in 2010.
Allotment of share subscription options	Grant to employees and/or corporate officers of the Company or of French and foreign subsidiaries, or some of them, options conferring entitlement to subscribe to shares of the Company to be issued to increase the share capital or options conferring entitlement to purchase the Air Liquide shares bought back by the Company.	Granted during the Shareholders' Meeting on May 5, 2010 for a period of 38 months	2% of the Company's capital on the date the options are granted	532,760 Air Liquide share subscription options were allotted by the Board of Directors on June 28, 2010.
Conditional Grant of Shares to Employees (CGSE)	Subject to certain requirements, allot free 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 5, 2010 for a period of 38 months	0.5% of the Company's capital on the date of decision to allot free shares	143,720 free shares subject to performance requirements were allotted by the Board of Directors on June 28, 2010.

TRENDS IN SHARE CAPITAL OVER THE PAST THREE YEARS

Issue date	Type of transaction	Number of shares issued	Aggregate number of shares	Capital increase	Issue premiums and reserves	Share capital
In euros, except for shares						
February 14, 2008	Exercize of share subscription options	197,065	238,928,510	1,083,857.50	10,396,057.21	1,314,106,805.00
February 14, 2008	Cancellation of shares	(2,916,350)	236,012,160	(16,039,925.00)	(256,293,966.41)	1,298,066,880.00
May 7, 2008	Exercize 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	Free share attribution (1 for 10)	23,622,905	259,851,958	129,925,977.50	(129,925,977.50)	1,429,185,769.00
June 9, 2008	Exercize of share subscription options	57,450	259,909,408	315,975.00	2,941,537.21	1,429,501,744.00
June 9, 2008	Free share attribution (1 for 10)	5,745	259,915,153	31,597.50	(31,597.50)	1,429,533,341.50
June 9, 2008	Free share attribution loyalty premium (1 for 100)	589,236	260,504,389	3,240,798.00	(3,240,798.00)	1,432,774,139.50
December 16, 2008	Exercize of share subscription options	383,048	260,887,437	2,106,764.00	17,766,526.96	1,434,880,903.50
December 16, 2008	Free share attribution (1 for 10)	2,260	260,889,697	12,430.00	(12,430.00)	1,434,893,333.50
February 13, 2009	Exercize of share subscription options	57,828	260,947,525	318,054.00	2,694,354.76	1,435,211,387.50
May 7, 2009	Exercize of share subscription options	683,931	261,631,456	3,761,620.50	32,547,284.02	1,438,973,008.50
May 7, 2009	Share capital increase reserved for employees	999,229	262,630,685	5,495,759.50	43,457,905.33	1,444,468,767.50
November 17, 2009	Exercize of share subscription options	1,509,603	264,140,288	8,302,816.50	72,434,991.84	1,452,771,584.00
February 12, 2010	Exercize of share subscription options	142,557	264,282,845	784,063.50	6,924,704.50	1,453,555,647.50
May 25, 2010	Exercize of share subscription options	484,866	264,767,711	2,666,763.00	23,696,699.54	1,456,222,410.50
May 25, 2010	Free share attribution (1 for 15)	17,651,181	282,418,892	97,081,495.50	(97,081,495.50)	1,553,303,906.00
May 25, 2010	Free share attribution loyalty premium (1 for 150)	427,259	282,846,151	2,349,924.50	(2,349,924.50)	1,555,653,830.50
December 9, 2010	Exercize of share subscription options	426,941	283,273,092	2,348,175.50	20,201,739.90	1,558,002,006.00
December 9, 2010	Share capital increase reserved for employees	712,958	283,986,050	3,921,269.00	49,340,211.86	1,561,923,275.00

Note :

Between December 9 and December 31, 2010, 109,043 options were exercized leading to an outstanding capital as at December 31, 2010, of 1,562,523,011.50 euros, or 284,095,093 shares.

CHANGES IN SHARE CAPITAL OWNERSHIP OVER THE LAST THREE YEARS

	2008	2009	2010
Individual shareholders	38%	38%	36%
French institutional investors	26%	26%	23%
Foreign institutional investors	35%	36%	40%
Own shares held by the Company (directly and indirectly)	1%	>0%	<1%

Threshold notifications in 2010

The Credit Suisse Group reported that it had:

- on April 26, 2010 breached the 2% threshold set under the Company's articles of association and held 2.05% of the capital of the Company;
- on May 12, 2010 reduced its position below the 2% threshold set under the Company's articles of association and held 1.93% of the capital of the Company;
- on May 13, 2010 breached the 2% threshold and held 2.07% of the capital of the Company;
- on May 20, 2010 reduced its position below the 2% threshold and held 1.97% of the capital of the Company.

On April 30, 2010 Natixis Asset Management reported that it had reduced its position below the 2% threshold and held 1.97% of the capital of the Company as of this date.

On December 31, 2010 no shareholder had notified holding 5% or more of the capital and voting rights.

SHARE CAPITAL AND VOTING RIGHTS FOR THE LAST THREE YEARS

	Number of shares comprising share capital	Theoretical number of voting rights (including treasury shares)	Actual number of voting rights (excluding treasury shares)
2008	260,922,348	260,922,348	259,480,632
2009	264,254,354	264,254,354	262,934,791
2010	**284,095,093**	**284,095,093**	**282,755,469**

There are no double voting rights.

To the best of the Company's knowledge, there are no shareholders' agreements or joint or concerted action agreements.

Directly registered shares owned by the main shareholders were not pledged.

AMOUNT OF SHARE CAPITAL HELD BY EMPLOYEES

Since 1986, L'Air Liquide S.A. has given the employees of certain Group companies the possibility to subscribe to capital increases reserved for them. At the end of 2010, the share of capital held by employees and former employees of the Group is estimated at 2.1%, of which 1.6% that is 4,569,984 shares (in the meaning of article L. 225-102 of the French Commercial Code) correspond to shares subscribed by employees during employee reserved capital increase operations or held through mutual funds.

General information

GENERAL INFORMATION

Law applicable to L'Air Liquide S.A.

French law.

Incorporation and expiration dates

The Company was incorporated on November 8, 1902, for a set term expiring on February 17, 2028.

Business and Company register

552 096 281 RCS Paris

APE code: 2011Z

Consulting legal documents

The articles of association, Minutes of Shareholders' Meetings and other Company documents may be consulted at Company headquarters.

Fiscal year

The Company's fiscal year starts on January 1, and ends on December 31, of the same year.

Address and phone number of the head office

75, quai d'Orsay, 75007 Paris – +33 (0)1 40 62 55 55

ARTICLES OF ASSOCIATION

SECTION I

Name – Purpose – Head Office – Term

ARTICLE 1: FORM AND NAME

The Company is a joint stock company, with a Board of Directors. This company will be governed by the laws and regulations in force and these articles of association.

The Company's name is "L'Air Liquide, *Société anonyme pour l'Étude et l'Exploitation des procédés Georges Claude*".

ARTICLE 2: PURPOSE

The Company's corporate purpose includes:

- the study, exploitation, sale of the patents or inventions of Messrs. Georges and Eugène Claude pertaining to the liquefaction of gases, the industrial production of refrigeration, liquid air and oxygen, and the applications or utilizations thereof;
- the industrial production of refrigeration, of liquid air, the applications or uses thereof, the production and liquefaction of gases, and in particular oxygen, nitrogen, helium and hydrogen, the applications and uses thereof in all forms, pure, in blends and combinations, without any distinction as to state or origin, in all areas of application of their physical, thermodynamic, chemical, thermochemical and biological properties, and, in particular, in the domains of propulsion, the sea, health, agri-business and pollution;
- the purchase, manufacturing, sale, use of all products pertaining directly or indirectly to the aforementioned corporate purpose, as well as all sub-products resulting from their manufacturing or their use, of all machines or devices used for the utilization or application thereof and, more specifically, the purchase, manufacturing, sale, use of all products, metals or alloys, derived or resulting from a use of oxygen, nitrogen and hydrogen, pure, blended or combined, in particular of all oxygenated or nitrogenous products;
- the study, acquisition, direct or indirect exploitation or sale of all patents, inventions or methods pertaining to the same corporate purposes;
- the exploitation, directly or through the incorporation of companies, of all elements connected, directly or indirectly, with the Company's purpose or likely to contribute to the development of its industry;
- the supply of all services, or the supply of all products likely to develop its clientele in the industry or health sectors.

The Company may request or acquire all franchises, perform all constructions, acquire or lease all quarries, mines and all real property, and take over all operations connected with its corporate purpose, sell or lease these franchises, merge or create partnerships with other companies by acquiring company shares or rights, through advances or in any appropriate manner. It may undertake these operations either alone or jointly.

Lastly, and more generally, it may carry out all industrial, commercial, real estate, personal or financial operations pertaining directly or indirectly to the corporate purposes specified above.

ARTICLE 3: HEAD OFFICE

The Company's head office is located at 75, quai d'Orsay, Paris.

It may be transferred upon a Board of Directors' decision to any other location in Paris or a neighboring department, subject to the ratification of such decision by the next Ordinary General Shareholders' Meeting, and anywhere else by virtue of a decision by an Extraordinary Shareholders' Meeting.

ARTICLE 4: TERM

The Company's term has been fixed at 99 years beginning on February 18, 1929, except in the event of early dissolution or extension.

SECTION II

Share capital – Shares – Identification of shareholders

ARTICLE 5: SHARE CAPITAL

The share capital has been set at 1,562,878,850.50 euros divided into 284,159,791 fully paid-up shares of a par value of 5.50 euros each.

Share capital is increased under the conditions stipulated by law either by issuing ordinary or preferred shares, or by raising the par value of existing shares. It may also be increased by exercising the rights attached to marketable securities granting access to share capital, under the conditions stipulated by law.

In accordance with prevailing legal provisions, unless otherwise decided by the Shareholders' Meeting, the shareholders have, in proportion to the amount of shares they own, a preferential subscription right to the shares issued in cash in order to increase share capital.

The share capital may also be reduced under the conditions stipulated by law, in particular, by reducing the par value of the shares, or by reimbursing or redeeming shares on the stock exchange and by canceling shares, or by exchanging existing shares for new shares, in an equivalent or lesser number, with or without the same par value, and with or without a cash balance to be paid or received. The Shareholders' Meeting may always compel the shareholders to sell or purchase existing shares to permit the exchange of existing shares for new shares, with or without a cash balance to be paid or received, even if such reduction is not a result of losses.

ARTICLE 6: SHARES

If the new shares are not fully paid up upon issuance, calls for payment shall be performed, on dates set by the Board of Directors, by means of announcements posted one month in advance in one of the Paris official legal publications chosen for the legal publication of the Company's deeds.

Shares not fully paid up shall be held as registered shares until they are fully paid up.

Each payment on any subscribed shares will be registered in an account opened in the name of the subscriber.

All late payments shall automatically bear interest, for the benefit of the Company, as of the due date, without any formal notice or legal action, at the legal interest rate, subject to any personal action that the Company may take against any defaulting shareholder and the compulsory execution measures provided by law.

ARTICLE 7: TYPE OF SHARES

Paid-up shares are registered as registered shares or bearer shares depending on the choice of the shareholder.

The provisions of the aforementioned paragraph also apply to other securities of any nature issued by the Company.

ARTICLE 8: RIGHTS AND OBLIGATIONS GOVERNING SHARES

Shareholders shall not be liable above the amount of their subscription.

Share ownership automatically binds shareholders to the articles of association and the decisions of the Shareholders' Meetings.

Any share grants entitlement, during the Company's term, as in the event of liquidation, to the payment of an identical net amount for any distribution or redemption.

Shares are freely transferable under the conditions provided by law.

ARTICLE 9: IDENTIFICATION OF SHAREHOLDERS

The Company may avail itself at any time of the legal and statutory provisions in force permitting the identification of the owners of shares conferring immediately or in the future the right to vote in Shareholders' Meetings, as well as the number of shares they own.

In addition to the legal obligations to notify the Company, any person, acting alone or jointly, coming in direct or indirect possession of a fraction of the Company's capital or voting rights equal to or greater than 2%, or a multiple of 2% of capital or voting rights (including above the 5% threshold), is required to inform the Company within fifteen days as of the date on which the threshold is exceeded and, as the case may be, independently of the effective transfer date of share ownership. The person shall state the number of shares and marketable securities granting entitlement to capital that he or she owns on the date of notification. Any decrease below the 2% threshold or a multiple of 2% of capital or voting rights shall be notified in the same manner.

In the event of a failure to meet this additional notification obligation, one or several shareholders, owning a fraction of the Company's capital or voting rights amounting to at least 2%, may, at a Shareholders' Meeting, request that the shares exceeding the fraction which should have been reported, be stripped of their voting rights for any Shareholders' Meeting held until the end of a two-year period following the date on which the notice is rectified. The request is recorded in the minutes of the Shareholders' Meeting.

ARTICLE 10: CO-OWNERSHIP AND USUFRUCT

As all shares are indivisible from the point of view of the Company, all joint owners of shares are required to be represented vis-à-vis the Company by a single owner selected from among them or proxy under the conditions provided by law.

The voting right attached to the share is exercized 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 exercize their rights, they must consult the Company's records and decisions of the Shareholders' Meetings.

SECTION III

Management of the Company

ARTICLE 11: COMPOSITION OF THE BOARD OF DIRECTORS

The Company is managed by a Board of Directors, comprising a minimum of three members and a maximum of fourteen members (unless temporarily waived in the event of a merger), physical persons or legal entities.

The members of the Board of Directors are appointed by the Ordinary Shareholders' Meeting for a term of four years expiring at the close of the Shareholders' Meeting held to approve the financial statements for the previous year and which is held in the year during which the mandate expires. As an exception to this rule, the members of the first Board of Directors who exercized functions as members of the Supervisory Board in the Company under its former mode of administration shall be appointed for a period equal to the remaining term of their mandate as members of the Supervisory Board.

The members of the Board of Directors may be re-elected.

Each Director must own at least 500 registered shares in the Company during the term of his functions. If, on the date of his appointment, a Director does not own the required number of shares or if, during his term, he ceases to own them, he is deemed to have resigned with immediate effect if he has not rectified the situation within a period of three months.

In the event of a vacancy of one or more seats due to death or resignation, the Board of Directors may, between two Shareholders' Meetings, make temporary appointments. Provisional appointments made by the Board of Directors are subject to the approval of the next Ordinary Shareholders' Meeting. If the number of Directors falls below the legal minimum, the remaining Directors must immediately convene an Ordinary Shareholders' Meeting in order to make up the numbers of the Board.

No individual over the age of 70 shall be appointed as a member of the Board of Directors if his appointment increases the number of the members of the Board of Directors who have passed this age to over one third. If during their term, the number of the members of the Board of Directors who have passed 70 years of age exceeds one third of the Board's members, the oldest member of the Board of Directors who has not carried out management functions in the Company is deemed to have resigned at the end of the Annual Shareholders' Meeting held following the occurrence of this event.

During the Company's term, Directors are appointed and their mandates renewed under the conditions provided by law.

They may be dismissed by the Ordinary Shareholders' Meeting at any time.

ARTICLE 12: ORGANIZATION AND MANAGEMENT OF THE BOARD OF DIRECTORS

The Board of Directors elects from among its members who are individuals, a Chairman. It determines his remuneration and sets his term of office which may not exceed his term of office as Director. The Chairman may be re-elected.

The Chairman of the Board of Directors performs the duties entrusted to him by law. He chairs the Board of Directors, organizes and manages its work and reports on such work to the Shareholders' Meeting. He ensures that the Company's bodies operate properly and, in particular, that the Directors are able to fulfill their assignments.

The Board may also appoint from among its members one or more Vice-Chairmen, whose term of office shall be determined within the limit of their term as Director and whose role it is, subject to the legal provisions applicable in the event of the temporary impediment or death of the Chairman, to convene and chair Board Meetings or chair Shareholders' Meetings in accordance with these articles of association when the Chairman is impeded.

No Director who does not also assume the role of Chief Executive Officer may be appointed as Chairman of the Board of Directors after the age of 68. If, during the term of office, this age limit is reached, the Chairman's mandate shall terminate at the close of the Shareholders' Meeting held to approve the financial statements for the year during which he has reached the age of 68. If the Chairman of the Board of Directors also assumes the role of Chief Executive Officer, the applicable age limit is that applicable to the Chief Executive Officer.

The Chairman and each Vice-Chairman may be dismissed by the Board of Directors at any time. They may also be re-elected.

The Board may appoint a secretary who need not be a shareholder or one of its members.

ARTICLE 13: GENERAL MANAGEMENT

Management organization

In accordance with the law, the Company's General Management is assumed either by the Chairman of the Board of Directors or by any other physical person, Director or not, appointed by the Board of Directors and who assumes the role of Chief Executive Officer.

The choice between either of the two General Management organizations described above is made by the Board of Directors. The Board of Directors makes its decision relating to the choice of General Management organization under the quorum and majority conditions stipulated in Article 14 of these articles of association. The shareholders and third parties are informed of the Board of Directors' decision under the conditions stipulated by the regulations in force.

The choice made by the Board of Directors remains valid until it decides otherwise.

The Board of Directors will review, as necessary, the choice made each time the mandate of the Chairman of the Board of Directors or the Chief Executive Officer comes up for renewal.

Chief Executive Officer

If the Company's Chief Executive Officer is assumed by the Chairman of the Board of Directors, the following provisions relating to the Chief Executive Officer are applicable.

The Board of Directors sets the term of office and determines the remuneration of the Chief Executive Officer.

No individual over the age of 63 may be appointed as Chief Executive Officer. If, during the term of office, this age limit is reached, the Chief Executive Officer's mandate shall terminate at the close of the Shareholders' Meeting held to approve the financial statements for the year during which he has reached the age of 63.

The Chief Executive Officer may be dismissed at any time by the Board of Directors. The discharge of a Chief Executive Officer who does not assume the role of Chairman may give rise to damages if decided without reasonable cause.

The Chief Executive Officer may always be re-elected.

Powers of the Chief Executive Officer

The Chief Executive Officer is vested with the broadest powers to act in all circumstances on behalf of the Company within the limit of the Company's corporate purpose, the articles of association, and subject to the powers expressly granted by law to Shareholders' Meetings and the Board of Directors.

The Board of Directors is responsible for defining the decisions of the Chief Executive Officer that require its prior approval. The Board of Directors' prior approval should be sought particularly for external acquisitions or sales of interests or assets, and for investment commitments, in each case under the conditions and exceeding the amounts corresponding to an efficient operation of the Company as set by the Board of Directors. It should also be sought for financing operations of any amount likely to substantially alter the Company's financial structure and for any decision likely to substantially alter the Company's strategic orientations determined by the Board of Directors.

Senior Executive Vice-Presidents

On the Chief Executive Officer's proposal, whether he be Chairman of the Board of Directors or any other person, the Board of Directors may appoint one or more physical persons as Senior Executive Vice-Presidents to assist the Chief Executive Officer.

The maximum number of Senior Executive Vice-Presidents is set at 3.

In accordance with the Chief Executive Officer, the Board of Directors determines the scope and term of the powers granted to the Senior Executive Vice-Presidents and sets their remuneration.

The Senior Executive Vice-Presidents have the same powers as the Chief Executive Officer *vis-à-vis* third parties.

In the event of impediment of the Chief Executive Officer or the cessation of his functions, the Senior Executive Vice-Presidents shall maintain, unless decided otherwise by the Board of Directors, their functions and powers until a new Chief Executive Officer is appointed.

The Senior Executive Vice-Presidents may be dismissed at any time by the Board of Directors, at the Chief Executive Officer's proposal. They are subject to the age limit provided by law.

Senior Executive Vice-Presidents may be re-elected.

ARTICLE 14: BOARD OF DIRECTORS' MEETINGS AND DELIBERATIONS

The Board of Directors meets as often as the interest of the Company so requires, by notice from its Chairman or in the case of impediment, from the oldest Vice-Chairman, if one or more Vice-Chairmen have been appointed, at the head office or in any other location indicated in the Notice of Meeting.

The agenda is set by the Chairman and may only be finalized at the time of the Meeting.

Directors representing at least one third of members of the Board of Directors may, while specifying the meeting's agenda, ask the Chairman to summon the Board if it has not met for more than two months.

Likewise, the Chief Executive Officer, if he does not chair the Board of Directors, may ask the Chairman to summon the Board of Directors on any specified agenda.

The Chairman is bound to the requests made to him.

In the event that the Chairman is impeded or fails in performing the aforementioned tasks, the oldest Vice-Chairman, if one or more Vice-Chairmen have been appointed, shall have the authority to call the Board and set the meeting's agenda at the request of at least one third of members of the Board of Directors or the Chief Executive Officer, as the case may be. In the absence of a Vice-Chairman, the minimum of one third of members of the Board of Directors or the Chief Executive Officer, depending on the case, shall have the authority to call the Board and set the meeting's agenda.

Notices may be made by all means, including verbally.

The presence of one half of the members of the Board of Directors is required for the validity of the Board's decisions.

Decisions are made by a simple majority of the votes of the members present or represented. In the event of a tie, the Chairman shall have the casting vote.

The Board of Directors will set its internal rules that it may amend by simple resolution.

The Board of Directors may stipulate in its internal rules that the members of the Board of Directors who take part in the Board's Meeting by videoconference or telecommunications in accordance with the conditions provided by the regulations in force shall be considered as present for calculating the quorum and voting majority of the members, for all decisions in which the law does not exclude such possibility.

ARTICLE 15: POWERS OF THE BOARD OF DIRECTORS

The Board of Directors determines the orientations of the Company's activities and ensures their implementation.

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

The Board of Directors may conduct controls and verifications as it deems appropriate.

The Board is authorized to issue bonds pursuant to a delegation granted by the Ordinary Shareholders' Meeting.

It may also decide to create committees of its members responsible for analyzing issues which it itself or its Chairman submits thereto for review. The Board determines the composition and powers of the committees which conduct their activities under its responsibility.

Issues related to the performance, remuneration and, where appropriate, the renewal of the term of office of the Chairman and Chief Executive Officer, or the Chief Executive Officer, shall be decided by the Board of Directors as and when required, and at least once a year, after analysis by the committee(s) of the Board of Directors that deal with appointment and remuneration issues.

ARTICLE 16: REMUNERATION

The Ordinary Shareholders' Meeting may allocate to the members of the Board of Directors, as remuneration for their activity, a fixed annual amount in Directors' fees. The Board of Directors is free to distribute the overall sum thus allocated among its members. It may also allocate a greater amount to the Directors who are members of committees set up within the Board than that allocated to the other Directors.

The Board may allocate exceptional sums to remunerate assignments or mandates entrusted to the members of the Board.

SECTION IV

Statutory Auditors

ARTICLE 17: AUDIT OF THE COMPANY

At the Ordinary Shareholders' Meeting, the shareholders appoint, under the conditions and with the assignments set by law, the principal and deputy Statutory Auditors.

SECTION V

Shareholders' Meetings

ARTICLE 18: SHAREHOLDERS' MEETINGS

The Shareholders' Meeting is comprised of all the shareholders, regardless of the number of shares they own, provided that all shares are fully paid up and that they are not stripped of voting rights.

The following persons may take part in the Shareholders' Meetings:

- the owners of shares registered in the share account at least three days prior to the scheduled date of the meeting;
- the owners of bearer shares for which proof of registration of their shares under the conditions stipulated by prevailing regulations is provided at least three days prior to the meeting.

The owners of registered shares or bearer shares must furthermore have filed a proxy form, an absentee ballot form, or a single document presented in lieu thereof, or if the Board of Directors has so decided, a request for an admission card, three days prior to the meeting.

However the Board of Directors shall always have the right, if it deems suitable, to shorten these periods. It shall also be entitled to authorize the sending of the proxy and absentee ballot forms by electronic mail to the Company in accordance with the legal and regulatory conditions in force.

The Shareholders' Meeting, duly constituted, represents all of the shareholders.

Ordinary and Extraordinary Shareholders' Meetings, and where necessary, Special Shareholders' Meetings are convened, meet and deliberate under the conditions provided by law and these articles of association.

Meetings take place at the head office or at any other place designated by the author of the notice, even outside of the head office or the head office's department.

Shareholders' Meetings are chaired by the Chairman of the Board of Directors or, in his absence, by the Vice-Chairman or the oldest Vice-Chairman of the Board, if one or more Vice-Chairmen have been appointed, or otherwise by a Director specifically appointed for this purpose by the Board. In the event of impediment of the Vice-Chairman or Vice-Chairmen when Vice-Chairmen have been appointed or if the Board has not appointed a Director, the shareholders shall themselves appoint the Chairman.

The two members of the Shareholders' Meeting with the highest number of votes and having accepted the position act as ballot inspectors for the Shareholders' Meeting. The officers of the meeting appoint a secretary who need not be a shareholder.

In the event that the meeting is convened by a Statutory Auditor or by a judicial representative, the Shareholders' Meeting is chaired by the author of the notice.

Upon the decision of the Board of Directors published in the Notice of Meeting or notice of convocation to rely on means of telecommunication, the shareholders who take part in the Shareholders' Meeting by videoconference or using telecommunications means permitting their identification in accordance with the conditions provided by prevailing law, shall be considered as present for calculating the *quorum* and voting majority.

ARTICLE 19: POWERS OF SHAREHOLDERS' MEETINGS

Ordinary and Extraordinary Shareholders' Meetings, and where necessary, Special Shareholders' Meetings allow shareholders to exercize the powers defined by law and these articles of association.

During the Ordinary Shareholders' Meeting, shareholders decide or authorize the issue of bonds secured, where necessary, by specific collateral in accordance with prevailing laws and regulations and authorizes the Chairman to grant such collateral. This may delegate to the Board of Directors the competence and powers necessary to issue such bonds, in one or more installments, within a period set by it, and to determine the terms and conditions of the issuance of such bonds. The guarantees set up subsequent to the issue of the bonds are granted by the Chairman of the Board of Directors upon the Board's authorization.

SECTION VI

Inventory – Reserves – Distribution of profits

ARTICLE 20: FISCAL YEAR

The fiscal year begins on January 1 and ends on December 31.

ARTICLE 21: INVENTORY, DISTRIBUTION OF PROFITS

The Company's net proceeds, established in the annual inventory, after deducting overheads and other costs, including all amortization, depreciation and provisions, constitute the net profits.

From these profits, less, as the case may be, previous losses, a deduction of at least 5% is first of all made to create the reserve required by law. This deduction ceases to be mandatory when the reserve amounts to 10% of the share capital. It is resumed if this reserve is ever used.

The distributable profits are made up of the annual net profits, less previous losses, as well as the sums to be placed on reserve pursuant to law, plus the profit carried forward.

From these profits, a deduction is made of the amount necessary to pay the shareholders, as a first dividend, 5% of the sums paid-up on their shares, and not amortized, and 5% of the sums from premiums on shares issued in cash, and appearing in a "share premium" account, without it being possible, if the profits of a given year do not permit this payment, for the shareholders to claim such amounts from the profits of subsequent years.

The Shareholders' Meeting may decide to earmark any portion of the available surplus of said profits it wishes for the creation of general or special providence or reserve funds, under any name whatsoever or even simply as an amount carried forward.

The balance constitutes a surplus fund which is intended for the distribution of the second dividend as well as the amount provisionally assessed as necessary to pay a 10% increase to the registered shares satisfying the following conditions.

Starting on January 1, 1996, the shares registered at December 31 of each year in registered form for at least two years, and which remain registered until the date of the payment of the dividend, will entitle their owners to collect a dividend per share which is 10% higher, rounded down if necessary to the lower centime, than the dividend per share distributed in respect of other shares, provided that the amount of the dividend per share prior to any increase is at least equal to the amount of the dividend per share prior to any increase distributed in the preceding year, adjusted to take into account the change in the number of shares from one year to the next resulting in a capital increase by capitalizing premiums, reserves or profits or a share split.

In the event that, starting on January 1, 1996, the Board of Directors, with the approval of the shareholders decide to increase the capital by capitalizing reserves, profits or premiums, the registered shares held for at least two years on the date on which the allotment process begins will entitle their owners to an allotment of shares which is 10% higher than the allotment made in favor of other shares, and according to the same procedure.

The new shares created in this manner will be comparable in all respects to the existing shares from which they are issued, for calculating the entitlement to the higher dividends and the higher allotments.

The increases defined in each of the two preceding paragraphs may be modified or eliminated by simple decision during the Extraordinary Shareholders' Meeting, according to the procedures it determines.

Pursuant to law, the number of shares eligible for these increases shall not for any given shareholder exceed 0.5% of the Company's share capital.

The Shareholders' Meeting held to approve the financial statements for the year shall have the possibility of granting to each shareholder, for all or part of the dividend or interim dividends, an option for payment of the dividend or interim dividends in either cash or shares.

SECTION VII

Liquidation

ARTICLE 22: LIQUIDATION

At the expiration of the Company's term, or in the event of early dissolution, the shareholders determine the method of liquidation, in accordance with the conditions stipulated by law. It appoints and determines the powers of one or more liquidators.

The liquidators may, pursuant to a decision of the shareholders transfer to another company or sell to a company or to any other entity or person, all or part of the assets, rights and obligations of the dissolved company.

The duly constituted Shareholders' Meeting retains the same prerogatives during the liquidation as during the Company's term. In particular, it has the power to approve the accounts of the liquidation and to grant a discharge thereof.

After the Company's commitments have been settled, the net proceeds from the liquidation are used first to fully redeem the shares, and the surplus is then distributed equally among them.

SECTION VIII

Disputes

ARTICLE 23: DISPUTES

All disputes which may arise during the Company's term or liquidation, either between the shareholders and the Company or among the shareholders themselves, regarding Company affairs, are settled in accordance with law and submitted to the jurisdiction of the competent Paris courts.

For this purpose, in the event of disputes, all shareholders shall elect domicile in Paris, and all summonses and notices are duly served at this domicile.

Failing election of domicile, summonses and notices are validly served at the Office of Public Prosecution of the French Republic at the High Court of Paris.

DIVIDENDS

Year	Paid	Ordinary dividend (a) Loyalty dividend (b)	Number of shares	Distribution *(in euros)*
2008 (e)	May 18, 2009	2.25 (a)	261,657,353	588,729,044
		0.22 (b)	64,643,734	14,221,621
				602,950,665
2009 (e)	May 17, 2010	2.25 (a)	263,543,383	592,972,612
		0.22 (b)	62,872,510	13,831,952
				606,804,564
2010 (c) (d)	May 16, 2011	2.35 (a)	284,095,093	667,623,469
		0.23 (b)	71,940,478	16,546,310
				684,169,779

(a) Ordinary dividend paid on all shares.
(b) Loyalty dividend paid only on registered shares held continuously for two fiscal years.
(c) Subject to the approval at the General Shareholders' Meeting on May 4, 2011.
(d) For 2010, amounts distributed are theoretical values calculated based on the number of shares as of December 31, 2010.
(e) For 2008 and 2009, amounts actually paid.

MANAGEMENT OF THE COMPANY

Corporate officers do not have any family ties with another corporate officer and have not been convicted of fraud at least during the last five years.

No incrimination and/or official public sanction has been pronounced against them by statutory or regulatory authorities (including professional organizations) and they have not been prevented by a court from acting in their capacity as a member of an administration, management or supervisory body or interfering in the management or carrying out of business of an issuer during at least the last five years. They have no potential conflicts of interest with L'Air Liquide S.A. No arrangements or agreements have been made with the significant shareholders, customers, suppliers or others, pursuant to which the persons mentioned above have been chosen as corporate officers.

There exist no restrictions accepted by these persons as to the transfer, within a certain lapse of time, of their interest in the capital of L'Air Liquide S.A. except for the rules on preventing insider trading and the obligation set forth in the articles of association requiring the members of the Board of Directors to own at least 500 registered shares of the Company during the term of their office and the obligation to hold shares imposed on executive corporate officers. Corporate officers have not been associated with any bankruptcy, any receivership or liquidation during the last five years.

Compliance with corporate governance rules

The Company complies with all material aspects of the recommendations set forth in the AFEP/MEDEF Code of corporate governance (see Report from the Chairman of the Board of Directors page 84).

PROPERTY, PLANT AND EQUIPMENT

The Group's facilities and establishments are located in 80 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 office of Air Liquide (75, quai d'Orsay, 75007 Paris) and, if applicable, on the Company's Internet website (www.airliquide.com), subject to the documents made available at the Company's head office or internet site under the applicable laws and regulations:

- the Company's incorporating document and articles of association;
- all reports, letters and other documents, historical financial information, evaluations and official assertions and declarations prepared by an expert at the Company's request, some of which are included or referred to in this Reference Document;
- historical financial information of the Group, for each of the two fiscal years preceding publication of this document.

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, 2008, accompanied by the Statutory Auditor's Reports which appear on pages 189 and 210, respectively, of the 2008 Reference Document filed on March 31, 2009 with the French financial markets authority (AMF) under number D.09-0172;
- the financial information shown on pages 4 to 37 of the 2008 Reference Document filed on March 31, 2009 with the French financial markets authority (AMF) under number D.09-0172;

- the consolidated and parent company financial statements for the year ended December 31, 2009, accompanied by the Statutory Auditor's Reports which appear on pages 207 and 226, respectively, of the 2009 Reference Document filed on March 23, 2010 with the French financial markets authority (AMF) under number D.10-0143;
- the financial information shown on pages 4 to 39 of the 2009 Reference Document filed on March 23, 2010 with the French financial markets authority (AMF) under number D.10-0143.

The sections not included in these documents serve no useful purpose to investors or are already covered in this Reference Document.

Trade payables

Pursuant to article D. 441-4 of the French Commercial Code, you will find below a breakdown by maturity date of the trade payables balance of L'Air Liquide S.A. as of December 31, 2009 and December 31, 2010.

In millions of euros			Maturity			
2009	**Balance**	**Past due**	**of which ≤ 30 days**	**of which > 30 days and ≤ 45 days**	**of which > 45 days and ≤ 60 days**	**of which > 60 days**
Trade payables and related accounts	285.5	10.4	92.5	155.8	21.7	5.1
Amounts payable in respect of fixed assets and related accounts	4.2	0.6	2.2	0.7	0.6	0.1
TOTAL	**289.7**	**11.0**	**94.7**	**156.5**	**22.3**	**5.2**
2010						
Trade payables and related accounts	272.1	14.4	107.5	121.0	27.0	2.2
Amounts payable in respect of fixed assets and related accounts	4.8	0.2	2.5	1.5	0.5	0.1
TOTAL	**276.9**	**14.6**	**110.0**	**122.5**	**27.5**	**2.3**

Factors that may have an impact in the event of a takeover bid

Pursuant to article L. 225-100-3 of the French Commercial Code, the factors that may have an impact in the event a takeover bid are set forth below.

BOARD OF DIRECTORS' POWERS

Pursuant to the provisions of the 18th resolution passed by the Extraordinary Shareholders' Meeting of May 5, 2010, the Board of Directors benefits from an 18-month delegation of authority in order to issue free share subscription warrants if a takeover bid is launched on the Company. The par value amount of the share capital increase that would result from the exercize of these warrants may not exceed 776.4 million euros (subject to adjustments).

It is furthermore specified that the share buyback authorization currently granted to the Company excludes any buybacks during a period of bidding on the Company's shares.

Attention is drawn to the draft resolution submitted by the Board for the vote of the Combined Shareholders' Meeting held on May 4, 2011, aiming to renew, the dilution rate being modified, the above-mentioned delegation of authority to the Board of Directors empowering the Board to issue free share subscription warrants if a takeover bid is launched on the Company (see the Board of Directors' Report on draft resolutions, page 243 and the text of the resolutions, page 255 of this Reference Document).

AGREEMENTS THAT MAY BE MODIFIED OR TERMINATED IN THE EVENT OF A CHANGE OF CONTROL OF THE COMPANY

Several bond issues of the Group's EMTN program include a clause providing that, under certain circumstances, the early repayment of such bonds may be requested in the event of a change of control of the Company:

- bond issued in July 2007 maturing in July 2017 (500 million euros);
- bond issued in October 2007 maturing in March 2013 (295.75 million euros);
- private placement issued in January 2008 maturing in January 2038 (15 billion yen);
- bond issued in November 2008 maturing in November 2012 (468.75 million euros);
- bond issued in June 2009 maturing in June 2015 (255.85 million euros);
- bond issued in June 2010 maturing in June 2020 (500 million euros);
- bond issued in October 2010 maturing in October 2018 (456.75 million euros).

AGREEMENTS PROVIDING INDEMNITIES FOR BOARD MEMBERS OR EMPLOYEES IF THEY RESIGN OR ARE DISMISSED WITHOUT GOOD AND SUFFICIENT CAUSE OR IF THEIR EMPLOYMENT ENDS DUE TO A TAKEOVER BID

The indemnities granted to the Company's corporate officers in the event of a termination of their office are detailed on page 111 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 4 to 43, 46 to 79; 82 to 134, 276 to 278 and 289 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 2010, available in the Reference Document page 213, contains an observation.

Paris, March 21, 2011

Benoît POTIER

Chairman and CEO

Cross-reference table

The cross-reference table identify the main information required by Regulation n° 809/2004 of the European Commission dated April 29, 2004 (the "Regulation"). The table indicates the pages of this Reference Document where is presented the information related to each item. The table indicates, when required by the Regulation, the pages of the Reference Document related to the year ended December 2009, filed on March 23, 2010 under the number D. 10-0143 (the "DDR 2009"), and the pages of the Reference Document related to the year ended December 2008, filed on March 31, 2009 under the number D. 09-0172 (the "DDR 2008"), which are incorporated by reference in this document.

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Cross-reference table for the Financial Annual Report

In order to facilitate the reading of this document, the cross-reference table, hereafter, allows to identify in this Reference Document, the information which constitutes the Annual Financial Report having to be published by the listed companies in accordance with article L. 451-1-2 of the French Monetary and Financial Code and article 222-3 of the French Market Authorities' General Regulations.

Financial glossary Technical glossary

A

Adjusted price
Share price adjusted to take account of changes in capital (issue of new shares, share split, etc.). The adjusted share price is used to produce meaningful comparisons of price changes over time.

AMF (Autorité des marchés financiers, the French securities regulator)
The AMF governs and oversees the conduct and professional ethics of the markets and protects the interests of investors and shareholders.

B

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.

C

CAC 40 (Cotation assistée en continu – Continuous Automated Trading)
The flagship stock market index of Euronext Paris, the CAC 40 tracks the evolution of a selection of 40 stocks registered on this stock market. A committee of Euronext Paris specialists regularly revises its composition to ensure that it remains representative. Only 16 companies, including Air Liquide, have been included in the CAC 40 since its inception in 1988.

Capital employed
Balance sheet capital corresponding to financial resources used by a company to develop its business. It is the sum of equity, minority interests and net debt.

Capital gain
Gain realized on the sale of a security, that is, the difference between its sale price and its original purchase price, or book value.

Cash flow
This indicator provides the exact measure of annual cash flow that the company is able to generate from its operations, independently of the evolution of the working capital requirement which can be seasonal or erratic. This indicator is before tax, dividends and cost of financing.

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 four years, the law provides that the employee must keep his/her shares for a minimum additional two year period.

Custody fees
Fees charged by a financial intermediary for maintaining a share account. They generally represent a percentage of the portfolio or a set fee per line of shares held. Air Liquide's Shareholder Services provide this service free of charge for shares held in a direct registered account.

D

Deferred settlement service (SRD)
Fee-based service available for the most traded stocks through which settlement for orders or delivery of shares is deferred to the last trading day of the month. Air Liquide shares are eligible for this service.

Diluted Earnings per share (Diluted EPS)
Net profit Group share divided by the average weighted number of shares which would be in circulation, assuming conversion of all potential shares (exercize of share subscription options, definitive grant of free shares, etc). The equivalent accounting term is diluted net profit by share.

Dividend
The part of a company's net profit distributed to shareholders. Shareholders vote the dividend at the Annual General Meeting after approval of the financial statements and the allocation of earnings proposed by the Board of Directors.

E

Earnings per share (EPS)
Net profit Group share divided by the average weighted number of shares in circulation. The equivalent accounting term is net profit per share.

Euronext Paris
Name of the firm which organizes, manages and develops the securities market in Paris, and acts as market regulator (financial transactions, monitoring of companies listed on the stock market) with the delegated authority of the AMF.

Euro stoxx 50
Stock Exchange index composed of 50 of the highest capitalizations and most actively traded stocks listed in the eurozone.

F

Fractional right
Part of a share that cannot be distributed in the case of a free share attribution or subscription if the number of shares held is not a multiple of the transaction. Example: in a 1 for 15 free share attribution, a shareholder holding 68 shares is allocated 4 new shares and 8 fractional rights.

Free float
The part of a company's capital publicly available 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.

Free share attribution
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 free shares.

G

Goodwill
Difference between the purchase price of a company and its net tangible assets on the day of the acquisition.

I

IFRS (International Financial Reporting Standards)
International accounting standards with effect from January 1, 2005, conceived by the International Accounting Standards Board, or IASB, for quoted companies to harmonize the presentation and increase the transparency of their financial statements.

Investment club (in France)
Group of 5 to 20 individuals that jointly manages a securities portfolio by making regular payments and sharing the income and capital gains.

ISIN code (International Securities Identification Number)
Code used to identify financial products quoted on the spot market on the stock exchanges (Air Liquide ISIN code: FR0000120073).

L

Liquidity
Ratio of the volume of shares traded over the total number of shares in circulation, which make up the capital.

Loyalty bonus
The loyalty bonus increases the dividend distributed and the number of free shares attributed by 10% for shares held for more than two full calendar years and subject to the conditions defined by Air Liquide's articles of association.

Loyalty dividend
Pursuant to Air Liquide's articles of association, a dividend premium of 10%, granted to loyal shareholders for all registered shares held continuously for more than two calendar years and until the date of the payment of the dividend.

M

Market capitalization
A company's market value equal, at any given time, to the quoted share price multiplied by the number of shares in circulation.

Market sheet
The market sheet presents all the buy and sell orders for a share, as well as the latest orders executed. Investors can only have access to the five best offers (sales) and the five best demands (purchases).

N

Net Profit (Group share)
Profit or loss made by the Company. It is calculated by adding operating income recurring, other non recurring operating expenses, net finance costs, other net financial expenses, share of profit of associates, profit (loss) from discontinued operations, then subtracting Company tax and minority interests.

O

OPCVM (Organisme de placement collectif en valeurs mobilières – pooled investment funds)
A savings product that makes it possible to hold part of a collective marketable security portfolio handled by a professional, like SICAVs (open-ended investment companies) or FCPs (mutual funds).

Operating income recurring
Annual sales minus the cost of producing, distributing and selling products and the depreciation or amortization on capital expenditures. It provides an operating performance indicator before financing and taxes.

P

Par value
The issue price of a share as defined in a company's articles of association. A company's total capital is the par value of the share multiplied by the number of shares in circulation.

PER (Price Earnings Ratio)
The ratio of the market price of a share over earnings per share.

Preferential subscription right
Tradable right giving shareholders priority in subscribing to a number of new shares in proportion to the number of shares already held in the event of a share issue. This is a negotiable right in the Stock Exchange. In exceptional cases, the Company may ask its shareholders to suspend their subscription right at an Extraordinary Shareholders' Meeting.

Q

Quorum
Minimum percentage of shares with voting rights required to be present or represented for a General Shareholders' Meeting to be validly constituted.

R

Retained earnings
Undistributed profit, held by the Company until further decision.

ROCE (Return on capital employed)
The ratio of Net Profit before interest expenses and after taxes over average capital employed. It reflects the net return on funds invested by shareholders and those loaned by banks and financial institutions.

ROE (Return on equity)
The ratio of Net Profit over shareholders' equity. It represents the net return on money invested by shareholders.

S

Share
Tradable security representing a portion of a company's capital. The owner of a share, the shareholder, is a part-owner of the Company and enjoys certain rights.

Share buyback
Transaction by which a company buys its own stock on the market, up to the limit of 10% of its capital. The transaction requires shareholder approval at the Company's General Shareholders' Meeting.

Shareholders' equity
The part of the Company's capital belonging to its shareholders. It includes the value of issued shares, retained earnings and Net Profit for the financial year.

Stock option
A subscription option that offers the right to subscribe, at a price set in advance, for a fixed period, a company's shares.

Share split
Split of a share's par value to improve its liquidity. A share split leads, in the same proportions, to a split in the share's market value and the multiplication of the number of shares comprising the capital. The value is unchanged.

U

Usufruct
The legal right to use and derive profit or benefit from property that belongs to another person, as long as the property is not damaged. The holder of an usufruct has the right to use and enjoy the property, as well as the right to receive profits from the fruits of the property.

V

Volatility
The degree of variation of a share over a given period. It is a risk indicator: the greater the volatility, the higher the risk.

Y

Yield
Ratio of dividend per share over market share price.

TECHNICAL GLOSSARY

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).

ASU
Air Separation Unit.

Fab
Production facility in the Electronics sector.

HyCO
Steam Methane Reformer (SMR).

Orders in hand represent the contractual value of all Group and third-party engineering and construction contracts managed by the Engineering and Construction entities, excluding projects under warranty, from the signature date.

Order intake represents the sum of all Group and third-party engineering contracts which entered into force during the period.

Renewable energy
Biodiesel, bioethanol plants as well as oleochemical units.

Take or Pay
Contracts used in Large Industries integrating fixed minimum payments below minimum volume thresholds.

Traditional energy
Plants built for the refining and basic petrochemicals sectors.

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L'AIR LIQUIDE S.A.

Société anonyme pour l'Étude et l'Exploitation des Procédés Georges CLAUDE with registered capital of 1,562,878,850.50 euros

Financial notices (press releases, presentations and recordings of financial analysts' meetings) are available on **www.airliquide.com**

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developed by Georges Claude with issued
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