

NOT FOR GENERAL CIRCULATION IN THE UNITED STATES



## AIR LIQUIDE FINANCE

CNY850,000,000

3.95 per cent. Guaranteed Notes due  
2018

irrevocably and unconditionally guaranteed by  
L'Air Liquide S.A.

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Issue Price 100 per cent.

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The CNY850,000,000 3.95 per cent. Notes due 2018 (the "Notes") will be issued by Air Liquide Finance (the "Issuer" or "Air Liquide Finance") and will be irrevocably and unconditionally guaranteed on an unsecured and unsubordinated basis (the "Guarantee") by L'Air Liquide S.A. (the "Guarantor" or "L'Air Liquide").

Interest on the Notes is payable semi-annually in arrear on 19 March and 19 September of each year, commencing on 19 March 2012, each such date being subject to adjustment in accordance with the modified following business day convention as more fully disclosed under "Terms and Conditions of the Notes – Interest".

Payments on the Notes will be made without deduction for or on account of taxes of France to the extent described under "Terms and Conditions of the Notes — Taxation".

Unless previously redeemed, or purchased and cancelled, the Notes will be redeemed at their principal amount on the Interest Payment Date (as defined herein) falling on or nearest to 19 September 2018 (the "Maturity Date").

If, by reason of any change in French law becoming effective after the issue date of the Notes, the Issuer or, as the case may be, the Guarantor (in respect of the Guarantee), would not be able to make such payment without having to pay additional amounts as specified under Condition 8 of the Terms and Conditions of the Notes, the Issuer may, at its option, redeem all, but not some only, of the Notes at their principal amount together with any interest accrued to the date set for redemption. In addition, if the Issuer or, as the case may be, the Guarantor (in respect of the Guarantee), would, on the next payment of principal or interest in respect of the Notes, be prevented by French law from making payment to the Noteholders of the full amounts then due and payable, then the Issuer, shall upon giving not less than seven days' prior notice to the Noteholders, redeem all, but not some only, of the Notes then outstanding at their principal amount together with any interest accrued to the date set for redemption (including, where applicable, any arrears of interest).

The Noteholders also have the right to require the Issuer to redeem, or at the option of the Issuer, to procure the purchase of, the Notes held by that Noteholder, at their principal amount, together with interest accrued to, but excluding, the date fixed for redemption, if a Change of Control occurs accompanied by a Rating Downgrade (as each such term is defined in this Prospectus). See "Terms and Conditions of the Notes – Redemption and Purchase".

If, by reason of any change in French or English law or any change in the official application of such law, becoming effective after 19 September 2011, it becomes unlawful (i) for the Issuer to perform or comply with one or more of its obligations under the Notes, or (ii) for the Guarantor to perform or comply with one or more of its obligations under the Guarantee, the Issuer will redeem all, but not some only, of the Notes at their principal amount together with any interest accrued to the date set for redemption.

If by reason of Inconvertibility, Non-transferability or Illiquidity (each as defined in Condition 7(g) of the Terms and Conditions of the Notes), neither the Issuer nor the Guarantor is able to satisfy payments of principal or interest (in whole or in part) in respect of Notes when due in Renminbi in Hong Kong, the Issuer or the Guarantor, as the case may be, may settle any such payment (in whole or in part) in US dollars on the due date at the US Dollar Equivalent of any such Renminbi denominated amount.

Application has been made to the *Commission de surveillance du secteur financier* (the "CSSF") in Luxembourg for approval of this Prospectus being made in its capacity as competent authority under the *loi relative aux prospectus pour valeurs mobilières* dated 10 July 2005 (the "Luxembourg Prospectus Act") which implements the Directive 2003/71/EC of 4 November 2003 on the prospectus to be published when securities are offered to the public or admitted to trading (the "Prospectus Directive").

Application has been made to the Luxembourg Stock Exchange for the Notes to be listed on the official list of the Luxembourg Stock Exchange and admitted to trading on the Regulated Market of the Luxembourg Stock Exchange. The Regulated Market of the Luxembourg Stock Exchange is governed by the Directive 2004/39/EC on markets in financial instruments (referred to in this Prospectus as a "Regulated Market" under the definition of the Directive 2004/39/EC on markets in financial instruments).

Pursuant to Article 7(7) of the Luxembourg Prospectus Act, by approving this Prospectus, the CSSF gives no undertakings as to the economic and financial characteristics of the Notes to be issued hereunder or the quality or solvency of the Issuer.

The Notes and the Guarantee have not been and will not be registered under the United States Securities Act of 1933, as amended (the "Securities Act"), or with any securities regulatory authority of any State or other jurisdictions of the United States. The Notes may not be offered or sold within the United States ("U.S.") or to, or for the account or benefit of any U.S. person (under the meaning of Regulation S within the Securities Act ("Regulation S")) unless pursuant to an exemption from or in a transaction not subject to the registration requirements of the Securities Act. The Notes are being offered and sold outside the U.S. in reliance on Regulation S. For a description of these and certain further restrictions on offers and sales of the Notes and the distribution of this Prospectus, see "Subscription and Sale".

The denominations of the Notes shall be CNY1,000,000 and integral multiples of CNY10,000 in excess thereof.

The Notes will be issued in registered form and represented by a global certificate registered in the name of the nominee of, and shall be deposited with, a sub-custodian for the Central Money markets Unit Service ("CMU"), the book-entry clearing system operated by the Hong Kong Monetary Authority ("HKMA"). Neither the Issuer nor the Guarantor is regulated by HKMA or the Securities and Futures Commission of Hong Kong.

Investing in the Notes involves certain risks. See "Risk Factors" beginning on page 10.

### Joint Lead Managers

Bank of China (Hong Kong)  
Limited

HSBC

ICBC International  
Securities Limited

Standard Chartered Bank  
(Hong Kong) Limited

Prospectus dated 13 September 2011

This Prospectus comprises a prospectus for the purposes of Article 5.3 of the Prospectus Directive and for the purpose of giving information with regard to the Issuer, the Guarantor, the Notes and the Guarantee which according to the particular nature of the Issuer, the Guarantor, the Notes and the Guarantee, is necessary to enable investors to make an informed assessment of the assets and liabilities, financial position, profit and losses and prospects of the Issuer and the Guarantor.

Each of the Issuer and the Guarantor accepts responsibility for the information contained in this Prospectus. To the best of the knowledge and belief of each of the Issuer and the Guarantor (each of whom has taken all reasonable care to ensure that such is the case), the information contained in this Prospectus is in accordance with the facts and does not omit anything likely to affect its import.

This Prospectus is to be read in conjunction with all documents which are incorporated herein by reference (see “Documents Incorporated by Reference” below).

No person has been authorised to give any information or to make any representation other than those contained in this Prospectus in connection with the issue or sale of the Notes and, if given or made, such information or representation must not be relied upon as having been authorised by or on behalf of the Issuer or the Guarantor, or any of the Joint Lead Managers. Neither the delivery of this Prospectus nor any sale made in connection herewith shall, under any circumstances, create any implication that there has been no change in the affairs of the Issuer or the Guarantor, as the case may be, or those of the Air Liquide Group since the date hereof or that there has been no adverse change in the financial position of either of the Issuer or the Guarantor, as the case may be, or that of the Air Liquide Group since the date hereof or that the information contained in it or any other information supplied in connection with the Notes is correct as of any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same.

The distribution of this Prospectus, including the information incorporated by reference, and the offering or sale of the Notes in certain jurisdictions may be restricted by law. No action has been taken by or on behalf of the Issuer, the Guarantor or the Joint Lead Managers which would permit a public offering of any Notes or distribution of this Prospectus, including the information incorporated by reference, in any jurisdiction where action for that purpose is required. Accordingly, no Notes may be offered or sold, directly or indirectly, and neither this Prospectus, including the information incorporated by reference, nor other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations and the Joint Lead Managers have represented that all offers and sales by them will be made on the same terms. Persons into whose possession this Prospectus comes are required by the Issuer, the Guarantor and the Joint Lead Managers to inform themselves about and to observe any such restriction. In particular, there are restrictions on the distribution of this Prospectus and the offer or sale of Notes in the United States, the United Kingdom, Hong Kong, China, France, Japan and Singapore.

The Notes have not been and will not be registered under the United States Securities Act of 1933, as amended (the “**Securities Act**”). Subject to certain exceptions, Notes may not be offered, sold or delivered within the United States or to the account or benefit of U.S. persons (as defined in Regulation S under the Securities Act (“**Regulation S**”). For a description of certain restrictions on offers and sales of Notes and on distribution of this Prospectus, see “Subscription and Sale”.

This Prospectus does not constitute an offer of, or an invitation by or on behalf of the Issuer, the Guarantor or the Joint Lead Managers to subscribe for, or purchase, any Notes.

The Joint Lead Managers have not separately verified the information contained in this Prospectus. None of the Joint Lead Managers makes any representation, express or implied, or accepts any responsibility, with

respect to the accuracy or completeness of any of the information in this Prospectus. Neither this Prospectus nor any other information incorporated by reference in this Prospectus is intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by any of the Issuer, the Guarantor or the Joint Lead Managers that any recipient of this Prospectus or any other information incorporated by reference should purchase the Notes. Each potential purchaser of Notes should determine for itself the relevance of the information contained in this Prospectus and its purchase of Notes should be based upon such investigation as it deems necessary. None of the Joint Lead Managers undertakes to review the financial condition or affairs of the Issuer, the Guarantor or the Air Liquide Group nor to advise any investor or potential investor in the Notes of any information coming to the attention of any of the Joint Lead Managers.

Each person receiving this Prospectus acknowledges that such person has not relied on the Joint Lead Managers or any person affiliated with the Joint Lead Managers in connection with its investigation of the accuracy of such information or its investment decision.

**The Notes have not been approved or recommended by any United States federal or state securities commission or any other United States, Hong Kong or other regulatory authority. Furthermore, the foregoing authorities have not passed upon or endorsed the merits of the offering or confirmed the accuracy or determined the adequacy of this Prospectus. Any representation to the contrary is a criminal offence in the United States.**

**IN CONNECTION WITH THE ISSUE OF THE NOTES, THE HONGKONG AND SHANGHAI BANKING CORPORATION LIMITED AS STABILISING MANAGER (THE “STABILISING MANAGER”) (OR ANY PERSON ACTING ON BEHALF OF ANY STABILISING MANAGER) MAY OVER-ALLOT NOTES OR EFFECT TRANSACTIONS WITH A VIEW TO SUPPORTING THE MARKET PRICE OF THE NOTES AT A LEVEL HIGHER THAN THAT WHICH MIGHT OTHERWISE PREVAIL. HOWEVER, THERE IS NO ASSURANCE THAT THE STABILISING MANAGER (OR ANY PERSON ACTING ON BEHALF OF ANY STABILISING MANAGER) WILL UNDERTAKE STABILISATION ACTION. ANY STABILISATION ACTION MAY BEGIN ON OR AFTER THE DATE ON WHICH ADEQUATE PUBLIC DISCLOSURE OF THE TERMS OF THE OFFER OF THE NOTES IS MADE AND, IF BEGUN, MAY BE ENDED AT ANY TIME, BUT IT MUST END NO LATER THAN THE EARLIER OF 30 DAYS AFTER THE ISSUE DATE OF THE NOTES AND 60 DAYS AFTER THE DATE OF THE ALLOTMENT OF THE NOTES. ANY STABILISATION ACTION OR OVER-ALLOTMENT MUST BE CONDUCTED BY THE STABILISING MANAGER (OR ANY PERSON ACTING ON BEHALF OF ANY STABILISING MANAGER) IN ACCORDANCE WITH ALL APPLICABLE LAWS AND RULES.**

In this Prospectus, unless otherwise specified or the context otherwise requires, references to “€”, “Euro”, “EUR” or “euro” are to the single currency of the participating member states of the European Union, references to “\$”, “USD” and “US Dollars” are to the lawful currency of the United States of America and references to “CNY” and “Renminbi” are to the lawful currency of the People’s Republic of China.

## **FORWARD-LOOKING STATEMENTS**

This Prospectus (including the documents incorporated by reference) contains forward looking statements. All statements other than statements of historical facts included in this Prospectus (including documents incorporated by reference) may constitute forward-looking statements. In addition, forward-looking statements generally can be identified by the use of forward-looking terminology such as “may”, “will”, “expect”, “project”, “plan”, “schedule”, “intend”, “estimate”, “anticipate”, “believe”, “continue”, “could”, “should”, “would” or similar words or expressions. Such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results or performance or achievements of the Issuer, the Guarantor and the Air Liquide Group to differ materially from those expressed or implied by such forward-looking statements. These factors include those set forth in the section of this Prospectus entitled “Risk Factors” beginning on page 10. Such forward-looking statements are based on numerous assumptions regarding the Air Liquide Group’s present and future business strategies and the environment in which the Air Liquide Group will operate in the future. The risks described in this Prospectus are not the only risks investors should consider. New risk factors emerge from time to time and it is not possible for the Issuer or the Guarantor to predict all such risk factors on their business and that of Air Liquide Group or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward looking statements. Given these risks and uncertainties, investors should not place any undue reliance on forward looking statements as a prediction of actual results, performance or achievements. Neither the Issuer nor the Guarantor undertakes any obligation to update the forward looking statements contained in this Prospectus or any other forward looking statements it may make. All subsequent written and forward-looking statements attributable to the Issuer or the Guarantor or persons acting on behalf of the Issuer or the Guarantor are expressly qualified in their entirety by such cautionary statements.

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## Overview of the Issuer and the Guarantor

*This overview highlights certain information contained in this Prospectus, and, together with the “Overview of the Offering”, should be read as an introduction to this Prospectus. This overview does not contain all the information that investors should consider before investing in the Notes and any decision to invest in the Notes should be based on a careful consideration of this Prospectus in its entirety (including the documents incorporated by reference), including without limitation the sections entitled “Risk Factors”, “Description of the Guarantor” and “Description of the Issuer”, as well as the financial statements and notes thereto included elsewhere in this Prospectus or incorporated by reference herein. Capitalised terms used and not otherwise defined below have the meanings given to those terms elsewhere in this Prospectus. This overview is a brief summary only and is qualified in its entirety by the more detailed information appearing elsewhere in the Prospectus (including the documents incorporated by reference).*

### Key information about the Issuer

Air Liquide Finance was incorporated on 23 December 1999, under the laws of France as a *société anonyme* for a term of 99 years. It is a wholly-owned subsidiary of the Guarantor.

The registered office of the Issuer is located at 6, rue Cognacq-Jay, 75007 Paris, France. It is registered with the *Registre du commerce et des sociétés* of Paris under number 428 711 949.

The Issuer was created to carry out certain financial activities in connection with the funding of the group constituted by the Issuer, the Guarantor and Guarantor’s subsidiaries (the “**Air Liquide Group**” or the “**Group**”). The Issuer’s role is to raise funds in the capital markets or in the bank market, and to lend the proceeds to Group companies. The Issuer can issue commercial paper, *inter alia*, under a French Commercial Paper Programme of 3 billion euros guaranteed by the Guarantor and notes, *inter alia*, under a European Medium Term Note Programme of 6 billion euros guaranteed by the Guarantor. In addition, its wholly-owned subsidiary, Delaware limited company Air Liquide US LLC, is the issuer under a US Commercial Paper Programme of USD 1.5 billion guaranteed by the Guarantor.

Since 2001, the Issuer has taken on the financing, treasury management and management of interest rate and foreign exchange risks activities for the Group.

### Key information about the Guarantor and the Group

Founded in 1902, L’Air Liquide is the parent company of the Air Liquide Group, the world leader in gases for industry, health and the environment. From its first presence abroad in 1906, the Group now operates in over 80 countries and employs about 43,600 people. The Guarantor is listed on the Paris Euronext stock exchange (compartment A) and is a member of the CAC 40 and Dow Jones Euro Stoxx 50 indexes.

The Air Liquide Group supplies oxygen, nitrogen, hydrogen and many other gases to most industries (steel, oil refining, chemicals, glass, electronics, healthcare, food processing, metallurgy, paper and aerospace). Gas and Services activities are organized around four business lines:

- Industrial Merchant (40% of Gas and Services sales in 2010)
- Large Industries (34% of Gas and Services sales in 2010)
- Healthcare (16% of Gas and Services sales in 2010)
- Electronics (10% of Gas and Services sales in 2010)

The Air Liquide Group develops a wide variety of services that range from managing all gas-related operations at customer sites and finding new energy solutions for manufacturers, to providing healthcare

services for treating patients at home. By combining new technologies and services, the Group develops solutions that increase the industrial performance of its customers, improve healthcare and help protect the environment.

The Air Liquide Group has developed complementary expertise in Engineering and Construction, Welding and Cutting, Space and Aeronautics, Specialty Chemicals and Diving.

Air Liquide Group revenue reached a record 13.5 billion euros in 2010, 11.9 billion euros of which was for Gas and Services. 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%. Europe contributed 52% of 2010 Gas & Services sales, Americas 23%, Asia Pacific 22% and Africa and Middle East 3%. Group operating income before non-recurring items increased by +15.6% between 2009 and 2010 to 2,252 million euros, as a result of further improvement in the operating margin (operating income before non recurring items divided by the revenue) which reached 16.7% in 2010, up +50 basis points from 2009 excluding natural gas impact.

Net profit (Group share) for 2010 totalled 1,404 million euros, up +14.1% compared to 2009 and +10.5% excluding exchange rate impact. Net profit per share amounted to 4.99 euros, up +13.4% from 2009.

Cash flow from operating activities (before changes in working capital) amounted to 2,661 million euros in 2010, up +17.0%. Net capital expenditure rose by +20.7% to 1,738 million euros, back to almost pre-crisis levels. Net debt, which was impacted by the appreciation of the Japanese 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% in 2010 from 63% in 2009. Due to the improved operating performance and the contribution of several different asset optimization projects, return on capital employed (ROCE) was 12.1%, in 2010 exceeding the original objective of between 11% and 12%.

The first half of the year 2011 was characterised by sustained growth in both sales and net profit, further investments in all businesses, and the entry into new countries with high growth potential. Group revenue reached €7,115 million as in H1 2011, representing an increase of +9.2% versus H1 2010 reported sales. Net profit (Group share) was €750 million, up +11.1% versus H1 2010.

## Overview of the Offering

*The following overview contains some basic information about the Notes and the Guarantee and, together with the “Overview of the Issuer and the Guarantor”, should be read as an introduction to this Prospectus. This overview does not contain all the information that you should consider before investing in the Notes and any decision to invest in the Notes should be based on a careful consideration of the Prospectus in its entirety (including the documents incorporated by reference). For a more complete description of the terms of the Notes, see “Terms and Conditions of the Notes”, “The Guarantee” and “Summary of Provisions Relating to the Notes in Global Form” in this Prospectus. Words and expressions defined in “Terms and Conditions of the Notes” and “Summary of Provisions Relating to the Notes in Global Form” shall have the same meanings in this overview. This overview is a brief summary only and is qualified in its entirety by the more detailed information appearing elsewhere in the Prospectus (including the documents incorporated by reference).*

<b>Issuer</b>	Air Liquide Finance
<b>Guarantor</b>	L’Air Liquide
<b>Notes</b>	CNY850,000,000 3.95 per cent. Guaranteed Notes due 2018
<b>Guarantee</b>	The Guarantor has unconditionally and irrevocably guaranteed the due payment of all sums expressed to be payable by the Issuer under the Notes in accordance with their Terms and Conditions. The obligations of the Guarantor in that respect are set out in a French law Guarantee to be dated 19 September 2011.
<b>Issue Price</b>	100 per cent.
<b>Form and Denomination</b>	The Notes will be issued in registered form in the denominations of CNY1,000,000 and integral multiples of CNY10,000 in excess thereof.
<b>Interest</b>	The Notes will bear interest from and including 19 September 2011 at the rate of 3.95 per cent. per annum, payable semi-annually in arrear on 19 March and 19 September in each year beginning 19 March 2012, each such date being subject to modification in accordance with the Terms and Conditions of the Notes.
<b>Issue Date</b>	19 September 2011
<b>Maturity Date</b>	The Interest Payment Date falling on or nearest to 19 September 2018
<b>Status of the Notes</b>	The payment of principal and interest on the Notes constitute direct, unconditional, unsubordinated and (subject to the provisions of Condition 4 of the Terms and Conditions of the Notes) unsecured obligations of the Issuer and rank and will at all times rank <i>pari passu</i> and without any preference among themselves and (subject to such exceptions as are from time to time mandatory under French law) at least equally and rateably with all other present and future unsecured and unsubordinated indebtedness and monetary obligations of the Issuer, from time to time outstanding.



**Status of the Guarantee**

The obligations of the Guarantor under the Guarantee, if any, constitute direct, unconditional and unsubordinated and (subject to the provisions of Condition 4 of the Terms and Conditions of the Notes) unsecured obligations of the Guarantor and shall at all times rank (save for certain obligations required to be preferred by law) equally and rateably with all other present or future unsecured and unsubordinated indebtedness and monetary obligations of the Guarantor.

**Negative Pledge**

The Notes will contain a negative pledge provision in respect of the Issuer and the Guarantor subject to certain permitted liens and as further described in Condition 4 of the Terms and Conditions of the Notes.

**Events of Default**

Upon the occurrence and continuance of certain events (including a cross-default) as described in Condition 9 of the Terms and Conditions of the Notes, any Noteholder may, by notice given to the Issuer and the Fiscal and Paying Agent given before all defaults shall have been cured, cause the principal amount of all the Notes held by such Noteholder to become due and payable together with any accrued interest thereon, as of the date on which such notice for payment is received by the Fiscal and Paying Agent.

**Final Redemption**

Unless previously redeemed, or purchased and cancelled, the Issuer will redeem the Notes on the Maturity Date, at their principal amount, together with interest accrued to the date fixed for redemption.

**Redemption at the Option of Noteholders upon a Change of Control accompanied by a Rating Downgrade**

Upon the occurrence of a Change of Control accompanied by a Rating Downgrade (each as defined in Condition 6(c) of the Terms and Conditions of the Notes), Noteholders will have the option to require the Issuer to redeem, or at the Issuer's option, to procure the purchase of, their Notes at their principal amount plus accrued interest to but excluding the Optional Redemption Date (as defined in Condition 6(c) of the Terms and Conditions of the Notes).

**Redemption for Illegality**

If, by reason of any change in French or English law or any change in the official application of such law, becoming effective after 19 September 2011, it becomes unlawful (i) for the Issuer to perform or comply with one or more of its obligations under the Notes, or (ii) for the Guarantor to perform or comply with one or more of its obligations under the Guarantee, the Issuer will redeem all, but not some only, of the Notes at their principal amount together with any interest accrued to the date set for redemption.

**Redemption for tax reasons**

If, by reason of any change in, or any change in the official application or interpretation of, French law, becoming effective after the issue date of the Notes, the Issuer or, as the case may

be, the Guarantor (in respect of the Guarantee), would on the occasion of the next payment of principal or interest due in respect of the Notes, not be able to make such payment without having to pay additional amounts as specified under Condition 8 of the Terms and Conditions of the Notes, the Issuer may, at its option, redeem all, but not some only, of the Notes at their principal amount together with any interest accrued to the date set for redemption. If the Issuer or, as the case may be, the Guarantor (in respect of the Guarantee), would, on the next payment of principal or interest in respect of the Notes, be prevented by French law from making payment to the Noteholders of the full amounts then due and payable, then the Issuer, shall redeem all, but not some only, of the Notes then outstanding at their principal amount together with any interest accrued to the date set for redemption.

**Withholding taxes**

All payments of principal and interest by or on behalf of the Issuer in respect of the Notes shall be made free and clear of, and without withholding or deduction for, any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within France or any authority therein or thereof having power to tax, unless such withholding or deduction is required by law. If French law should require that payments of principal or interest in respect of the Notes or payments under the Guarantee be subject to deduction or withholding in respect of any taxes or duties whatsoever, the Issuer or, as the case may be, the Guarantor in the case of payments under the Guarantee, will to the fullest extent then permitted by law and subject to limited exceptions as set out in Condition 8 of the Terms and Conditions of the Notes, pay such additional amounts as shall result in receipt by the Noteholders of such amounts as would have been received by them had no such withholding or deduction been required.

**Payment of US Dollar Equivalent**

If by reason of, *inter alia*, Inconvertibility, Non-transferability or Illiquidity (each as defined in Condition 7(g) of the Terms and Conditions of the Notes), neither the Issuer nor the Guarantor is able to satisfy payments of principal or interest (in whole or in part) in respect of Notes when due in Renminbi in Hong Kong, the Issuer or the Guarantor, as the case may be, may settle any such payment (in whole or in part) in US dollars on the due date at the US Dollar Equivalent of any such Renminbi denominated amount.

**Further Issues**

The Issuer may from time to time, without the consent of the Noteholders, create and issue further securities either having the same terms and conditions as the Notes in all respects (or in all respects except for the first payment of interest on them) and

so that such further issue shall be consolidated and form a single series with the outstanding securities of any series (including the Notes) or upon such terms as the Issuer may determine at the time of their issue, as further described in Condition 13.

**Form of Notes, Clearance and Settlement**

The Notes will be issued in registered form and represented by a global certificate registered in the name of a nominee of, and shall be deposited with, a sub-custodian for the CMU, the book-entry clearing system operated by the HKMA. The global certificate for the Notes will be held for the account of the CMU members who have accounts with the CMU operator or the CMU participants. For persons seeking to hold a beneficial interest in the Notes through Euroclear Bank S.A./N.V. or Clearstream Banking, société anonyme, such persons will hold their interests through an account opened and held by Euroclear or Clearstream with the Hong Kong Monetary Authority, operator of the CMU.

The Notes have been accepted for clearance by CMU under the following CMU Instrument Number: BCHKFN11272. The Common Code of the Notes is 067796098 and the International Securities Identification Number is HK0000088853.

**Notices and Payment**

So long as the Notes are represented by a global certificate and the global certificate for the Notes is deposited with a sub-custodian for CMU, notices to the Noteholders may be given by delivery of the relevant notice to the persons shown in a CMU instrument position report issued by the CMU operator on the Hong Kong business day preceding the date of despatch of such notice as holding interests in the relevant global certificate. Payments on the Notes shall be made to the person(s) for whose account(s) interests in the relevant global certificate are credited (as set out in a CMU instrument position report or any other relevant notification supplied to the CMU lodging and paying agent by the CMU operator).

**Governing Law**

English law for the Notes and the Fiscal Agency Agreement.  
French law for the Guarantee.

**Fiscal and Paying Agent**

Bank of China (Hong Kong) Limited

**Calculation Agent**

Bank of China (Hong Kong) Limited

**CMU Lodging Agent**

Bank of China (Hong Kong) Limited

**Registrar**

Bank of China (Hong Kong) Limited

**Luxembourg Listing Agent**

BNP Paribas Securities Services, Luxembourg Branch

**Listing and Admission to Trading**

Application has been made to the Luxembourg Stock Exchange for the Notes to be admitted to trading on the Luxembourg Stock Exchange's Regulated Market and to be listed on the Official List of the Luxembourg Stock Exchange.

**Rating**

The Notes are expected to be assigned a rating of A by Standard

& Poor's Ratings Services. A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspensions, reduction or withdrawal at any time by the assigning rating agency. Standard and Poor's is established in the European Union and has applied for registration under Regulation (EC) No. 1060/2009, although notification of the corresponding registration decision has not yet been provided by the relevant competent authority.

**Use of Proceeds**

The net proceeds of the Notes will be used for the financing of the Air Liquide Group, including for the general corporate purposes of its Chinese subsidiaries.

**Selling Restrictions**

The Notes will not be registered under the Securities Act or under any state securities laws of the United States and will be subject to customary restrictions on transfer and resale. See "Subscription and Sale."

## Overview of Consolidated Financial and Other Information

*The overview of the financial information provided below has been derived from the audited consolidated financial statements of the Guarantor as at and for the years ended 31 December 2009 and 2010, each of which have been prepared in accordance with IFRS. The overview of the financial information provided below should be read in conjunction with the audited consolidated financial statements of the Guarantor as at and for the years ended 31 December 2009 and 2010 and the notes thereto incorporated by reference in this Prospectus.*

### Overview of Consolidated Income Statement of L'Air Liquide (full year 2010 versus full year 2009)

For the year ended 31 December	2009	2010
<i>(in millions of euros)</i>		
<b>Revenue</b> .....	<b>11,976.1</b>	<b>13,488.0</b>
Operating income recurring before depreciation and amortization.....	2,969.0	3,374.3
Operating income recurring .....	1,949.0	2,252.2
Operating income.....	1,959.1	2,254.2
Profit for the period.....	<b>1,285.2</b>	<b>1,458.1</b>
Minority interests.....	55.2	54.5
Net profit (Group share).....	1,230.0	1,403.6
Basic earnings per share <i>(in euros)</i> .....	4.40	4.99
Diluted earnings per share <i>(in euros)</i> .....	4.40	4.97

### Overview of Consolidated Balance Sheet of L'Air Liquide (year end 2010 versus year end 2009)

As at 31 December	2009	2010
<i>(in millions of euros)</i>		
<b>ASSETS</b>		
Non-current Assets.....	15,539.8	17,070.6
Current Assets.....	5,085.8	5,467.0
Total Assets.....	<b>20,625.6</b>	<b>22,537.6</b>
<b>EQUITY AND LIABILITIES</b>		
Shareholders' equity.....	7,583.7	8,903.5
Minority interests.....	168.2	209.0
Total Equity.....	7,751.9	9,112.5
Non-current liabilities.....	8,587.2	8,946.9
Current Liabilities.....	4,286.5	4,478.2
<b>Total Equity and Liabilities</b> .....	<b>20,625.6</b>	<b>22,537.6</b>

**Overview of Consolidated Cash Flow Statement of L’Air Liquide (full year 2010 versus full year 2009)**

For the year ended 31 December	<b>2009</b>	<b>2010</b>
<i>(in millions of euros)</i>	_____	_____
<b><i>Operating activities</i></b>		
Net profit (Group share).....	1,230.0	1,403.6
Minority interests .....	55.2	54.5
<b>Cash flow from operating activities before change in working capital.</b>	<b>2,274.5</b>	<b>2,660.9</b>
Change in working capital (and others) .....	177.3	(241.0)
<b>Net cash flow from operating activities .....</b>	<b>2,451.8</b>	<b>2,419.9</b>
<b><i>Investing activities</i></b>		
<b>Net cash flow from investing activities .....</b>	<b>(1,439.8)</b>	<b>(1,645.9)</b>
<b><i>Financing activities</i></b>		
<b>Net cash flow from financing activities .....</b>	<b>(873.3)</b>	<b>(526.9)</b>
<i>Effect of exchange rate changes and change in scope of consolidation....</i>	<i>45.7</i>	<i>(90.8)</i>
<b>Net increase in net cash and cash equivalents .....</b>	<b>184.4</b>	<b>156.3</b>
<b>NET CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD .....</b>	<b>1,141.5</b>	<b>1,325.9</b>
<b>NET CASH AND CASH EQUIVALENTS AT END OF PERIOD.....</b>	<b>1,325.9</b>	<b>1,482.2</b>

## **Risk Factors**

*The Issuer and the Guarantor believe that the following factors may affect their ability to fulfil their obligations under the Notes and the Guarantee. All of these factors are contingencies which may or may not occur and neither the Issuer nor the Guarantor is in a position to express a view on the likelihood of any such contingency occurring. There may be other risks which may affect the Issuer or the Guarantor to varying degrees, which are currently unknown to the Issuer and the Guarantor or which are currently believed to be immaterial.*

*Factors which the Issuer and the Guarantor believe may be material for the purpose of assessing the market risks associated with the Notes are also described below.*

*The following paragraphs describe some of the principal risk factors that are material to the Notes to be offered and listed and admitted to trading in order to assess the risk associated with these Notes, the Issuer and the Guarantor. They do not describe all the risks of an investment in the Notes. Prospective investors should consult their own financial, legal and tax advisers about risks associated with investment in the Notes and the suitability of investing in the Notes in light of their particular circumstances. Prospective investors should also read the detailed information set out elsewhere in this Prospectus (including any documents incorporated by reference herein) and reach their own views prior to making any investment decision.*

### **Risk Factors relating to the Guarantor**

The Guarantor is the parent and holding company of the Air Liquide Group. Therefore, the risks relating to the Guarantor are in general the same risk factors that could adversely affect the Air Liquide Group as a whole.

### **Risk Factors relating to the Air Liquide Group**

Please refer to the section “Documents Incorporated by Reference” in this Prospectus.

### **Risk Factors relating to Air Liquide Finance**

To benefit from economies of scale and facilitate capital markets funding (bonds and commercial paper), the Group uses a special-purpose subsidiary, Air Liquide Finance. In accordance with the Group’s financial policy, this subsidiary aims to centralise the Group’s funding activities whenever possible. For this reason, investment considerations in connection with the Issuer relate to the various risks of the Guarantor and the Air Liquide Group as a whole, detailed above.

Air Liquide Finance raises funds and lends money within the Group through intercompany loans. The funds received from subsidiaries as interest payments or repayment of principal on the intercompany loans are used to match the payment due under the notes issued by Air Liquide Finance. Air Liquide Finance is subject to risk related to the payment failure of a borrower subsidiary.

### **Risks Relating to the Notes and the Guarantee**

#### ***Independent Review and Advice***

Each prospective investor of Notes must determine, based on its own independent review and such professional advice as it deems appropriate under the circumstances, that its acquisition of the Notes is fully consistent with its financial needs, objectives and condition, complies and is fully consistent with all investment policies, guidelines and restrictions applicable to it and is a fit, proper and suitable investment for it, notwithstanding the clear and substantial risks inherent in investing in or holding the Notes.

A prospective investor may not rely on the Issuer, the Guarantor or the Joint Lead Managers or any of their respective affiliates in connection with its determination as to the legality of its acquisition of the Notes or as to the other matters referred to above.

***Modification by way of Noteholder meeting***

The conditions of the Notes contain provisions for calling meetings of Noteholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Noteholders including Noteholders who did not attend and vote at the relevant meeting and Noteholders who voted in a manner contrary to the majority.

***No active Trading Market for the Notes***

The Notes will be new securities which may not be widely distributed and for which there may be no active trading market. If the Notes are traded after their initial issuance, they may trade at a discount to their initial offering price, depending upon prevailing interest rates, the market for similar securities, general economic conditions and the financial condition of the relevant Issuer. Although the Notes are to be listed on the Luxembourg Stock Exchange, there is no certainty that an active trading market will develop. Accordingly, there is no assurance as to the development or liquidity of any trading market for the Notes.

***Legality of Purchase***

Neither the Issuer, the Guarantor, the Joint Lead Managers nor any of their respective affiliates has or assumes responsibility for the lawfulness of the acquisition of the Notes by a prospective investor in the Notes, whether under the laws of the jurisdiction of its incorporation or the jurisdiction in which it operates (if different), or for compliance by that prospective investor with any law, regulation or regulatory policy applicable to it.

***Credit ratings may not reflect all risks and the ratings assigned to the Notes may be lowered or withdrawn in the future***

One or more independent credit rating agencies may assign credit ratings to the Notes. The ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed above, and other factors that may affect the value of the Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be revised, suspended or withdrawn by the rating agency at any time. Neither the Issuer nor the Guarantor can assure investors that a rating will remain for any given period of time or that a rating will not be lowered or withdrawn entirely by the relevant rating agency if, in its judgement, circumstances in the future so warrant. Neither the Issuer nor the Guarantor has any obligation to inform holders of the Notes of any such revision, downgrade or withdrawal. A suspension, reduction or withdrawal at any time of the rating assigned to the Notes may adversely affect the market price of the Notes.

***Taxation***

Potential purchasers and sellers of the Notes should be aware that they may be required to pay taxes or other documentary charges or duties in accordance with the laws and practices of the country where the Notes are transferred or other jurisdictions. Potential investors are advised not to rely upon the tax summary contained in this Prospectus but to ask for their own tax adviser's advice on their individual taxation with respect to the acquisition, holding, sale and redemption of the Notes. Only these advisers are in a position to duly consider the specific situation of the potential investor. This investment consideration has to be read in connection with the "Taxation" section of this Prospectus.



### ***Market Value of the Notes***

The market value of the Notes will be affected by the creditworthiness of the Issuer and a number of additional factors, including, but not limited to, the creditworthiness of the Guarantor and the time remaining to the maturity date.

The value of the Notes depends on a number of interrelated factors, including economic, financial and political events in France or elsewhere, including factors affecting capital markets generally and the stock exchanges (Luxembourg Stock Exchange at the date of this Prospectus or any alternative stock exchange on which the Notes are traded in the future) on which the Notes are traded. The price at which a Noteholder will be able to sell the Notes prior to maturity may be at a discount, which could be substantial, from the issue price or the purchase price paid by such purchaser.

### ***French Insolvency Law***

Under French insolvency law, holders of debt securities are automatically grouped into a single assembly of holders (the “Assembly”), in order to defend their common interests if a safeguard procedure (*procédure de sauvegarde*), accelerated financial safeguard procedure (*procédure de sauvegarde financière accélérée*) or a judicial reorganisation procedure (*procédure de redressement judiciaire*) is opened in France with respect to the Issuer.

The Assembly comprises holders of all debt securities issued by the Issuer regardless of their governing law.

The Assembly deliberates on the proposed safeguard plan (*projet de plan de sauvegarde*), accelerated financial safeguard plan (*projet de plan de sauvegarde financière accélérée*) or judicial reorganisation plan (*projet de plan de redressement*) applicable to the Issuer and may further agree to:

- reschedule due payments and/or partially or totally write down amounts due pursuant to debt securities;
- establish an unequal treatment between holders of debt securities (including the Noteholders) as appropriate under the circumstances; and/or
- decide to convert debt securities into securities that give or may give a right to share capital.

Decisions of the Assembly will be taken by a two-thirds majority (calculated as a proportion of the debt securities held by the holders casting a vote at such Assembly). No quorum is required to convoke the Assembly.

Stipulations in this Prospectus relating to the representation or meetings of holders of the Notes will not be applicable if they depart from any imperative dispositions of French insolvency law that may be applicable.

The insolvency procedures, as described above or as they may be amended, could have an adverse impact on the holders of the Notes seeking repayment in the event that the Issuer, the Guarantor or any other member of the Air Liquide Group were to become insolvent.

### ***Change of Law***

The Terms and Conditions of the Notes are expressed to be governed by English law, and the Guarantee is expressed to be governed by French law, in each case such law in effect as at the date of this Prospectus. No assurance can be given as to the impact of any possible judicial decision or change in English or, as applicable, French law or the official application or interpretation thereof after the date of this Prospectus.

### ***Jurisdiction***

Under the terms and conditions of the Notes, English courts are given jurisdiction to settle any disputes that may arise out of or in connection with the Notes and competent courts in Paris are given jurisdiction to settle

any disputes that may arise out of or in connection with the Guarantee. In each case, no express provision is made in the terms and conditions of the Notes and/or the Guarantee to allow Noteholders to take proceedings in any other court of competent jurisdiction or to permit concurrent proceedings in one or more other jurisdictions.

***The Notes and the Guarantee are unsecured obligations.***

As the Notes and the Guarantee are unsecured obligations, the repayment of the Notes may be compromised if:

- the Guarantor or the Issuer enter into bankruptcy, liquidation, reorganisation or other winding-up proceedings;
- there is a default in payment under the Guarantor's or the Issuer's future secured indebtedness or other unsecured indebtedness; or
- there is an acceleration of any of the Guarantor's or the Issuer's indebtedness.

If any of these events were to occur, the Guarantor's and/or the Issuer's assets may not be sufficient to make payments due on the Notes or the Guarantee.

***The Guarantor's ability to make payments is dependent on subsidiary cash flows and Noteholder claims against such subsidiaries are structurally subordinated in the event of insolvency.***

The Guarantor is a holding company and currently conducts substantially all of its operations through its subsidiaries. The ability of the Guarantor to meet its financial obligations is therefore dependent to a large extent upon the availability of cash flows from its subsidiaries through dividends, intercompany advances and other payments, and any limitation or non-availability of such cash flows for whatever reason could materially and adversely affect the Guarantor's ability to meet its payment obligations under the Guarantee. Moreover, apart from the Issuer, which is itself a subsidiary of the Guarantor, none of the Guarantor's other subsidiaries is obligor or guarantor of the Notes, and consequently Noteholders will not have any direct claims on the cash flows or the assets of such subsidiaries, such subsidiaries have no obligation, contingent or otherwise, to pay amounts due under the Notes or to make funds available to the Guarantor or the Issuer for these payments, and, in the event of insolvency, the claims of Noteholders over the assets and cashflows of such subsidiaries would be structurally subordinated to the prior claims of the creditors of those subsidiaries.

***Notes subject to early redemption by the Issuer for taxation or illegality reasons***

The Issuer may elect or be obliged to redeem the Notes in accordance with Condition 6(b) (*Redemption for Taxation and other Reasons*) or Condition 6(d) (*Illegality*). During a period when the Issuer may elect, or has elected, or is obliged to redeem the Notes, such Notes may feature a market value not substantially above the price at which they can be redeemed. In such circumstances an investor may not be able to reinvest the redemption proceeds in a comparable security at an effective interest rate as high as that of the Notes and may only be able to do so at a lower rate. Prospective investors should consider reinvestment risk in light of other investments available at that time.

***Fixed Rate Notes***

Investment in the Notes, which bear interest at a fixed rate, involves the risk that subsequent changes in market interest rates may adversely affect the value of the Notes.

***Developments in other markets may adversely affect the market price of the Notes.***

The market price of the Notes may be adversely affected by declines in the international financial markets and world economic conditions. The market for Chinese securities is, to varying degrees, influenced by economic and market conditions in other markets, especially those in Asia. Although economic conditions are different

in each country, investors' reactions to developments in one country can affect the securities markets and the securities of issuers in other countries, including China. Since the sub-prime mortgage crisis in 2008, the international financial markets have experienced significant volatility. If similar developments occur in the international financial markets in the future, the market price of the Notes could be adversely affected.

***Renminbi is not freely convertible; there are significant restrictions on remittance of CNY into and outside the PRC; and the availability of CNY funds from the Air Liquide Group's PRC operations for servicing the Notes may be subject to future limitations imposed by the PRC government.***

Renminbi is not freely convertible at present. The PRC government continues to regulate conversion between Renminbi and foreign currencies, including the Hong Kong dollar, despite the significant reduction by the PRC government over the years of control over routine foreign exchange transactions under current accounts. Participating banks in Hong Kong have been permitted to engage in the settlement of CNY trade transactions under a pilot scheme introduced in July 2009. This represents a current account activity. The pilot scheme was extended in June 2010 to cover 20 provinces and cities in the PRC and to make CNY trade and other current account item settlement available in all countries worldwide.

Subject to limited exceptions, there is currently no specific PRC regulation on the remittance of Renminbi into the PRC for settlement of capital account items. However, foreign investors may only remit offshore CNY into the PRC for capital account purposes such as shareholders' loan or capital contributions upon obtaining specific approvals from the relevant authorities, on a case-by-case basis.

The Issuer intends to use the net proceeds from this offering of Notes for the financing of the Air Liquide Group, including for the general corporate purposes of its Chinese subsidiaries. In order to do this, it may need to remit the proceeds into the PRC in CNY, which requires approvals from and registration with the relevant PRC government authorities. There is no assurance that the necessary approvals from and registration with the relevant PRC government authorities will be obtained at all or, if obtained, they will not be revoked or amended in the future. Furthermore, there is no assurance that the PRC government will continue to gradually liberalise the control over cross-border CNY remittances in the future or that new PRC regulations will not be promulgated in the future which have the effect of restricting the remittance of Renminbi into or outside the PRC. In the event that the Issuer is not able to repatriate funds outside the PRC in Renminbi to service any shareholders' loan made by it to any of its PRC subsidiaries or through other means, it will need to source Renminbi offshore to finance its obligations under the Notes, and its ability to do so will be subject to the overall availability of Renminbi outside the PRC.

***There is only limited availability of Renminbi outside the PRC, which may affect the liquidity of the Notes and the Guarantor's ability to source Renminbi outside the PRC to make timely payments to the Issuer to service the Notes.***

As a result of the restrictions by the PRC government on cross-border Renminbi fund flows, the availability of Renminbi outside of the PRC is limited.

Since February 2004, in accordance with arrangements between the PRC central government and the Hong Kong government, licensed banks in Hong Kong may offer limited Renminbi-denominated banking services to Hong Kong residents and specified business customers. The People's Bank of China ("PBOC"), the central bank of China, has also established a Renminbi clearing and settlement system for participating banks in Hong Kong. On 19 July 2010, further amendments were made to the Settlement Agreement on the Clearing of CNY Business (the "**Settlement Agreement**") between the PBOC and Bank of China (Hong Kong) Limited (the "CNY Clearing Bank") to further expand the scope of CNY business for participating banks in Hong Kong. Pursuant to the revised arrangements, all corporates are allowed to open CNY accounts in Hong Kong; there is no longer any limit on the ability of corporates to convert CNY; and there is no longer any restriction on the transfer of CNY funds between different accounts in Hong Kong.

However, the current size of Renminbi-denominated financial assets outside the PRC is limited. As of the end of March 2011, the total amount of Renminbi deposits held by institutions authorised to engage in Renminbi banking business in Hong Kong amounted to approximately CNY451.4 billion. In addition, participating banks are also required by the HKMA to maintain a total amount of Renminbi (in the form of cash and its settlement account balance with the CNY Clearing Bank) of no less than 25% of their Renminbi deposits, which further limits the availability of Renminbi that participating banks can utilise for conversion services for its customers. Renminbi business participating banks do not have direct Renminbi liquidity support from the PBOC. The CNY Clearing Bank will only have access to onshore liquidity support from the PBOC to square open positions of participating banks for limited types of transactions, including open positions resulting from conversion services for corporates in relation to cross-border trade settlement and for personal customers of up to CNY20,000 per person per day. The CNY Clearing Bank is not obliged to square for participating banks any open positions resulting from other foreign exchange transactions or conversion services and the participating banks will need to source Renminbi from the offshore market to square such open positions.

Although it is expected that the offshore Renminbi market will continue to grow in depth and size, its growth is subject to many constraints as a result of PRC laws and regulations on foreign exchange. There is no assurance that new PRC regulations will not be promulgated in the future or the Settlement Agreement will not be terminated or amended which will have the effect of restricting availability of Renminbi offshore. The limited availability of Renminbi outside the PRC may affect the liquidity of the Notes. To the extent the Guarantor is required to source Renminbi in the offshore market to make timely payments to the Issuer to service the Notes, there is no assurance that it will be able to source such Renminbi on satisfactory terms, if at all.

***Investment in the Notes is subject to exchange rate risks.***

The value of the Renminbi against the Hong Kong dollar and other foreign currencies fluctuates and is affected by changes in the PRC and international political and economic conditions and by many other factors. Subject to the option of the Issuer to pay amounts in US dollars by reason of an Inconvertibility, Non-transferability or Illiquidity event as further described in Condition 7(g) of the Terms and Conditions of the Notes, the Issuer will make all payments of interest and principal with respect to the Notes in Renminbi. As a result, the value of these Renminbi payments may vary with the prevailing exchange rates in the marketplace. If the value of the Renminbi depreciates against the Hong Kong dollar or other foreign currencies, the value of a Noteholder's investment in Hong Kong dollar or other applicable foreign currency terms will decline.

***The investment in the Notes is subject to interest rate risks.***

The PRC government has gradually liberalised the regulation of interest rates in recent years. Further liberalisation may increase interest rate volatility. The Notes will carry a fixed interest rate. Consequently, the trading price of the Notes will vary with fluctuations in Renminbi interest rates. If a Noteholder tries to sell such Notes before their maturity, he may receive an offer that is less than his original investment.

***Payments in respect of the Notes will only be made in the manner specified in the Notes.***

All payments to investors in respect of the Notes will be made solely (i) when the Notes are represented by a global certificate, by transfer to a Renminbi bank account maintained in Hong Kong in accordance with prevailing CMU rules and procedures, or (ii) when the Notes are in definitive form, by transfer to a Renminbi bank account maintained in Hong Kong in accordance with prevailing rules and regulations. The Issuer cannot be required to make payment by any other means (including, subject to Condition 7(g) of the Terms and Conditions of the Notes, in any other currency or by transfer to a bank account in the PRC).

## Documents Incorporated by Reference

This Prospectus should be read and construed in conjunction with the following documents which have been previously published or are published simultaneously with the Prospectus and that have been filed with the *Commission de surveillance du secteur financier* in Luxembourg and shall be incorporated in, and form part of, this Prospectus:

- the sections referred to in the table below which are extracted from the English version of the 2009 reference document of the Guarantor. Such sections are referred to in the Prospectus as the “**2009 Reference Document**”. Any reference in the Prospectus or in the information incorporated by reference to the 2009 Reference Document of L’Air Liquide will be deemed to include those sections only. These sections include the audited consolidated annual financial statements and related audit report for the financial year ended 31 December 2009 of L’Air Liquide;
- the sections referred to in the table below which are extracted from the English version of the 2010 reference document of the Guarantor. Such sections are referred to in the Prospectus as the “**2010 Reference Document**”. Any reference in the Prospectus or in the information incorporated by reference to the 2010 Reference Document of L’Air Liquide will be deemed to include those sections only. These sections include the audited consolidated annual financial statements and related audit report for the financial year ended 31 December 2010 of L’Air Liquide;
- French version of the auditor’s report and financial statements of the Issuer for the year ended 31 December 2009 (“**Issuer’s 2009 Financial Statements**”); and
- English version of the First Half 2011 Financial report of the Guarantor for the 6 month period ended 30 June 2011 (“**First Half 2011 Financial Report**”),

save that any statement contained in a document which is incorporated by reference herein shall be deemed to be modified or superseded for the purpose of this Prospectus to the extent that a statement contained herein modifies or supersedes such earlier statement (whether expressly, by implication or otherwise).

Any information not listed in the cross reference list below but included in the documents incorporated by reference above is given for information purpose only.

All documents incorporated by reference in this Prospectus may be obtained, free of charge, at the offices of the Fiscal and Paying Agent set out at the end of this Prospectus during normal business hours so long as any of the Notes are outstanding.

This Prospectus and the documents incorporated by reference will be published on the website of the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)).

### Cross-reference lists in respect of the information for the years ended 31 December 2009 and 2010 in respect of the L’Air Liquide:

L’Air Liquide		2009 Reference Document	2010 Reference Document
Financial information concerning L’Air Liquide’s assets and liabilities, financial	Audited historical financial information for the latest two or three financial years	Pages 131 to 207	Pages 135 to 213
	Consolidated income statement	Page 133	Page 137

<b>L’Air Liquide</b>		<b>2009 Reference Document</b>	<b>2010 Reference Document</b>
position and profits and losses	Statement of net income and gains and losses recognised directly in equity	Page 134	Page 138
	Consolidated balance sheet	Page 135	Page 139
	Consolidated cash flow statement	Pages 136 and 137	Pages 140 and 141
	Consolidated statement of changes in equity	Pages 138 and 139	Pages 142 and 143
	Accounting principles	Pages 140 to 149	Pages 144 to 153
	Explanatory notes: segment information, income statement, balance sheet, others	Pages 150 to 201	Pages 154 to 206
	Organisational structure	Pages 202 to 205	Pages 208 to 211
	Audit report for the latest financial year	Page 207	Page 213
Risk Factors	Prominent disclosure of risk factors of the Air Liquide Group	N/A	Pages 16 to 19, 96 to 101 and 191 to 200
Trend Information		N/A	Page 40
Administrative, Management, and Supervisory Bodies	Board of Directors	N/A	Pages 82 and 125 to 132
	Executive Committee	N/A	Pages 83 and 125 to 132
Board Practices	Corporate Governance	N/A	Pages 84 and 287
	Audit and Accounts Committee, Appointment and Governance Committee and Remuneration Committee	N/A	Pages 90 to 95
Funding Policies		N/A	Pages 32 to 34
Investments		N/A	Pages 4, 29, 30, 38 to 40, 140, 156, 202 and 203
Legal and arbitration proceedings		N/A	Pages 18 and 203
Material Contracts		N/A	Pages 202 and 203
Share capital		N/A	Pages 107 to 109, 116 to 119, 142, 143, 173 to 176, 202, 223, 240 to 245, 278, 279, 281,

<b>L’Air Liquide</b>		<b>2009 Reference Document</b>	<b>2010 Reference Document</b>
Major Shareholders		N/A	Page 279
Annual Shareholders’ Meetings	Resolutions proposed for approval at the Ordinary and Extraordinary Shareholders’ Meetings	N/A	Pages 246 to 261

<b>L’Air Liquide</b>		<b>First Half 2011 Financial Report</b>
First Half 2011 Financial Report as of 30 June 2011	Consolidated income statement	Page 13
	Statement of net income and gains and losses recognised directly in equity	Page 14
	Consolidated balance sheet	Page 15
	Consolidated cash flow statement	Pages 16 and 17
	Consolidated statement of changes in equity	Pages 18 to 20
	Accounting principles	Pages 21 and 22
	Explanatory notes: segment information, income statement, balance sheet, others	Pages 23 to 32
	Statutory Auditors review report on the interim financial information	Page 33

<b>Air Liquide Finance</b>		<b>Issuer’s 2009 Financial Statements (French version)</b>
Financial information concerning Air Liquide Finance’s assets and liabilities, financial position and profits and losses	Balance Sheet	Pages 2 and 3
	Income Statement	Pages 4 and 5
	Accounting Policies	Page 6
	Explanatory Notes	Pages 7 to 13
	Equity variations during the year	Page 8
Auditor’s Report		Cover pages 1 to 2

## Terms and Conditions of the Notes

The issue of the Notes was authorised pursuant to a decision of Fabienne Lecorvaisier, *Président-Directeur Général* of the Issuer acting pursuant to a resolution of the Board of Directors (*Conseil d'Administration*) of the Issuer passed on 22 April 2011. A fiscal agency agreement dated 12 September 2011 (the “**Fiscal Agency Agreement**”) has been entered into in relation to the Notes between the Issuer, the Guarantor, Bank of China (Hong Kong) Limited as fiscal agent, paying agent and CMU lodging agent and other agents named in it. The fiscal and paying agent, the CMU lodging agent, the calculation agent, the registrar and any transfer agent for the time being are referred to below respectively as the “**Fiscal Agent**”, the “**Paying Agent**”, the “**CMU Lodging Agent**”, the “**Calculation Agent**”, the “**Registrar**” and the “**Transfer Agents**”, and collectively, as the “**Agents**” (which term shall include any other agent or agents appointed from time to time with respect to the Notes). The Fiscal Agency Agreement includes the form of the Notes. Copies of the Fiscal Agency Agreement are available for inspection during normal business hours at the specified offices of the Fiscal and Paying Agent, the Registrar and any Transfer Agents. The Noteholders (as defined below) are deemed to have notice of, and to be bound by, all the provisions of the Fiscal Agency Agreement applicable to them.

All capitalised terms that are not defined in these terms and conditions (the “**Conditions**”) will have the meanings given to them in the Fiscal Agency Agreement.

### 1 Form, Specified Denomination and Title

The Notes are issued in registered form in the specified denominations of CNY 1,000,000 and integral multiples of CNY 10,000 in excess thereof (an “**Authorised Holding**”).

Registered certificates (“**Certificates**”) will be issued in respect of the Notes and, save as provided in Condition 2(a), each Certificate shall represent the entire holding of Notes by the same holder.

Title to the Notes shall pass only by registration in the register that the Issuer shall procure to be kept by the Registrar in accordance with the provisions of the Fiscal Agency Agreement (the “**Register**”). Except as ordered by a court of competent jurisdiction or as required by law, the holder (as defined below) of any Note shall be deemed to be and may be treated as its absolute owner for all purposes whether or not such Note is overdue and regardless of any notice of ownership, trust or an interest in it, any writing in the Register or on the Certificate representing it or the theft or loss of such Certificate and no person shall be liable for so treating the holder.

In these Conditions, “**Noteholder**” and “**holder**” means the person in whose name a Note is registered.

### 2 Transfers of Notes

- (a) **Transfer:** A holding of Notes may, subject to Condition 2(d), be transferred in whole or in part upon the surrender (at the specified office of the Registrar or any Transfer Agent) of the Certificate(s) representing such Notes to be transferred, together with the form of transfer endorsed on such Certificate(s) (or another form of transfer substantially in the same form and containing the same representations and certifications (if any), unless otherwise agreed by the Issuer), duly completed and executed and any other evidence as the Registrar or Transfer Agent may reasonably require provided however, that a Note may not be transferred unless the principal amount of the Notes transferred and (where not all of the Notes held by a holder are being transferred) the principal amount of the balance of the Notes not transferred are an Authorised Holding. In the case of a transfer of part only of a holding of Notes represented by one Certificate, a new Certificate shall be issued to the transferee in respect of the part transferred and a further new Certificate in respect of the balance of the holding not



transferred shall be issued to the transferor. In the case of a transfer of Notes to a person who is already a holder of Notes, a new Certificate representing the enlarged holding shall only be issued against surrender of the Certificate representing the existing holding. All transfers of Notes and entries on the Register will be made in accordance with the detailed regulations concerning transfers of Notes scheduled to the Fiscal Agency Agreement. The regulations may be changed by the Issuer, with the prior written approval of the Registrar and the Fiscal and Paying Agent. A copy of the current regulations will be made available by the Registrar to any Noteholder upon request.

- (b) **Delivery of New Certificates:** Each new Certificate to be issued pursuant to Condition 2(a) shall be available for delivery within three business days of receipt of a duly completed form of transfer and surrender of the existing Certificate(s). Delivery of the new Certificate(s) shall be made at the specified office of the Transfer Agent or of the Registrar (as the case may be) to whom delivery or surrender of such form of transfer or Certificate shall have been made or, at the option of the holder making such delivery or surrender as aforesaid and as specified in the relevant form of transfer or otherwise in writing, be mailed by uninsured post at the risk of the holder entitled to the new Certificate to such address as may be so specified, unless such holder requests otherwise and pays in advance to the relevant Transfer Agent or the Registrar (as the case may be) the costs of such other method of delivery and/ or such insurance as it may specify. In this Condition 2(b), “**business day**” means a day, other than a Saturday or Sunday, on which banks are open for business in the place of the specified office of the relevant Transfer Agent or the Registrar (as the case may be).
- (c) **Transfer Free of Charge:** Certificates, on transfer, shall be issued and registered without charge by or on behalf of the Issuer, the Registrar or any Transfer Agent, but upon payment of any tax or other governmental charges that may be imposed in relation to it (or the giving of such indemnity as the Issuer, the Registrar or the relevant Transfer Agent may reasonably require).
- (d) **Closed Periods:** No Noteholder may require the transfer of a Note to be registered (i) during the period of 15 days ending on (and including) the due date for redemption of that Note, (ii) during the period of 15 days prior to (and including) any date on which Notes may be called for redemption by the Issuer at its option pursuant to Condition 6, (iii) after any such Note has been called for redemption, or (iv) during the period of seven days ending on (and including) any Record Date (as defined in Condition 7).

### 3 Guarantee and Status

- (a) **Guarantee:** The Guarantor has unconditionally and irrevocably guaranteed the due payment of all sums expressed to be due and payable by the Issuer under the Notes in accordance with their terms and conditions. The obligations of the Guarantor in this respect arise pursuant to a guarantee executed by the Guarantor and dated 19 September 2011, which is governed by, and shall be construed in accordance, with French law (the “**Guarantee**”).
- (b) **Status of the Guarantee:** The obligations of the Guarantor under the Guarantee constitute direct, unconditional and unsubordinated and (subject to the provisions of Condition 4) unsecured obligations of the Guarantor and shall at all times rank (save for certain obligations required to be preferred by law) equally and rateably with all other present or future unsecured and unsubordinated indebtedness and monetary obligations of the Guarantor.
- (c) **Status of the Notes:** The obligations to pay principal and interest on the Notes constitute direct, unconditional, unsubordinated and (subject to the provisions of Condition 4) unsecured obligations of the Issuer and rank and will at all times rank *pari passu* and without any preference among themselves and (subject to such exceptions as are from time to time mandatory under French law) at least equally

and rateably with all other present and future unsecured and unsubordinated indebtedness and monetary obligations of the Issuer, from time to time outstanding.

#### 4 Negative Pledge

So long as any of the Notes remain outstanding (as defined in the Fiscal Agency Agreement), neither the Issuer nor the Guarantor, will create any mortgage, charge, pledge or other security interest (*sûreté réelle*) upon any of its respective assets or revenues, present or future, to secure (1) any Relevant Indebtedness (as defined below) or (2) any guarantee in respect of any Relevant Indebtedness unless the Issuer's obligations under the Notes are (i) secured equally and rateably with such Relevant Indebtedness or guarantee in respect thereof or (ii) are given the benefit of such other security, guarantee or arrangement as shall be approved by the Noteholders in accordance with Condition 12.

For the purposes of this Condition, "**Relevant Indebtedness**" means any indebtedness for borrowed money represented by bonds or notes (*obligations*) which are for the time being, or are capable of being, quoted, listed or ordinarily dealt in on any stock exchange or any other regulated securities market.

#### 5 Interest

The Notes bear interest on their outstanding principal amount from, and including, 19 September 2011 at the rate of 3.95 per cent. per annum, payable semi-annually in arrear on 19 March and 19 September in each year (each an "**Interest Payment Date**") commencing on 19 March 2012. If any Interest Payment Date would otherwise fall on a day which is not a business day (as defined below), it shall be postponed to the next day which is a business day unless it would thereby fall into the next calendar month in which event it shall be brought forward to the immediately preceding business day.

Each Note will cease to bear interest from the due date for its redemption unless, upon surrender of the Certificate representing such Note, payment of principal is improperly withheld or refused. In such event it shall continue to bear interest at such rate (both before and after judgment) until whichever is the earlier of (a) the day on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant Noteholder, and (b) the day seven calendar days after the Fiscal and Paying Agent has notified Noteholders of receipt of all sums due in respect of all the Notes up to that seventh day (except to the extent that there is failure in the subsequent payment to the relevant holders under these Conditions).

In these Conditions, the period beginning on, and including, 19 September 2011 and ending on, but excluding, the first Interest Payment Date and each successive period beginning on, and including, an Interest Payment Date and ending on, but excluding, the next succeeding Interest Payment Date is called an "**Interest Period**".

Interest in respect of any Note shall be calculated by the Calculation Agent per CNY 10,000 in principal amount of the Notes (the "**Calculation Amount**"). The amount of interest payable per Calculation Amount for any period shall be equal to the product of the rate of interest specified above, the Calculation Amount and the actual number of days in the Interest Period (or such other period) divided by 365, rounding the resulting figure to the nearest cent (half a cent being rounded upwards).

In this Condition, the expression "**business day**" means a day (other than a Saturday, Sunday or public holiday) upon which commercial banks are generally open for business and settlement of Renminbi payments in Hong Kong.

## 6 Redemption and Purchase

### (a) Final Redemption:

Unless previously redeemed, or purchased and cancelled (as provided below), each of the Notes will be redeemed at their principal amount on the Interest Payment Date falling on, or nearest to, 19 September 2018 (the “**Maturity Date**”). For the avoidance of doubt, the Notes may not be redeemed prior to the Maturity Date other than in the circumstances set out in Conditions 6(b) to 6(f) below.

### (b) Redemption for Taxation and other Reasons:

(i) If, by reason of any change in, or any change in the official application or interpretation of French law, becoming effective after 19 September 2011, the Issuer or, as the case may be, the Guarantor (in respect of the Guarantee), would on the occasion of the next payment of principal or interest due in respect of the Notes, not be able to make such payment without having to pay additional amounts as specified under Condition 8 below, the Issuer may, at its option, subject to having given not more than 45 nor less than 30 days’ notice to the Noteholders (which notice shall be irrevocable), in accordance with Condition 14, redeem all, but not some only, of the Notes at their principal amount together with any interest accrued to the date set for redemption (including, where applicable, any arrears of interest) provided that the due date for redemption of which notice hereunder may be given shall be no earlier than the latest practicable date on which the Issuer or the Guarantor, as the case may be, could make payment of principal and interest without withholding for such French taxes.

(ii) If the Issuer or, as the case may be, the Guarantor (in respect of the Guarantee), would, on the next payment of principal or interest in respect of the Notes, be prevented by French law, from making payment to the Noteholders of the full amounts then due and payable, notwithstanding the undertaking to pay additional amounts contained in Condition 8 below, then the Issuer, shall forthwith give notice of such fact to the Fiscal and Paying Agent and the Issuer shall upon giving not less than seven days’ prior notice to the Noteholders in accordance with Condition 14, redeem all, but not some only, of the Notes then outstanding at their principal amount together with any interest accrued to the date set for redemption (including, where applicable, any arrears of interest) on the latest practicable Interest Payment Date on which the Issuer or the Guarantor, as the case may be, could make payment of the full amount then due and payable in respect of the Notes or, if that date is passed, as soon as practicable thereafter.

### (c) Redemption at the Option of Noteholders upon Change of Control accompanied by a Rating Downgrade:

If at any time while any Note remains outstanding there occurs (i) a Change of Control and (ii) within the Change of Control Period a Rating Downgrade occurs as a result of that Change of Control or as a result of a Potential Change of Control (the occurrence of (i) and (ii) together constitutes a “**Put Event**”), then the holder of each Note will have the option (the “**Put Option**”) (unless, prior to the giving of the Put Event Notice (as defined below), the Issuer gives notice of its intention to redeem the Notes otherwise under this Condition 6) to require the Issuer to redeem or, at the Issuer’s option, to procure the purchase of that Note on the Optional Redemption Date (as defined below) at its principal amount together with (or, where purchased, together with an amount equal to) accrued interest to but excluding the Optional Redemption Date, as calculated by the Calculation Agent pursuant to Condition 5 (the “**Change of Control Amount**”).

A “**Change of Control**” shall be deemed to have occurred at each time that any person or persons acting in concert come(s) to own or acquire(s) (i) more than 50 per cent. of the issued share capital of

the Guarantor or (b) such number of the shares in the capital of the Guarantor carrying more than 50 per cent. of the voting rights.

“**Change of Control Period**” means:

- (i) pursuant to a Change of Control, the period commencing on the date of the public announcement of the result (*avis de résultat*) by the *Autorité des marchés financiers* (the “**AMF**”) of the relevant Change of Control and ending on the date which is 90 days (inclusive) after the date of the public announcement by the AMF of the relevant Change of Control provided that (a) a Rating Downgrade occurs during that period and (b) such Rating Downgrade results from a Change of Control, or
- (ii) pursuant to a Potential Change of Control, the period commencing 180 days prior to the date of the public announcement of the result (*avis de résultat*) by the AMF of the relevant Change of Control and ending on the date of such announcement (inclusive) provided that (a) a Rating Downgrade occurs during that period and (b) such Rating Downgrade results from a Potential Change of Control.

“**Rating Agency**” means Standard & Poor's Rating Services or any other rating agency of equivalent international standing requested from time to time by the Issuer to grant a rating to the Notes and, in each case, their respective successors or affiliates.

A “**Rating Downgrade**” shall be deemed to have occurred in respect of a Change of Control or in respect of a Potential Change of Control if within the Change of Control Period the rating previously assigned to the Notes by any Rating Agency is (x) withdrawn or (y) changed from an investment grade rating (BBB-, or its respective equivalents for the time being, or better) to a non-investment grade rating (BB+, or its respective equivalent for the time being, or worse) or (z) if the rating previously assigned to the Notes by any Rating Agency was below an investment grade rating (as described above), lowered by at least one full rating notch, provided that (i) a Rating Downgrade otherwise arising by virtue of a particular change in rating shall be deemed not to have occurred in respect of a particular Change of Control or Potential Change of Control, as the case may be, if the Rating Agency making the change in rating does not publicly announce or publicly confirm that the reduction was the result of the Change of Control or the Potential Change of Control, as the case may be, and (ii) any Rating Downgrade has to be confirmed in a letter, or other form of written communication, sent to the Issuer and publicly disclosed.

“**Potential Change of Control**” means any public announcement or statement by the Guarantor or any actual or potential bidder relating to any potential Change of Control of the Guarantor.

Promptly upon the Issuer or the Guarantor becoming aware that a Put Event has occurred, the Issuer shall give notice (a “**Put Event Notice**”) to the Noteholders in accordance with Condition 14 specifying the nature of the Put Event and the circumstances giving rise to it and the procedure for exercising the Put Option.

To exercise the Put Option to require redemption or, as the case may be, purchase of a Note following a Put Event, the holder of that Note must transfer or cause to be transferred the Certificates representing its Notes to be so redeemed to any Transfer Agent or the Registrar within the period (the “**Put Period**”) of 45 days after the Put Event Notice is given together with a duly signed and completed notice of exercise in the form (for the time being current) obtainable from the specified office of any Transfer Agent or the Registrar (a “**Put Option Notice**”). No Note so transferred may be withdrawn without the prior consent of the Issuer.

The Issuer shall redeem or, at the option of the Issuer procure the purchase of, the Notes in respect of which the Put Option has been validly exercised at the Change of Control Amount as provided above, and subject to the transfer of such Notes to any Transfer Agent or the Registrar as described above on the date which is the fifth business day in Hong Kong following the end of the Put Period (the “**Optional Redemption Date**”).

- (d) **Illegality:** If, by reason of any change in French or English law, or any change in the official application of such law, becoming effective after 19 September 2011, it becomes unlawful (i) for the Issuer to perform or comply with one or more of its obligations under the Notes, or (ii) for the Guarantor to perform or comply with one or more of its obligations under the Guarantee, the Issuer will, subject to having given not more than 45 nor less than 30 days’ notice to the Noteholders (which notice shall be irrevocable), in accordance with Condition 14, redeem all, but not some only, of the Notes at their principal amount together with any interest accrued (as calculated by the Calculation Agent pursuant to Condition 5) to the date set for redemption.
- (e) **Purchase:** the Issuer, the Guarantor or any other Subsidiaries of the Air Liquide Group may at any time purchase Notes in the open market or otherwise at any price. All Notes so purchased by the Issuer may be held and resold in accordance with Articles L.213-1 A and D.213-1 A of the French *Code monétaire et financier* for the purpose of enhancing the liquidity of the Notes, or, at the Issuer’s option, cancelled.
- (f) **Cancellation:** All Certificates representing Notes purchased by or on behalf of the Issuer for cancellation shall be surrendered to the Registrar and, upon surrender thereof, all such Notes shall be cancelled forthwith. Any Certificates so surrendered for cancellation may not be reissued or resold and the obligations of the Issuer in respect of any such Notes shall be discharged.

## 7 Payments

- (a) Method of Payment:
  - (i) Payments of principal shall be made (subject to surrender of the relevant Certificates at the specified office of any Transfer Agent or of the Registrar if no further payment falls to be made in respect of the Notes represented by such Certificates) by transfer to the registered account of the Noteholder.
  - (ii) Interest on each Note shall be paid to the person shown on the Register at the close of business on the fifth Payment Business Day before the due date for payment thereof (the “**Record Date**”). Payments of interest on each Note shall be made in Renminbi by transfer to the registered account of the Noteholder.
  - (iii) For the purposes of this Condition, a Noteholder’s “**registered account**” means the Renminbi account maintained by or on behalf of it with a bank in Hong Kong, details of which appear on the Register at the close of business on the fifth Payment Business Day before the due date for payment.
  - (iv) If the amount of principal being paid upon surrender of the relevant Certificate is less than the outstanding principal amount of such Certificate, the Registrar will annotate the Register with the amount of principal so paid and will (if so requested by the Issuer or a Noteholder) issue a new Certificate with a principal amount equal to the remaining unpaid outstanding principal amount. If the amount of interest being paid is less than the amount then due, the Registrar will annotate the Register with the amount of interest so paid.

- (b) **Payments subject to Fiscal Laws:** All payments are subject in all cases to any applicable fiscal or other laws, regulations and directives in the place of payment. No commission or expenses shall be charged to the Noteholders in respect of such payments.
- (c) **Payment Initiation:** Where payment is to be made by transfer to a registered account, payment instructions (for value the due date, or if that is not a Payment Business Day, for value the first following day which is a Payment Business Day) will be initiated on the due date for payment, or, in the case of payments of principal where the relevant Certificate has not been surrendered at the specified office of any Transfer Agent or of the Registrar, on a Payment Business Day on which the Fiscal and Paying Agent is open for business and on which the relevant Certificate is surrendered.
- (d) **Appointment of Agents:** The Fiscal and Paying Agent, the Calculation Agent, the Registrar, the CMU Lodging Agent and the Transfer Agents initially appointed by the Issuer and their respective specified offices are listed below. The Fiscal and Paying Agent, the Calculation Agent, the Registrar, the CMU Lodging Agent and the Transfer Agents act solely as agents of the Issuer and do not assume any obligation or relationship of agency or trust for or with any Noteholder. The Issuer reserves the right at any time to vary or terminate the appointment of the Fiscal and Paying Agent, the Calculation Agent, the Registrar, the CMU Lodging Agent or any Transfer Agent and to appoint additional or other Transfer Agents, provided that the Issuer shall at all times maintain (i) a Fiscal and Paying Agent, (ii) a Registrar with a specified office outside the United Kingdom, (iii) a Transfer Agent, (iv) a Calculation Agent and (v) such other agents as may be required by any other stock exchange on which the Notes may be listed.

Notice of any such change or any change of any specified office shall promptly be given to the Noteholders.

- (e) **Delay in Payment:** Noteholders will not be entitled to any interest or other payment for any delay after the due date in receiving the amount due on a Note if the due date is not a Payment Business Day, or if the Noteholder is late in surrendering or cannot surrender its Certificate (if required to do so).
- (f) **Payment Business Days:** In this Condition 7, “**Payment Business Day**” means a day (other than a Saturday or Sunday) on which banks and foreign exchange markets are open for business and settlement of Renminbi payments in Hong Kong and (if surrender of the relevant Certificate is required) the relevant place of presentation.
- (g) **Payment of US Dollar Equivalent:** Notwithstanding all other provisions in these Conditions, if by reason of Inconvertibility, Non-transferability or Illiquidity, or if Renminbi is otherwise not available to the Issuer or the Guarantor as a result of circumstances beyond their control and such unavailability has been independently determined by a Renminbi Dealer neither the Issuer nor the Guarantor is able to satisfy payments of principal or interest (in whole or in part) in respect of Notes when due in Renminbi in Hong Kong, the Issuer or the Guarantor, as the case may be, on giving not less than five or more than 30 days’ irrevocable notice to the Noteholders prior to the due date for payment, may settle any such payment (in whole or in part) in US dollars on the due date at the US Dollar Equivalent of any such Renminbi denominated amount.

In such event, payments of the US Dollar Equivalent of the relevant principal or interest in respect of the Notes shall be made by a US dollar denominated cheque drawn on a bank in New York City and mailed to the holder (or to the first named of joint holders) of the Notes at its address appearing in the Register, or, upon application by the holder to the specified office of the Registrar or any Transfer Agent before the Record Date, by transfer to a US dollar denominated account with a bank in New York City. For the avoidance of doubt, no such payment of the US Dollar Equivalent shall by itself be deemed to constitute a default in payment within the meaning of Condition 9(a).

In the event of a payment pursuant to this Condition 7(g), the following modification shall be made in respect of the Conditions:

The definition of “**Payment Business Day**” in Condition 7(f) shall mean a day (other than a Saturday, Sunday or public holiday) on which commercial banks and foreign exchange markets are open for business in the place in which the specified office of the Registrar is located and on which foreign exchange transactions may be carried out in US dollars in New York City.

For the purposes of these Conditions, “**US Dollar Equivalent**” means the relevant Renminbi amount converted into US dollars using the Spot Rate for the relevant Rate Calculation Date, as calculated by the Calculation Agent.

In this Condition:

“**Governmental Authority**” means any *de facto* or *de jure* government (or any agency or instrumentality thereof), court, tribunal, administrative or other governmental authority or any other entity (private or public) charged with the regulation of the financial markets (including the central bank) of Hong Kong.

“**Illiquidity**” means that the general Renminbi exchange market in Hong Kong becomes illiquid, other than as a result of an event of Inconvertibility or Non-transferability, as determined by the Issuer or the Guarantor in good faith and in a commercially reasonable manner following consultation with two Renminbi Dealers, as a result of which event the Issuer or the Guarantor cannot, each having used its reasonable endeavours, obtain sufficient Renminbi in order fully to satisfy its obligation to pay interest or principal in respect of the Notes or, as the case may be, the Guarantee.

“**Inconvertibility**” means the occurrence of any event that makes it impossible for the Issuer or the Guarantor to convert any amount due in respect of the Notes or, as the case may be, the Guarantee in the general Renminbi exchange market in Hong Kong, other than where such impossibility is due solely to the failure of the Issuer or the Guarantor to comply with any law, rule or regulation enacted by any Governmental Authority (unless such law, rule or regulation is enacted after 19 September 2011 and it is impossible for the Issuer or, as the case may be, the Guarantor, due to an event beyond its control, to comply with such law, rule or regulation).

“**Non-transferability**” means the occurrence of any event that makes it impossible for the Issuer or, as the case may be, the Guarantor to deliver Renminbi between accounts inside Hong Kong or from an account inside Hong Kong to an account outside Hong Kong, other than where such impossibility is due solely to the failure of the Issuer or the Guarantor to comply with any law, rule or regulation enacted by any Governmental Authority (unless such law, rule or regulation is enacted after 19 September 2011 and it is impossible for the Issuer or, as the case may be, the Guarantor, due to an event beyond its control, to comply with such law, rule or regulation).

“**Rate Calculation Business Day**” means a day (other than a Saturday or Sunday) on which commercial banks are open for general business (including dealings in foreign exchange) in Hong Kong and in New York City;

“**Rate Calculation Date**” means the day which is two Rate Calculation Business Days before the due date for payment of the relevant Renminbi amount under these Conditions;

“**Renminbi Dealer**” means an independent foreign exchange dealer of international repute active in the Renminbi exchange market in Hong Kong reasonably selected by the Issuer or the Guarantor; and

“**Spot Rate**”, for a Rate Calculation Date, means the spot CNY/US dollar exchange rate for the purchase of US dollars with CNY in the over-the-counter CNY exchange market in Hong Kong for

settlement on the relevant due date for payment, as determined by an agent (the “**Rate Calculation Agent**”) appointed by the Issuer for this purpose under the terms of the Fiscal Agency Agreement at or around 11 a.m. (Hong Kong time) on the on such Rate Calculation Date, on a deliverable basis by reference to Reuters Screen Page TRADCNY3, or if no such rate is so available, on a non-deliverable basis by reference to Reuters Screen Page TRADNDF. If neither rate is available, the Rate Calculation Agent will determine the Spot Rate at or around 11 a.m. (Hong Kong time) on the Rate Calculation Date as the most recently available CNY/U.S. dollar official fixing rate for settlement on the relevant due date for payment reported by The State Administration of Foreign Exchange of the PRC, which is reported on the Reuters Screen Page CNY=SAEC. Reference to a page on the Reuters Screen means the display page so designated on the Reuter Monitor Money Rates Service (or any successor service) or such other page as may replace that page for the purpose of displaying a comparable currency exchange rate.

All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 7(g) by the Rate Calculation Agent, will (in the absence of wilful default, bad faith or manifest error) be binding on the Issuer, the Guarantor, the Agents and all Noteholders.

## 8 Taxation

All payments of principal and interest by or on behalf of the Issuer in respect of the Notes shall be made free and clear of, and without withholding or deduction for, any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within France or any authority therein or thereof having power to tax, unless such withholding or deduction is required by law.

If French law should require that payments of principal or interest in respect of the Notes or payments under the Guarantee be subject to deduction or withholding in respect of any taxes or duties whatsoever, the Issuer or, as the case may be, the Guarantor in the case of payments under the Guarantee, will to the fullest extent then permitted by law, pay such additional amounts as shall result in receipt by the Noteholders of such amounts as would have been received by them had no such withholding or deduction been required, except that no such additional amounts shall be payable with respect to any Note:

- (a) **Other connection:** to a holder (or to a third party on behalf of a holder) who is liable to such taxes, duties, assessments or governmental charges in respect of such Note by reason of his having some connection with France other than the mere holding of the Note; or
- (b) **Surrender more than 30 days after the Relevant Date:** in respect of which the Certificate representing it is presented for payment more than 30 days after the Relevant Date except to the extent that the holder of it would have been entitled to such additional amounts on surrendering the Certificate representing such Note for payment on the last day of such period of 30 days; or
- (c) **Payment to individuals:** where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to European Council Directive 2003/48/EC or any other European Union Directive implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000 on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to, such Directive;
- (d) **Declaration of non-residence:** to a holder (or to a third party on behalf of a holder) who will not be liable or subject to the withholding or deduction by making a declaration of non-residence or other similar claim for exemption.



As used in these Conditions, “**Relevant Date**” in respect of any Note means the date on which payment in respect of it first becomes due or (if any amount of the money payable is improperly withheld or refused) the date on which payment in full of the amount outstanding is made or (if earlier) the date seven days after that on which notice is duly given to the Noteholders that, upon further presentation of the Certificate representing the Note being made in accordance with the Conditions, such payment will be made, provided that payment is in fact made upon such presentation. References in these Conditions to (i) “**principal**” shall be deemed to include all amounts in the nature of principal payable pursuant to Condition 7 or any amendment or supplement to it, (ii) “**interest**” shall be deemed to include all interest amounts and all other amounts (including, for the avoidance of doubt, all arrears of interest) payable pursuant to Condition 5 or any amendment or supplement to it and (iii) “**principal**” and/or “**interest**” shall be deemed to include any additional amounts that may be payable under this Condition.

Each Noteholder shall be responsible for supplying, in a timely manner, any information as may be required in a timely manner in order to comply with the identification and reporting obligations imposed on it by the European Council Directive 2003/48/EC or any other European Directive implementing the conclusions of the ECOFIN Council Meeting dated 26-27 November 2000 on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to, such Directive.

## 9 Events of Default

Any Noteholder may upon written notice to the Issuer and the Fiscal and Paying Agent, given before all defaults shall have been cured, cause the principal amount of all the Notes held by such Noteholder to become due and payable, together with accrued interest thereon, as of the date on which such notice for payment is received by the Fiscal and Paying Agent:

- (a) if the Issuer defaults in any payment when due of principal or interest on any Notes or the Guarantor defaults in any payment when due under the Guarantee (including the payment of any additional amounts pursuant to the provisions set forth under Condition 8 above) if such default shall not have been cured within 15 days; or
- (b) if there is a default by the Issuer or the Guarantor in the due performance of any other provision of the Notes or the Guarantee, as the case may be, and such default shall not have been cured within 30 days after receipt by the Fiscal and Paying Agent of written notice of default given by the Noteholder; or
- (c) if any other present or future indebtedness of the Issuer or the Guarantor for or in respect of monies borrowed in excess of Euro 50,000,000 (or its equivalent in any other currency), whether individually or collectively, becomes due and payable prior to its stated maturity as a result of a default thereunder, or any such indebtedness shall not be paid when due and payable or, as the case may be, within any originally applicable grace period thereof or any guarantee or indemnity in excess of such aforesaid amount given by the Issuer or the Guarantor for, or in respect of, any such indebtedness of others shall not be honoured when due and called upon, or, as the case may be, within 15 days of any originally applicable grace period; or
- (d) if:
  - (i) the Issuer or the Guarantor makes any proposal for a general moratorium in relation to its debt or
  - (ii) the Issuer or the Guarantor applies for the appointment of a *mandataire ad hoc* or
  - (iii) the Issuer or the Guarantor enters into a conciliation procedure (*procédure de conciliation*) with its creditors or

- (iv) a judgment is issued for the judicial liquidation (*liquidation judiciaire*) of either the Issuer or the Guarantor without ordering the continued operation of the business of the Issuer or the Guarantor, as the case may be, (*liquidation judiciaire sans maintien d'activité autorisé par le tribunal*), or for a judicial transfer of the whole of the business (*cession totale de l'entreprise*) of either the Issuer or the Guarantor pursuant to a judicial liquidation (*liquidation judiciaire*) or,
  - (v) following a judgment for the judicial liquidation of either the Issuer or the Guarantor ordering the continued operation of the business of the Issuer or the Guarantor, as the case may be, (*liquidation judiciaire avec maintien d'activité autorisé par le tribunal*), the continued operation of the business of the Issuer or the Guarantor, as the case may be, ordered by the court ends, or
  - (vi) to the extent permitted by applicable law, the Issuer or the Guarantor is subject to any other insolvency or bankruptcy proceedings or the Issuer or the Guarantor makes any conveyance, assignment or other arrangement for the benefit of its creditors or
  - (vii) the Issuer or the Guarantor enters into a composition (*accord amiable*) with its creditors or if the Guarantor is wound up or dissolved; or
- (e) the Guarantee is not (or is claimed by the Guarantor not to be) in full force and effect.

## 10 Prescription

Claims against the Issuer for payment in respect of the Notes shall be prescribed and become void unless made within 10 years (in the case of principal) or five years (in the case of interest) from the appropriate Relevant Date.

## 11 Replacement of Certificates

If any Certificate is lost, stolen, mutilated, defaced or destroyed, it may be replaced, subject to applicable laws, regulations or other relevant regulatory authority regulations, at the specified office of the Registrar or such other Transfer Agent as may from time to time be designated by the Issuer for that purpose and notice of whose designation is given to Noteholders, in each case on payment by the claimant of the fees and costs incurred in connection therewith and on such terms as to evidence, security, indemnity and otherwise as the Issuer may reasonably require. Mutilated or defaced Certificates must be surrendered before replacements will be issued.

## 12 Meetings of Noteholders, Modification and Waiver

- (a) **Meetings of Noteholders:** The Fiscal Agency Agreement contains provisions for convening meetings of Noteholders to consider matters affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of any of these Conditions. Such a meeting may be convened by Noteholders holding not less than 10 per cent in principal amount of the Notes for the time being outstanding. The quorum for any meeting convened to consider an Extraordinary Resolution will be two or more persons holding or representing not less than 50 per cent. in principal amount of the Notes for the time being outstanding, or at any adjourned meeting two or more persons being or representing Noteholders whatever the principal amount of the Notes held or represented, unless the business of such meeting includes consideration of proposals, *inter alia*, (i) to modify the maturity of the Notes or the dates on which interest is payable in respect of the Notes, (ii) to reduce or cancel the principal amount of, or interest on, the Notes, (iii) to change the currency of payment of the Notes, other than as provided under these Conditions, (iv) to modify the provisions concerning the quorum required at any

meeting of Noteholders or the majority required to pass an Extraordinary Resolution or (v) to modify or cancel the Guarantee, in which case the necessary quorum will be two or more persons holding or representing not less than 66 per cent, or at any adjourned meeting not less than 25 per cent, in principal amount of the Notes for the time being outstanding. Any Extraordinary Resolution duly passed shall be binding on Noteholders (whether or not they were present at the meeting at which such resolution was passed).

The Fiscal Agency Agreement provides that a resolution in writing signed by or on behalf of the holders of not less than 75 per cent. in principal amount of the Notes outstanding shall for all purposes be as valid and effective as an Extraordinary Resolution passed at a meeting of Noteholders duly convened and held. Such a resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Noteholders.

- (b) **Modification of the Fiscal Agency Agreement:** The Issuer and the Guarantor shall only permit any modification of, or any waiver or authorisation of any breach or proposed breach of or any failure to comply with, the Fiscal Agency Agreement, if to do so could not reasonably be expected to be prejudicial to the interests of the Noteholders.

### 13 Further Issues

The Issuer may from time to time without the consent of the Noteholders create and issue further securities either having the same terms and conditions as the Notes in all respects (or in all respects except for the first payment of interest on them) and so that such further issue shall be consolidated and form a single series with the outstanding securities of any series (including the Notes) or upon such terms as the Issuer may determine at the time of their issue. References in these Conditions to the Notes include (unless the context requires otherwise) any other securities issued pursuant to this Condition and forming a single series with the Notes.

### 14 Notices

Notices to the holders of Notes shall be mailed to them at their respective addresses in the Register and deemed to have been given on the fourth weekday (being a day other than a Saturday or a Sunday) after the date of mailing. The Issuer shall also ensure that notices are duly published in a manner that complies with the rules and regulations of any stock exchange or other relevant authority on which the Notes are for the time being listed. Any such notice shall be deemed to have been given on the date of such publication or, if published more than once on different dates, on the first date on which publication is made.

### 15 Contracts (Rights of Third Parties) Act 1999

No person shall have any right to enforce any term or condition of the Notes under the Contracts (Rights of Third Parties) Act 1999.

### 16 Governing Law and Jurisdiction

- (a) **Governing Law:** The Fiscal Agency Agreement, and the Notes and any non-contractual obligations arising out of or in connection with them are governed by English law. The Guarantee is governed by French law.
- (b) **Jurisdiction:** The courts of England are to have jurisdiction to settle any disputes that may arise out of or in connection with the Notes and accordingly any legal action or proceedings arising out of or in connection with any Notes (“**Proceedings**”) may be brought in such courts. The Issuer irrevocably submits to the jurisdiction of such courts and waives any objection to Proceedings in any such courts

whether on the ground of venue or on the ground that the Proceedings have been brought in an inconvenient forum.

- (c) **Agent for Service of Process:** The Issuer irrevocably appoints Law Debenture Corporate Services Limited, Fifth Floor, 100 Wood Street, London EC2V 7EX as its agent in England to receive service of process in any Proceedings in England based on any of the Notes. If for any reason the Issuer does not have such an agent in England, it will promptly appoint a substitute process agent and notify the Noteholders of such appointment. Nothing herein shall affect the right to serve process in any other manner permitted by law.

## Summary of Provisions relating to the Notes while in Global Form

The Notes will be issued in registered form and represented by a global certificate registered in the name of a nominee of, and shall be delivered to and held by, a sub-custodian nominated by the HKMA as operator of the CMU, or the CMU operator. The global certificate will be held for the account of CMU members who have accounts with the CMU operator, or the CMU participants. For persons seeking to hold a beneficial interest in the Notes through Euroclear or Clearstream, such persons will hold their interests through an account opened and held by Euroclear or Clearstream with the CMU operator. Interests in the relevant global certificate will only be shown on, and transfers of interests will be effected through, records maintained by the CMU operator.

Each global certificate will become exchangeable in whole, but not in part (save as otherwise provided), for definitive notes in the denominations of CNY1,000,000 and integral multiples of CNY10,000 in excess thereof if any of the following events occurs:

- if the relevant global certificate is held on behalf of the CMU or any clearance system, in addition to or in substitution for the CMU, on whose behalf the relevant global certificate is for the time being held and any such clearing system is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention to cease business permanently or does in fact do so and no successor clearance system is available; or
- if the principal in respect of any Notes is not paid when due and payable following the giving of a default notice, if required.

Since the CMU operator can act only on behalf of the CMU participants, who in turn may act on behalf of persons who hold interests through them, or indirect participants, the ability of persons having interests in a global certificate to pledge such interests to persons or entities that are not CMU participants, or otherwise take action in respect of such interests, may be affected by the lack of definitive notes.

While the global certificate representing the Notes is held by or on behalf of the CMU operator, payments of interest or principal will be made to the persons for whose account a relevant interest in such global certificate is credited as being held by the CMU operator at the relevant time, as notified to the Fiscal and Paying Agent by the CMU operator in a relevant CMU instrument position report (as defined in the rules of the CMU) or in any other relevant notification by the CMU operator. So long as the Notes are represented by a global certificate and are held by or on behalf of the CMU operator, payment by the Issuer or the Guarantor in accordance with the CMU position report or any other relevant notification by the CMU operator will discharge the Issuer's or the Guarantor's obligations in respect of that payment and such person(s) must look solely to the CMU operator for his share of each payment made by the Issuer or the Guarantor in respect of such global certificate and in relation to all other rights arising under the global certificate, subject to and in accordance with the respective rules and procedures of CMU, and such person(s) shall have no claim directly against the Issuer or the Guarantor in respect of payments so made by the Issuer or the Guarantor. Any payments by the CMU participants to indirect participants will be governed by arrangements agreed between the CMU participants and the indirect participants and will continue to depend on the inter-bank clearing system and traditional payment methods. Such payments will be the sole responsibility of such CMU participants.

Payments, transfers, exchanges and other matters relating to interests in a global certificate may be subject to various policies and procedures adopted by the CMU operator from time to time. None of the Guarantor, the Issuer, the Joint Lead Managers, the Fiscal and Paying Agent or any of their agents will have any responsibility or liability for any aspect of the CMU operator's records relating to, or for payments made on

account of, interests in a global certificate, or for maintaining, supervising or reviewing any records relating to such interests.

Notwithstanding the “Terms and Conditions of the Notes”, for so long as all of the Notes are represented by a global certificate and such global certificate is held on behalf of the CMU operator, notices to holders of the Notes may be given by delivery of the relevant notice to the persons shown in a CMU instrument position report issued by the CMU operator on the Hong Kong business day preceding the date of dispatch of such notice as holding interests in the relevant global certificate for communication to the CMU participants. Any such notice shall be deemed to have been given to the holders of the Notes on the second business day after such notice has been sent. Indirect participants will have to rely on the CMU participants (through whom they hold the Notes, in the form of interests in the global certificate) to deliver the notices to them, subject to the arrangements agreed between the indirect participants and the CMU participants. For these purposes, a notification from the CMU shall be conclusive evidence of the records of the CMU (save in case of manifest error).

The CMU operator is under no obligation to maintain or continue to operate the CMU and the CMU operator is under no obligation to perform or continue to perform the procedures described above. Accordingly, the CMU and such procedures may be discontinued or modified at any time. None of the Issuer, the Guarantor, the Joint Lead Managers, the Fiscal and Paying Agent nor any of their agents will have any responsibility for the performance by the CMU operator or the CMU participants of their respective obligations under the rules and procedures governing their operations. Moreover, the Issuer may, with the approval of the Fiscal Agent and the Registrar, but without the consent of Noteholders, decide that the global certificate shall no longer be registered in the name of a nominee of, or held by, a sub-custodian nominated by the HKMA as operator of the CMU, or the CMU operator, but shall instead be held by or on behalf of another an internationally recognised alternative clearing system as shall have been designated by the Issuer.

## The Guarantee

Set out below is the form of the Guarantee relating to the Notes to be executed by the Guarantor on 19 September 2011:

“L’Air Liquide S.A. (the “**Guarantor**”) hereby irrevocably and unconditionally guarantees up to a maximum aggregate principal amount of CNY850,000,000 plus any amount of interest due under the Notes (as defined below) to the holders (the “**Noteholders**”) of the CNY850,000,000 3.95 per cent. Guaranteed Notes due 2018 (the “**Notes**”) issued by Air Liquide Finance (the “**Issuer**”) on September 19, 2011, the payment of interest and principal of the Notes, when and as the same becomes due and payable (including any additional amounts required to be paid pursuant to the terms of the Notes) by the Issuer, whether at maturity, upon redemption by acceleration of maturity or otherwise. The Guarantor thus undertakes to pay any sum due under the Notes and unpaid by the Issuer in accordance with the terms and conditions of the Notes.

The Guarantor shall be liable under this Guarantee as if it was the sole principal issuer under the terms and conditions of the Notes issued by the Issuer. The Guarantor hereby waives any requirement that a Noteholder, in the event of any default in payment by the Issuer, first makes demand upon or seeks to enforce remedies against the Issuer before seeking to enforce this Guarantee. The Guarantor will not be discharged under this Guarantee by the merger, dissolution or transfer of the assets of the Issuer.

This Guarantee constitutes an unconditional, unsecured and unsubordinated obligation of the Guarantor and ranks and will at all times rank (save for certain exceptions required to be preferred by law) equally with all other present or future unsecured and unsubordinated indebtedness and monetary obligations of the Guarantor. If, at any time when any amount remains payable in respect of the Notes or, if applicable, the receipts or coupons relating thereto, the Guarantor shall grant any mortgage (*hypothèque*), charge, pledge or other security interest (*sûreté réelle*) upon any of its assets or revenues, present or future, to secure any Relevant Indebtedness (as defined in the terms and conditions of the Notes), incurred or guaranteed by it, this Guarantee shall be secured by the same ranking security.

For so long as any amount remains payable in respect of the Notes, the Guarantor will not exercise any right of subrogation against the Issuer pursuant to this Guarantee or take any other action that would result in asserting claims of the Guarantor at the same time as claims of the Noteholders.

If the Guarantor should be compelled by law to make any deduction for or on account of any present or future taxes, duties, fees or imposts, of whatsoever nature, imposed or levied by French law, it shall pay, to the extent not prohibited by French law, such additional amounts as may be necessary in order that the Noteholders receive, after such deduction, the amount provided in such Notes to be then due and payable.

This Guarantee is governed by Article 2321 of the French Civil Code and shall be construed in accordance with French law. Any claim against the Guarantor in connection with the Guarantee may be brought before any competent court located in Paris. Notice of any action or proceeding may be served on the Guarantor, for the attention of the Legal Director, at its principal office, 75, quai d’Orsay, 75007 Paris, France.”

## Description of Issuer

Air Liquide Finance was incorporated on 23 December 1999, under the laws of France in the form of a *société anonyme* for a term of 99 years. It is a wholly owned subsidiary of the Guarantor.

The registered office of the Issuer is 6, rue Cognacq-Jay, 75007 Paris and its phone number is + 33 1 40 62 55 55. It is registered with the *Registre du commerce et des sociétés* of Paris under number 428 711 949. Its issued share capital amounts to EUR 72,000,000 represented by 6,000,000 ordinary shares of EUR 12 nominal value each.

The Issuer's legal name and commercial name is Air Liquide Finance.

The Issuer's corporate purpose comprises:

- the performance of treasury operations with companies of the Group, in accordance with the provisions of Article L. 511-7(3) of the Monetary and Financial Code (*Code monétaire et financier*) or of any other applicable legal provisions, by having recourse to the financial markets and within the framework of a centralized management of financing and treasury; these operations could be carried out in particular by means of loans (either as lender or borrower), hedging of foreign exchange rate and by the issuance of securities or sureties,
- the direct or indirect participation in all businesses and industrial, financial or commercial companies, by way of setting-up new companies, contributions, subscription or purchase of titles or social rights, mergers, unregistered partnership or others, and all operations of alienation, exchange or others, relating to the aforementioned titles, social rights and participations,
- the deposit, exploitation, purchase, sale of all patents, models, marks and of all industrial property rights being attached directly or indirectly to the activity of the Issuer; the concession or acquisition of all user licenses and all rights of this nature,

and generally, all financial, commercial, movable and real estate transactions being attached directly or indirectly to the corporate purpose referred to above.

### Business of the Issuer

The Issuer was created to carry out certain financial activities in connection with the funding of the Group. The Issuer's role is to raise funds in the capital markets or in the bank market, and to lend the proceeds to Group companies. The Issuer can issue notes, *inter alia*, under a French Commercial Paper Programme of 3 billion euros guaranteed by the Guarantor and under a European Medium Term Note Programme of 6 billion euros guaranteed by the Guarantor. In addition, its wholly-owned subsidiary, Delaware limited company Air Liquide US LLC, is the issuer under a US Commercial Paper Programme of USD 1.5 billion guaranteed by the Guarantor.

Since 2001, the Issuer has taken on the financing, treasury management and management of the interest rate and foreign exchange risks activities for the Group.

The Issuer's corporate purposes summarised in the previous section are also described in article 2 of the articles of association.

The statutory auditors of the Issuer are Ernst & Young et Autres. The alternate auditor is Frederic Allillaire. The Issuer is only required to publish annual accounts with a fiscal year ending on 31 December and which are audited by its auditors.



## **Management of the Issuer**

The Issuer is a French *société anonyme* administered by a board of director (*conseil d'administration*) composed of at least three and no more than seven directors. Directors are elected annually by the shareholders and their terms are for one year. Each director must own at least a share of the company. The board of directors elects a President from among its directors. The board of directors meets, on the President's invitation, every time the social interest requires it. The general management is run by the President of the board or by a managing director elected by the board of directors. A review committee may be created by the board in order to work on any query submitted to it by the board of directors or the President for advice purposes.

As of the date hereof, the following are the members of the Board of Directors of the Issuer:

### **Fabienne Lecorvaisier**

Director, Chairman and Chief executive officer

Professional address: 75, quai d'Orsay, 75007 Paris, France

Functions within L'Air Liquide:

Member of Executive Committee

Group Vice-President Finance and Operations Control

Principal activities undertaken outside L'Air Liquide:

Director: Air Liquide America Holdings, Inc., Air Liquide International, Air Liquide Japan and Pharmadom

### **Jacques Ethevenin**

Director

Professional address: 75, quai d'Orsay, 75007 Paris, France

Function within L'Air Liquide:

Deputy Finance Director

Principal activities undertaken outside L'Air Liquide:

Director and Chief executive officer of Air Liquide Participations

Director: Société Anonyme Française Péroune, Cryolor, ALECO, ALTAL, SOGIF, Air Liquide Medical Systems (ex-TAEMA), Air Liquide Cryogenic Services SA, Orsay-Re, Assur-Orsay, Carbagas, Air Liquide UK, Air Liquide Afrique and Air Liquide Middle East.

Member of the Supervisory Board: Air Liquide Industrie BV and Lurgi

Representative of L'Air Liquide on the GIE "Cryospace L'Air Liquide Aérospatiale" Members Meeting

### **Nicolas Droin**

Director

Professional address: Building 18, No 1515 Gu Mei Road, Shanghai 200233, China

Function within the Air Liquide Group:

Vice-President Finance, Air Liquide China Holding Co., Ltd

Principal activities undertaken outside L'Air Liquide:

Director: Air Liquide Marketing, Air Liquide Management I, Air Liquide Participations and Air Liquide Services

Director and Chairman and Chief executive officer: Air Liquide Production and Air Liquide European Evolution

### **Yves Bataillon-Debès**

Director

Professional address: 75, quai d'Orsay, 75007 Paris, France

Function within L'Air Liquide:

Director Corporate Finance and M&A

Principal activities undertaken outside L'Air Liquide:

Director: Air Liquide Marketing, Air Liquide Management and AL-RE

Director and Chairman and Chief executive officer: Air Liquide Management I

There are no potential conflicts of interests between any duties to the issuing entity of the members of the Board of Directors and their private interests and or other duties.

There are no arrangements or agreements concluded with the main shareholders, customers, suppliers or others, pursuant to which the persons mentioned above have been selected as members of the Board of Directors.

## Description of Guarantor

L’Air Liquide – *société anonyme pour l’Etude et l’Exploitation des Procédés Georges Claude* is a French *société anonyme* and is registered with the *Registre du commerce et des sociétés* of Paris under number 552 096 281. Its registered office is at 75, quai d’Orsay, 75007 Paris, France and its phone number is + 33 1 40 62 55 55.

L’Air Liquide was incorporated in France on 27 November 1902, and has a term expiring on 18 February 2028. It is governed by Articles L.210-1 and following of the French *Code de commerce*.

Legal Name: L’Air Liquide - *société anonyme pour l’Etude et l’Exploitation des Procédés Georges Claude*.

Commercial Name: L’Air Liquide *société anonyme*.

L’Air Liquide is the parent company of the Air Liquide Group. Its position within the Group is described on pages 208 to 210 of the Financial Statement Section of the 2010 Reference Document incorporated herein by reference.

L’Air Liquide is listed on the Paris Euronext stock exchange (compartment A) and is a member of the CAC 40 and Dow Jones Euro Stoxx 50 indexes.

### Shareholders

L’Air Liquide has been listed on the Paris Euronext stock exchange since 1913. L’Air Liquide’s share ownership is evenly balanced between individual shareholders and French and non-French institutional investors. Approximately 390,000 individual investors hold 36% of the capital. French and non-French institutional investors represent respectively 23% and 40% of the capital, the remaining 1% is treasury shares.

At the end of 2010, the share of capital held by employees and former employees of the Air Liquide 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.

### Share Capital

At the date of this Prospectus, the share capital of L’Air Liquide is fully paid-up.

As of 30 June 2011, the authorised capital was 1,560,176,777.50 euros, divided into 283,668,505 shares with a par value of €5.50.

### Rating

L’Air Liquide’s long-term credit rating provided by Standard and Poor’s is A with a stable outlook.

A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, change or withdrawal at any time by the assigning rating agency. Standard and Poor’s is established in the European Union and has applied for registration under Regulation (EC) No. 1060/2009, although notification of the corresponding registration decision has not yet been provided by the relevant competent authority.

L’Air Liquide’s corporate purposes comprise:

1. The study, exploitation, sale of the patents or inventions of Messrs. Georges & Eugène Claude, pertaining to the liquefaction of gases, the industrial production of refrigeration, liquid air and oxygen, and the applications or utilisations thereof;
2. 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 domains of the applications of their physical, thermodynamic, chemical, thermochemical and biological applications, and in particular in the domains of propulsion, the sea, health, agribusiness and pollution;

3. The purchase, manufacturing, sale, use of all products pertaining directly or indirectly to the foregoing corporate purpose, as well as all sub-products resulting from their manufacturing or their use, of all machines or devices used for the utilisation 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;
4. The study, acquisition, direct or indirect exploitation or sale of all patents, inventions or methods pertaining to the same corporate purposes;
5. The direct exploitation or the exploitation by creating of companies, of everything which is connected, directly or indirectly, with the company's purpose or is apt to contribute to the development of its industry;
6. The supply of all services, or the supply of all products apt to develop its clientele in the domain of industry or health.

L'Air Liquide may request or acquire all franchises, make all constructions, acquire or take out on a rental basis all quarries, mines and all real property, and take over all operations connected with its corporate purpose, sell these franchises, assert them, merge or create partnerships with other companies by acquiring shares or company 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, personal and financial operations pertaining directly or indirectly to the corporate purposes specified above.

A description of L'Air Liquide's objects and purposes can be found in Article 2 of the articles of association of L'Air Liquide.

Consolidated and non-consolidated annual accounts of L'Air Liquide are audited and published. L'Air Liquide also publishes consolidated interim financial statements in respect of which L'Air Liquide's statutory auditors carry out a limited review. The statutory auditors of L'Air Liquide are Mazars (represented by Lionel Gotlib) and Ernst & Young et Autres (represented by Jean-Yves Jégourel). The alternate auditors are Patrick de Cambourg and Auditex.

### **Business of the Guarantor and the Air Liquide Group**

The Guarantor is the holding company of the Air Liquide Group. The business of the Group is described below.

#### ***Business overview***

The Air Liquide Group is the world leader in gases for industry, health and the environment in terms of sales, and is present in over 80 countries with 43,600 employees. Oxygen, nitrogen, hydrogen and rare gases have been at the core of the Air Liquide Group's activities since its creation in 1902. Using these molecules, the Air Liquide Group 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.

The Air Liquide Group combines many products and technologies to develop valuable applications and services not only for its customers but also for society, including, *inter alia*, oxygen for hospitals and

homecare, 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.

### **Main Activities**

In paragraphs 1 to 4 below, unless otherwise stated, the changes in revenue are all based on comparable data (excluding exchange rate and natural gas impact).

The Group classifies its activities as follows: Gas and Services, Engineering and Construction and Other Activities. For the year ended 31 December 2010, Group revenue totalled 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.

## **1 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 Group 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 organised by geographical area (Europe, Americas, Asia-Pacific and the Middle East and Africa) and co-ordinated at World Business Line level to better adapt to 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 speciality gases. Gas and services accounted for 88% of total Group sales in 2010 and 89% of total Group sales in the first half of 2011.

### **1.1 Gas and Services sales breakdown by business line:**

#### **1.1.1 Industrial Merchant (40% of 2010 Gas and Services sales)**

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.

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 to treat wastewater. Nitrogen is used to create inert

atmospheres for the conservation of oxygen-sensitive products. Carbon dioxide is used in water potabilisation treatment.

- *Automotive – Manufacturing:* Argon and argon mixtures are used for welding metal components in manufacturing industries, hydrogen and nitrogen for thermal treatment, speciality gases for exhaust emissions analysis and helium for airbags. Oxygen and acetylene are used in metal heating and cutting operations. The Air Liquide Group 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 inserting and cold production. Where necessary, the Air Liquide Group 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 giber and silicon cylinder drawing, analysis instrument calibration and various targeted applications in the telecoms, space and defence industries. Specific, highly technical gases and equipment have been developed for these various applications.
- Finally, the Air Liquide Group 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, the Air Liquide Group leases its tanks fitted with telemeters or cylinders to ensure a reliable and optimised gas supply and quality equipment.

### 1.1.2 Large Industries (34% of 2010 Gas and Services sales)

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 respect the environment better. One of the world leaders in this sector, the Air Liquide Group 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 kilometres.

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.

In the metals industry, oxygen is used to improve energy performance and 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 desulphurise 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, the Air Liquide Group must supply large quantities of gas. Gas is supplied directly by pipeline from dedicated plants or through a pipeline network. The Air Liquide Group 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.

### **1.1.3 Healthcare (16% of 2010 Gas and Services sales)**

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

The Air Liquide Group 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).

In Hospitals, the Air Liquide Group 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 anaesthesia (LENOXe™), resuscitation in cases of severe pulmonary arterial hypertension (VasoKinox™), and pain relief (Kalinox™).

The Air Liquide Group also supplies hospitals with a large range of medical hygiene products (for hands, skin, instruments, surfaces) to fight nosocomial or viral infections. The Air Liquide Group 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, the Air Liquide Group has extended its services beyond oxygen therapy. The Air Liquide Group 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, the Air Liquide Group 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, the Air Liquide Group has become a leading healthcare player in Europe (France, Germany, Italy, the United Kingdom, Spain and 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.

#### **1.1.4 Electronics (10% of 2010 Gas and Services sales)**

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

The Air Liquide Group 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. Speciality 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 speciality gases and the constant need for technological innovation in the design of new molecules to satisfy customer requirements.

The Air Liquide Group 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, the Air Liquide Group has thus become one of the leading worldwide suppliers of industrial gases and services to the photovoltaic industry.

### **1.2 Gas and Services' Revenue breakdown by geographies:**

#### **1.2.1 Europe (52% of 2010 Gas and Services sales)**

Europe revenue totalled 6,201 million euros in 2010, up +5.9% compared to 2009, with more significant growth in developing economies than in advanced economies. The year 2010 was marked by strong growth in Large Industries, boosted by start-ups, a site takeover and a substantial turnaround in Electronics. Growth for the Industrial Merchant segment showed contrasting trends in function of geography.

Large Industries reported +12.1% growth in 2010 compared with 2009, 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 and 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%) in 2010, 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 showed contrasting trends, with a progressive recovery in bulk sales while the cylinders activity stabilised at a low level in advanced economies. Prices dropped slightly.

Healthcare, covering mainly advanced economies, pursued its development. In 2010, growth totalled +2.1% for the full year, due to the widespread price pressures in the public sector, and in particular an unfavourable comparison basis, given the exceptional sales of hygiene products



in 2009 to curb the H1N1 flu pandemic. Excluding hygiene activity, Healthcare reported growth of +4.8% in 2010 compared with 2009. Homecare continued to grow significantly (+8.1% in 2010 compared with 2009), driven by the steady growth in demand and the initial contribution of DinnoHealthcare, a French player specialising in the treatment of diabetes at home, acquired in February 2010. 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% in 2010 compared with 2009. This performance was attributable to the sharp turnaround in the sector in 2010. Speciality 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.

### **1.2.2 Americas (23% of 2010 Gas and Services sales)**

Gas and Services revenue in the Americas totalled 2,748 million euros in 2010, up +10.3% compared with 2009. This performance was due to a solid turnaround in North America, particularly the United States, and sharp improvement in all activities in Latin America.

Large Industries reported a +14.2% increase in sales as of 31 December 2010, 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% year on year between 2009 and 2010 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% in 2010 compared with 2009 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 in 2010 compared with 2009 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% in 2010 compared with 2009 due to the steady growth of medical gases for hospitals and a significant rise in homecare in Latin America.

Electronics reported +13.9% growth in 2010 compared to 2009 due to a turnaround in carrier and speciality gas sales in addition to significant Equipment and Installation sales following the construction of new fabs.

### **1.2.3 Asia Pacific (22% of 2010 Gas and Services sales)**

Asia-Pacific revenue rose by +23.4% in 2010 compared with 2009 to reach 2,644 million euros in 2010. 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.

The rise in Large Industries revenue amounted to +46.4% for the year ended 31 December 2010 compared to the year ended 31 December 2009. 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 2010 in South Korea and the start-up of a major hydrogen unit in Singapore in the fourth quarter of 2010.

Industrial Merchant activity increased by +13.7% in 2010 compared to 2009 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 2010 compared to 2009 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. Speciality gas sales therefore rose by over a third and Equipment and Installation sales by more than +50% in 2010 compared to 2009.

#### **1.2.4 Middle East and Africa (3% of 2010 Gas and Services sales)**

Middle East and Africa revenue totalled 293 million euros in 2010, up +14.7% compared to 2009, 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.

## **2 Engineering and Construction**

The Air Liquide Group 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 Group 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, the Air Liquide Group is still recognised 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, 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<sub>2</sub> 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 centres, including eight manufacturing workshops, based in North America, Europe (France, Germany, Poland), Asia (China, India, Japan) and South Africa.

Engineering and Construction revenue totalled 751 million euros in 2010. The -27.0% decline in sales in 2010 compared to 2009 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.

### 3 Other activities

During its history, the Air Liquide Group has developed other activities in parallel with the sale of gas and equipment. Other activities revenue totalled 851 million euros in 2010, up +6.6% compared to 2009.

#### 3.1 Welding and Cutting

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

With its Technical Centre for Welding Applications, Air Liquide Welding pursues continuous innovation, constantly striving to improve the performance, productivity, safety and comfort of operators.

Welding-Cutting revenue gradually stabilised over the year and regained growth as from the third quarter, ending the year 2010 with a +1.1% increase compared to 2009, 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.

#### 3.2 Speciality Chemicals and Diving

The Speciality 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.

The Speciality Chemicals activity (Seppic) recovered as from the first quarter of 2010, resulting in an +18.4% increase in sales for the year ended 31 December 2010 compared to the year ended 31 December 2009. Diving activities (Aqualung) reported sustained +5.3% growth for 2010 compared to 2009, due to the development of highly innovative products.

### 4 Investments

The long-term nature of industrial gas activities is one of their key features. This is demonstrated in particular by the length of the investment cycle, where there is an approximately five-year span between the study of a new construction project for a Large Industries customer and the first corresponding gas sales.

**There can be no guarantee that the investments described in paragraphs 4.1 and 4.2 below will actually be realised or, if they are realised, that they will yield commercially successful results. The data regarding investments stated below are forward-looking and actual investments may differ significantly from those stated below. See "Forward-Looking Statements".**

#### 4.1 Portfolio of opportunities

Despite the significant number of new projects signed 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 rationalisation 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 its capital, allowing it to focus its resources on its 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 the Air Liquide Group, 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 chemicals sector, two-thirds of the projects involve air gas production units.

## **4.2 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; and
- 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 (ROCE).

The 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.

In 2010, industrial and financial investment decisions, representing Group commitments to invest, totalled 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 split 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 finalised: 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.

#### **4.3 Capital expenditure**

In 2010, capital expenditure amounted to 1.8 billion euros and disposals of assets to 44 million euros, bringing 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.

#### **4.4 Start-ups**

The 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.

## Recent Developments of the Guarantor and the Air Liquide Group since 1 January 2011

### *Shareholders' Meeting of 4 May 2011*

The shareholders' meeting held on 4 May 2011 duly approved all ordinary and extraordinary resolutions submitted to its decision.

### *First Half 2011 Financial Report*

First half 2011 was marked by strong activity in Gas and Services and a solid operating performance, achieved in an unsettled economic environment due to exceptional events principally in Japan and North Africa. Group revenue totalled 7,115 million euros, up +9.2%. Gas & Services continued to grow, with a comparable increase of +10.5%, excluding natural gas price increase and currency impacts. This level of activity was attributable to the substantial investment momentum in recent years in developing economies and a more moderate yet steady growth in advanced economies. Developing economies now represent 21% of Gas and Services revenue.

Operating profitability improved on the high level attained last year due to ongoing efficiency programs and cost discipline. Excluding the impact of natural gas price indexation on sales, the operating margin increased by +30 basis points. New efficiencies reached 132 million euros for the period, slightly ahead relative to the annual objective. Combined with the progressive effect of the pricing campaigns in Industrial Merchant, they help to compensate the pick-up in cost inflation particularly in energy and transport costs. The regularity of the efficiency programs is a key component of the Group's objectives for 2015.

Cash flow from operating activities continued to rise, thus financing the increase in working capital requirements, relating in particular to the growth in activity, and investments. Net indebtedness stands at 5,580 million euros as of 30 June 2011. It fell slightly compared to 30 June 2010 and is not subject to refinancing in the coming months.

The investment cycle remained active, with a portfolio of opportunities steady at 3.7 billion euros at the end of June and investment decisions amounting to almost 1 billion euros in 1st half 2011, up +20% compared to 1st half 2010.

### **Overview of Consolidated Income Statement of L'Air Liquide (half year 2011 versus half year 2010)**

For the 6 month period ended 30 June	<u>2010</u>	<u>2011</u>
<i>(in millions of euros)</i>		
<b>Revenue</b> .....	<b>6,515.7</b>	<b>7,115.2</b>
Operating income recurring before depreciation and amortization .....	1,633.3	1,763.6
Operating income recurring .....	1,084.2	1,191.4
Operating income .....	1,103.9	1,191.6
Profit for the period .....	705.2	782.4
Minority interests .....	29.6	32.1
Net profit (Group share) .....	675.6	750.3
Basic earnings per share <i>(in euros)</i> .....	2.40	2.65
Diluted earnings per share <i>(in euros)</i> .....	2.39	2.64

**Overview of Consolidated Balance Sheet of L'Air Liquide (30 June 2011 versus 31 December 2010)**

As at	<b>31 December 2010</b>	<b>30 June 2011</b>
<i>(in millions of euros)</i>		
<b>ASSETS</b>		
Non-current Assets .....	17,070.6	16,930.4
Current Assets .....	5,467.0	5,104.2
<b>Total Assets .....</b>	<b>22,537.6</b>	<b>22,034.6</b>
<b>EQUITY AND LIABILITIES</b>		
Shareholders' equity .....	8,903.5	8,726.7
Minority interests .....	209.0	205.9
<b>Total Equity .....</b>	<b>9,112.5</b>	<b>8,932.6</b>
Non-current liabilities .....	8,946.9	8,692.7
Current Liabilities .....	4,478.2	4,409.3
<b>Total Equity and Liabilities .....</b>	<b>22,537.6</b>	<b>22,034.6</b>

**Overview of Consolidated Cash Flow Statement of L'Air Liquide (half year 2011 versus half year 2010)**

For the 6 month period ended 30 June	<b>2010</b>	<b>2011</b>
<i>(in millions of euros)</i>		
<b>Operating activities</b>		
Net profit (Group share) .....	675.6	750.3
Minority interests .....	29.6	32.1
<b>Cash flow from operating activities before change in working capital.</b>	<b>1,265.7</b>	<b>1,341.3</b>
Change in working capital (and others) .....	(206.6)	(418.0)
<b>Net cash flow from operating activities .....</b>	<b>1,059.1</b>	<b>923.3</b>
<b>Investing activities</b>		
<b>Net cash flow from (used in) investing activities .....</b>	<b>(811.8)</b>	<b>(788.5)</b>
<b>Financing activities</b>		
<b>Net cash flow from (used in) financing activities .....</b>	<b>(470.5)</b>	<b>(689.9)</b>
<i>Effect of exchange rate changes and change in scope of consolidation....</i>	<i>(119.0)</i>	<i>33.9</i>
<b>Net increase (decrease) in net cash and cash equivalents .....</b>	<b>(342.2)</b>	<b>(521.2)</b>

## Overview of Consolidated Cash Flow Statement of L'Air Liquide (half year 2011 versus half year 2010)

For the 6 month period ended 30 June	2010	2011
<b>NET CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD</b> .....	<b>1,325.9</b>	<b>1,482.2</b>
<b>NET CASH AND CASH EQUIVALENTS AT END OF PERIOD</b> .....	<b>983.7</b>	<b>961.0</b>

### *Business of L'Air Liquide since 1 January 2011*

The Group pursued its growth strategy based on the strengthening of its presence in emerging economies and the development of healthcare/homecare activities:

#### **1 Press release dated 12 January 2011: India: New developments in the west of the country:**

With GDP growth of around 8.5%, the Indian economy expanded significantly in 2010, driven by robust domestic demand. To accompany this development, the Air Liquide Group is announcing new developments in the west of the country. The total investment for the new facilities and the supply chain amounts to more than €40 million. The Air Liquide Group has commissioned a new state-of-the-art Air Separation Unit (ASU) to produce gaseous nitrogen for the new float glass plant of Sezal Glass Ltd. in Jhagadia, in Gujarat (investment announced in January 2010). In addition, another facility produces hydrogen by water electrolysis to meet float glass production requirements. The Air Liquide Group also invested in a new unit producing nitrogen for the new carbon fibre plant of Kemrock Industries & Exports Ltd., a leader in reinforced polymer composite in India. This unit, which has just started production in 2010, is based near Vadodara, also in Gujarat. Additionally, the Air Liquide Group will invest in an Air Separation Unit and cylinder filling station in Pune, in Maharashtra. When commissioned in 2012, the ASU is expected to produce over 200 tonnes per day of liquid nitrogen and oxygen dedicated to the industrial and medical markets. Pune is one of the major auto manufacturing hubs of India.

#### **2 Press release dated 24 January 2011: Poland: two new air separation units commissioned:**

Poland is one of the largest economies in Central Europe. Its GDP expanded by 1.3 percent in the third quarter of 2010 alone. Consequently, the Air Liquide Group has significantly strengthened its position in the Polish industrial gases market in 2010. Today, the Air Liquide Group announces the commissioning of two air separation units in Poland, both of the standardised YangO2 type, located in Zakłady Azotowe in Puławy. The new air separation units are the biggest liquid and gas source in Central and Eastern Poland, with an aggregate production capacity of around 1,700 tonnes per day. This investment is included in the €100 million overall investment in Poland announced in June 2010. The new facilities will meet the growing needs of existing customers and potential clients. Together, the Air Liquide Group's air separation units, located in Dąbrowa Górnicza, Kraków and Puławy, represent today some of the largest production capacity in industrial gases in Poland.

#### **3 Press release dated 26 January 2011: Acquisition of a major homecare provider in France:**

Ageing population and the rise of chronic diseases, both major public health challenges, lead to the development of homecare. The market for home respiratory assistance in Europe alone amounts to over €2 billion. The Air Liquide Group, the European homecare leader, announces the acquisition in France of ADEP Assistance, a specialist in home respiratory healthcare. Created more than 40 years ago within the French Association for polio sufferers and the disabled (ADEP), ADEP Assistance today takes care of nearly 13,000 chronic patients in the regions of Ile de France and Picardie, with a highly-qualified multidisciplinary team of about 140 employees. It reached a turnover of €21 million in 2009. ADEP Assistance is recognised for the



quality of its services in home respiratory assistance, in particular invasive and non-invasive ventilation, and for its expertise in paediatrics and the treatment at home of patients with severely disabling diseases requiring sophisticated equipment (for example neuromuscular diseases). It is a pioneer in the care of tracheotomised and ventilated patients.

**4 Press release dated 10 February 2011: Air Liquide Group in the US to power Coca-Cola hydrogen forklift fleet at California facility:**

The Air Liquide Group announced it will provide the liquid hydrogen, filling station and infrastructure to power the forklift fleet at Coca-Cola's 250,000 square foot facility. Hydrogen fuel cell powered forklift trucks represent an important segment of the hydrogen energy market. These types of vehicles are virtually greenhouse gas emissions free. This agreement is the Air Liquide Group's second hydrogen fuelling installation of this type in North America that combines the hydrogen supply and refilling expertise of the Air Liquide Group with Plug Power's GenDrive® fuel cell solution. The first such agreement was the Air Liquide Group's forklift installation at Walmart Canada's sustainable distribution centre in Alberta, Canada. In 2010, the Air Liquide Group has provided more than 40,000 hydrogen fills worldwide.

**5 Press release dated 17 March 2011: Situation in Japan as at 17 March 2011:**

The Group expresses its support for and solidarity with the Japanese people who have been hard hit following the natural disaster that struck the country on 11 March 2011, and especially to its 2,700 employees based in Japan, all of whom are safe. The Japanese teams remain committed in ensuring operational continuity. Moreover, the Air Liquide Group is making a US\$1 million donation to the Japanese Red Cross to help those affected by this tragedy. In this state of emergency, the crisis management team at the Group headquarters, under the direct leadership of the General Management, is monitoring the situation closely. It provides support to the Japanese management team and co-ordinates the action of all of the Air Liquide Group's entities in support of the Japanese teams. The Group's priority is to ensure the safety of its teams and to continue supplying its customers, particularly at this critical stage. Due to aftershocks, interruptions in the supply of electricity and difficult logistics, the Air Liquide Group Headquarters in Tokyo has been temporarily closed and the teams required to ensure operational continuity have been relocated to the Osaka region until further notice. In co-operation with the Japanese authorities, the Air Liquide Group has put everything in place in the affected region to ensure the continuous delivery of critical supplies, such as oxygen destined for hospitals and homecare patients or nitrogen for the safety of certain industrial processes.

**6 Press release dated 5 April 2011: Russia: new major investment:**

Metallurgy is one of the main industrial sectors in Russia making a strong and growing contribution to the country's economy. The Group announced the signature of a new long-term agreement with Severstal, Russia's leading steel producer. The Air Liquide Group will supply oxygen, nitrogen and argon to Severstal's new steel plant in Balakovo, located in the region of Saratov (Volga Federal District). The Air Liquide Group will invest, build and operate in Balakovo a new state-of-the-art Air Separation Unit (ASU) with a capacity of more than 300 tonnes per day of oxygen, which is scheduled to start up at year-end 2012. The Air Liquide Group plant will also produce liquid oxygen, liquid nitrogen and liquid argon to serve the needs of other industrial customers in the regions of Saratov and Samara. The Air Liquide Group investment amounts to a total of €40 million for the production facilities and supply chain altogether.

**7 Press release dated 14 April 2011: New investment in the Philippines:**

The Air Liquide Group will invest €22 million in the construction and operation of a new Air Separation Unit (ASU) in the Calamba Premiere Industrial Park, south of Luzon. The new ASU, to be commissioned by year-end 2012, will produce gaseous nitrogen as well as more than 200 tonnes per day of liquid gases, mainly oxygen and nitrogen, to address increasing demand from high-tech manufacturers in the Luzon area. This unit

will reinforce the availability and reliability of the Air Liquide Group supply chain in the country. The new ASU will benefit customers that include Samsung Electro-Mechanics Philippines Corporation (SEMPHIL), which recently awarded the Air Liquide Group a new long-term contract for the supply of industrial gases. The Air Liquide Group has been working with SEMPHIL since 2000.

**8 Press release dated 21 April 2011: 15 additional contracts signed with solar photovoltaic industry leaders:**

Leading solar panel manufacturers around the world and in Asia in particular are continuing to add significant new production capacities to cope with such growth, while pursuing vertical integration to lower their costs. Photovoltaic installations are expected to contribute approximately 5% of worldwide electricity generation by 2020, providing greenhouse-gas free energy to nearly 1 billion people. In this context, L'Air Liquide reinforced its leading position in the supply of gases and precursors to the solar photovoltaic manufacturers by signing 15 new long-term contracts with photovoltaic industry leaders in China, Taiwan, Japan and Germany. In China in particular, the Air Liquide Group strengthened its position with six out of seven c-Si solar cells market leaders, by signing numerous new supply agreements. In Taiwan, the Air Liquide Group signed long-term supply contracts with three out of four market leaders. In Japan, the Air Liquide Group signed a supply agreement for the new fab of a leading c-Si industry solar cells maker. In Europe finally, the Air Liquide Group has been awarded to supply a major CIGS manufacturer in Germany. These latest contracts make the Group the supplier of over 150 photovoltaic customers worldwide, with an overall manufacturing capacity well above 20GWp per year.

**9 Press release dated 16 May 2011: Air Liquide, technological partner of the 2011 Challenge Bibendum in Berlin:**

As a technological partner of the 11th Challenge Bibendum, the Air Liquide Group announces that it has finalized the set-up of the hydrogen station that will allow around 30 hydrogen-powered vehicles participating to refuel.

This station is a high-tech hydrogen filling station. The vehicles will fuel up both for the purpose of carrying out various tests and assessments and for demonstrations.

Based on patented Air Liquide Group technologies, this hydrogen filling station will enable vehicles to fuel up in less than 5 minutes, for a driving range that can reach up 500 kilometres for some vehicles. The Challenge Bibendum, which will be held in Berlin, from May 18 to May 22, 2011 is organized by Michelin and gathers five thousand representatives from business and industry, the scientific community, international and national institutions and NGOs to explore the challenges and solutions for sustainable road mobility.

As the world leader in its industry, the Air Liquide Group intends to facilitate access to clean and renewable energy to as wide a public as possible. Over the last four years, around 50 Air Liquide Group stations have been installed throughout the world to date. In 2010, the Air Liquide Group provided more than 40,000 hydrogen fills.

**10 Press release dated 23 May 2011: Saudi Arabia: further investments:**

The Kingdom of Saudi Arabia is the largest economy in the Middle East. Growth is driven by the expansion of the refining and petrochemical industries and the development of infrastructure projects. The Air Liquide Group, the leading global player in the Middle East industrial gases market, announces new successes in this growth region. Saudi Aramco and Air Liquide Arabia announce that they have signed a new long-term nitrogen supply agreement for Saudi Aramco's operations in Qurayyah, in the Eastern Province. This nitrogen will be used by Saudi Aramco in the processing of seawater related to oil production. Air Liquide Arabia will invest more than 35 million US dollars (more than €25 million) in two Air Separation Units with a total production capacity of 500 tonnes per day. The facility will be designed and built by Air Liquide Engineering

teams and commissioned in 2012. It will also support growing industrial merchant needs in the Eastern Province.

This new contract follows Air Liquide Arabia's signature of a hydrogen supply agreement in September 2010 for Saudi Aramco's large-scale refinery in Yanbu. Also in Saudi Arabia, Air Liquide Al Khafrah Industrial Gases has started up a new high purity filling center in Dammam to deliver specialty gases to its key petrochemical customers. The investment amount for these new capabilities and the supply chain for bulk gases is 10 million US dollars (more than €7 million).

**11 Press release dated 30 May 2011: Chile: major investment in Santiago region:**

The Air Liquide Group has decided to invest in a new air gases plant in the Santiago region, close to Chile's main markets. The new unit will be commissioned mid-2013. This plant will significantly enhance the Group's supply chain in the region and will offer customers greater flexibility, cost competitiveness and reliability. This plant, representing an investment of approximately €25 million (USD 35 million), will have a production capacity of nearly 150 tonnes per day of liquid oxygen, nitrogen and argon and allow the Group to meet the growing needs for liquid and cylinder gases of the Industrial Merchant and Healthcare markets in the Central and Southern regions of Chile. The Chilean economy is one of the most dynamic in Latin America. The market growth is driven by investment in the mining industry, an export-driven food industry and increasing requirements for environment protection, the health and well-being of its citizens.

**12 Press release dated 16 June 2011: China: further development in the Hefei Industrial Basin:**

The Air Liquide Group announced that it had signed a long-term agreement with IRICO Electronics to supply oxygen to its new glass plant located in the Hefei Xinzhan Comprehensive Experiment Zone (Anhui province, China) where many high-tech industries (semiconductors, thin-Film Transistor Crystal Display industry, plasma display panels, etc) are setting up bases. IRICO Electronics' plant will produce glass for the photovoltaic market. The Air Liquide Group will invest in an Air Separation Unit (ASU) with a capacity of 770 tonnes of oxygen per day in the same industrial zone. The ASU, which will be commissioned at the end of 2012, will also produce gaseous nitrogen, and liquid oxygen, nitrogen and argon for the dynamic local industrial market. The Air Liquide Group has also recently commissioned a large high-purity nitrogen plant in this zone to supply carrier gases through pipelines to the flat display panel plant of BOE (Beijing Oriental Electronics Technology Group). Air Liquide's total investment in the industrial basin of Hefei will come to around €50 million. The photovoltaic project is a major investment for IRICO Electronics in Hefei. Full oxygen technology brings energy efficiencies as well as reducing nitrous oxides (NOx) emissions. In addition, new glass production lines will be built as IRICO aims to build in Hefei a large solar photovoltaic glass factory.

**13 Press release dated 20 June 2011: Ukraine: long term agreement with the steel industry leader:**

The Air Liquide Group has just signed a long-term contract in Ukraine with EMZ, a subsidiary of Metinvest to supply industrial gases to its iron and steel plant based in Yenakiyev (Donetsk Oblast). The Group will invest in a new state-of-the-art Air Separation Unit (ASU) with a production capacity of 1,700 tonnes per day of oxygen, nitrogen and argon. The ASU will be designed, built and operated by the Air Liquide Group; the commissioning is planned mid-2014. The Group will also supply liquid gases to other industries in the country. Metinvest is the recognized mining and steel industry leader in Ukraine. It is already the 5th largest iron-ore producer in the world, and produces 14 million tons per year of crude steel. The Group comprises mining and steel production facilities located in Ukraine, in Europe and the USA and has a sales network covering all key global markets. The overall investment for the Group is around €100 million and will be financed with the support of the EBRD (European Bank for Reconstruction and Development). Ukraine has an attractive potential for developing an industrial gases business. It ranks 5th worldwide in terms of iron-ore reserves and metallurgy is one of Ukraine's most important industrial sectors.

**14 Press release dated 4 July 2011: France: contracts with Nanomakers in nanopowders:**

Air Liquide announces that it has entered into a long-term agreement with Nanomakers, a French company specializing in the production of high grade silicon carbide nanopowders. Present today in the French and Japanese markets, Nanomakers produces nanopowders used in industry to strengthen the mechanical and thermal resistance materials properties. The company has a partnership with the Commissariat à l'Énergie Atomique (CEA) – French Atomic Energy Commission. Air Liquide will supply silane, hydrogen, acetylene, argon and equipments for the first industrial facility operated by Nanomakers, which is scheduled to go into production in late 2011 in Rambouillet (France). The R&D teams at Air Liquide will offer their scientific expertise in the areas of gas analysis and purification. The nanopowders are a high-potential market. More and more manufacturing sectors are including nanopowders in the composition of their products: electronics, optics, manufacturers of mechanical parts, energy, environmental preservation and medicine.

**15 Press release dated 25 July 2011: Support for research on neurodegenerative disorders:**

The Air Liquide Foundation has decided to support for a two year period ICM research for an amount of €120,000 on the analysis of the mechanisms of neuronal degeneration in Parkinson's disease and development of diagnosis and treatment methods to slow down the progression of the disease and correct the symptoms.

Currently, neurological and psychiatric disorders (Alzheimer's and Parkinson's diseases, paraplegia, stroke, depression, etc.) affect 1 in every 8 people in Europe. This assessment has led to the creation of the Institut du Cerveau et de la Moelle épinière (Brain and Spine Institute - ICM), an international research centre located in Paris, France, at the Pitié-Salpêtrière Hospital. The financing of this study falls within the framework of one of the Air Liquide Foundation's three sponsorship areas: scientific research for the improvement of respiratory function.

**16 Press release dated 1 September 2011: Set up of a R&D pilot line for solar PV industry:**

Air Liquide takes another step forward, investing in a photovoltaic cell manufacturing line for R&D purposes. This investment will allow Air Liquide to fully develop and assess new ideas and concepts designed to improve the performance and reduce the manufacturing costs of crystalline solar cells, and thereby helping to bring solar energy closer to grid parity. Crystalline silicon remains the dominant technology among the various photovoltaic cell technologies, representing 85% of worldwide production in terms of power output. Air Liquide's early involvement in supplying the solar photovoltaic industry has helped the company establish leadership in the photovoltaic market, supplying gases, equipment and services to 8 of the top 10 leaders and more than 150 customers worldwide. The pilot line will be located in Air Liquide's Corporate R&D center near Saclay, west of Paris, France, and will be run by a pool of scientists experienced in PV technologies.

**17 Additional notes issue**

On the Issue Date, the Issuer will issue another series of CNY1,750,000,000 3.00 per cent. guaranteed notes due 2016 (the "**Additional Notes**") unconditionally and irrevocably guaranteed by the Guarantor ranking *pari passu* with the Notes. The Additional Notes will be subscribed by the Joint Lead Managers pursuant to a subscription agreement dated on or about the date hereof distinct from the Subscription Agreement relating to the Notes described in section "Subscription and Sale". The Additional Notes are to be listed on the official list of the Luxembourg Stock Exchange and admitted to trading on the Regulated Market of the Luxembourg Stock Exchange. The net proceeds of the issue of the Additional Notes will be used for the financing of the Air Liquide Group, including for the general corporate purposes of its Chinese subsidiaries.

Information relating to such notes will be disclosed in a separate prospectus dated on or about the date hereof.

### **Use of Proceeds**

The net proceeds of the issue of the Notes will be used for the financing of the Air Liquide Group, including for the general corporate purposes of its Chinese subsidiaries.

## Taxation

### France

*The following is a summary limited to certain tax considerations in France relating to the Notes and specifically contains information on taxes on the income from the securities withheld at source for holders of Notes who are not resident in France for tax purposes, do not hold their Notes through a permanent establishment or fixed base in France and do not hold shares in the Issuer. Each prospective holder or beneficial owner of Notes should consult its tax advisor as to the tax consequences of any investment in, or ownership and disposition of, the Notes.*

#### *European Directive on the Taxation of Savings Income*

On 3 June 2003, the European Council of Economic and Finance Ministers adopted the directive 2003/48/EC regarding the taxation of savings income (the “Directive”). Pursuant to the Directive and subject to a number of conditions being met, Member States of the European Union are required, since 1 July 2005, to provide to the tax authorities of another Member State, *inter alia*, details of payments of interest within the meaning of the Directive (interest, premiums or other debt income) made by a paying agent located within its jurisdiction to, or for the benefit of, an individual resident in that other Member State.

The Directive was implemented into French law under Article 242 ter of the French *Code Général des Impôts*, which imposes on paying agents based in France an obligation to report to the French tax authorities certain information with respect to interest payments made to beneficial owners domiciled in another Member State, including, among other things, the identity and address of the beneficial owner and a detailed list of the different categories of interest paid to that beneficial owner.

#### *Withholding Tax*

Pursuant to Article 125 A III of the French *Code Général des Impôts*, payments of interest and other revenues made by a debtor with respect to notes are not subject to the withholding tax set out under Article 125 A III unless such payments are made outside France in a non-cooperative State or territory within the meaning of Article 238-0 A of the French *Code Général des Impôts* (a “**Non-Cooperative State**”), in which case a 50% withholding tax may be applicable, subject to exceptions and to the more favorable provisions of any applicable double tax treaty. The list of Non-Cooperative States is published by a ministerial executive order, which is updated on a yearly basis.

Furthermore, pursuant to Article 238 A of the French *Code Général des Impôts*, interest and other revenues on notes paid or accrued to persons domiciled or established in a Non-Cooperative State or paid to a bank account opened in a financial institution located in a Non-Cooperative State may not be deductible from the debtor’s taxable income. Under certain conditions, any such non-deductible interest or other revenues may be re-characterized as constructive dividends pursuant to Articles 109 *et seq* of the French *Code Général des Impôts*, in which case they may be subject to the withholding tax set out under Article 119 *bis* 2 of the same Code, at a rate of 25% or 50%, subject to the more favourable provisions of any applicable double tax treaty.

However pursuant to ruling (*rescrit*) 2010/11 (FP and FE) of the *Direction générale des finances publiques* dated 22 February 2011 and as the Notes are admitted, at the time of their issue, to the clearing operations of a foreign central depository or of a securities clearing and delivery and payments systems operator, within the meaning of such ruling, which is not located in a Non-Cooperative State, all payments of principal, interest and other revenues by the Issuer in respect of such Notes will be exempt from the withholding tax set out under Article 125 A III of the French *Code Général des Impôts* and will not be subject to the deductibility exclusion set out under Article 238 A of the French *Code Général des Impôts* (and hence will not be subject to the withholding tax provided under Article 119 *bis* of the French *Code Général des Impôts*) solely by reason

of being paid in a Non-Cooperative State or paid or accrued to a person domiciled or established in such a State.

## Subscription and Sale

The Hongkong and Shanghai Banking Corporation Limited, Bank of China (Hong Kong) Limited, Industrial ICBC International Securities Limited and Standard Chartered Bank (Hong Kong) Limited, (the “Joint Lead Managers”) have, pursuant to a Subscription Agreement dated 13 September 2011, severally and not jointly agreed with the Issuer and the Guarantor, subject to the satisfaction of certain conditions, to subscribe the aggregate principal amounts of Notes as set out opposite its name below at 100 per cent. of their principal amount plus accrued interest, if any.

<b>Joint Lead Managers</b>	<b>Principal Amount of Notes</b>
	CNY million
<i>Bank of China (Hong Kong) Limited</i> .....	212.5
<i>ICBC International Securities Limited</i> .....	212.5
<i>Standard Chartered Bank (Hong Kong) Limited</i> .....	212.5
<i>The Hongkong and Shanghai Banking Corporation Limited</i> .....	212.5
<b>TOTAL</b> .....	850

The Issuer has agreed to pay to the Managers a combined management and underwriting commission which will be deducted from the issue proceeds before payment to the Issuer. In addition, the Issuer has agreed to reimburse the Joint Lead Managers for certain of their expenses in connection with the issue of the Notes. The Subscription Agreement entitles the Joint Lead Managers to terminate it in certain circumstances prior to payment for such Notes being made to the Issuer.

### General

No action has been or will be taken in any country or jurisdiction that would permit a public offering of the Notes, or the possession or distribution of this Prospectus (in preliminary, proof or final form) or any other document or material relating to the Notes (including roadshow materials and investor presentations), in any country or jurisdiction where action for that purpose is required. Each Joint Lead Manager has agreed that it will comply to the best of its knowledge and belief with all applicable laws and regulations in force in each jurisdiction in which it acquires, offers, sells or delivers Notes or has in its possession or distributes this Prospectus (in preliminary, proof or final form) or part of it or any such other document or material, in all cases at its own expense and will obtain any consent, approval or permission required by it for the purchase, offer or sale by it of Notes, or possession or distribution of the Prospectus (in preliminary, proof or final form) or any part of it or any other document or material under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, offers or sales and neither Issuer nor the Guarantor shall have any responsibility therefor.

### United States

The Notes and the Guarantee have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the “Securities Act”). The Notes may not be offered or sold within the United States or to, or for the account or benefit of, U.S persons except in certain transactions exempt from the registration requirements of the Securities Act. Each Joint Lead Manager has agreed that it will not offer or sell any Notes within the United States. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.



Each Joint Lead Manager has agreed that, except as permitted by the Subscription Agreement, it will not offer or sell the Notes (i) as part of their distribution at any time or (ii) otherwise until 40 days after the later of the commencement of the offering and the Closing Date, within the United States or to, or for the account or benefit of, U.S. persons, and it will have sent to each dealer to which it sells Notes during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons. Terms used in this paragraph have the meanings given to them by Regulation S.

In addition, until 40 days after the commencement of the offering of the Notes and the Guarantee, an offer or sale of the Notes or the Guarantee within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act.

### **United Kingdom**

Each Joint Lead Manager has represented and agreed that:

- (a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000 (the “FSMA”)) received by it in connection with the issue or sale of the Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer or the Guarantor; and
- (b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Notes in, from or otherwise involving the United Kingdom.

### **France**

Each of the Joint Lead Managers has represented and agreed that it has not offered or sold and will not offer or sell, directly or indirectly, any Notes to the public in France and it has not distributed or caused to be distributed and will not distribute or cause to be distributed to the public in France, the Prospectus or any other offering material relating to the Notes and such offers, sales and distributions have been and will be made in France only to (a) persons providing investment services relating to portfolio management for the account of third parties, and/or (b) qualified investors (*investisseurs qualifiés*) other than individuals, all as defined in, and in accordance with, Articles L.411-1, L.411-2 and D.411-1 to D.411-3 of the French *Code monétaire et financier*.

### **Hong Kong**

Each Joint Lead Manager has represented and agreed that:

- (a) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Notes other than (a) to “professional investors” as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made under that Ordinance; or (b) in other circumstances which do not result in the document being a “prospectus” as defined in the Companies Ordinance (Cap. 32) of Hong Kong or which do not constitute an offer to the public within the meaning of that Ordinance; and
- (b) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Notes, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to “professional investors” as defined in the Securities and Futures Ordinance (Cap. 571) and any rules made under that Ordinance.

## **China**

Each Joint Lead Manager has represented and agreed that the Notes are not being offered or sold and may not be offered or sold, directly or indirectly, in the People's Republic of China (for such purposes, not including the Hong Kong and Macau Special Administrative Regions or Taiwan), except as permitted by the securities laws of the People's Republic of China.

## **Japan**

The Notes have not been and will not be registered under the Financial Instruments and Exchange Law of Japan (the "Financial Instruments and Exchange Law") and may not be offered or sold directly or indirectly in Japan or to, or for the benefit of, any resident in Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organized under the laws of Japan) or to others for re-offering or re-sale, directly or indirectly, in Japan or to, or for the benefit of any resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Financial Instruments and Exchange Law and any other applicable laws, regulations and ministerial guidelines of Japan.

## **Singapore**

This Prospectus has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this Prospectus and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Notes may not be circulated or distributed, nor may the Notes be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the Securities and Futures Act, Chapter 289 of Singapore (the "SFA"), (ii) to a relevant person pursuant to Section 275(1), or any person pursuant to Section 275(1A), and in accordance with the conditions specified in Section 275, of the SFA, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Notes are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

- (a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
- (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities (as defined in Section 239(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Notes pursuant to an offer made under Section 275 of the SFA except:

- (1) to an institutional investor or to a relevant person defined in Section 275(2) of the SFA, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;
- (2) where no consideration is or will be given for the transfer;
- (3) where the transfer is by operation of law; or
- (4) as specified in Section 276(7) of the SFA.

## General Information

- (1) **Clearing System:** The Notes will be lodged and cleared through the CMU. The CMU instrument number for the Notes is BCHKFN11272.

For persons seeking to hold a beneficial interest in the Notes through Euroclear or Clearstream, such persons will hold their interests through an account opened and held by Euroclear or Clearstream with HKMA, the CMU operator. The Common Code of the Notes is 067796098 and the International Securities Identification Number of the Notes is HK0000088853.

- (2) **Authorisations:** The Issuer and the Guarantor have obtained all necessary corporate and other consents, approvals and authorisations in the Republic of France in connection with the issue and performance of the Notes, the coupon and the giving of the Guarantee. The issue of the Notes was authorised pursuant to a decision of Fabienne Lecorvaisier, *Président-Directeur Général* of the Issuer acting pursuant to a resolution of the Board of Directors (*Conseil d'Administration*) of the Issuer passed on 22 April 2011.

- (3) **No Material Adverse Change and No Significant Change:** Except as disclosed in this Prospectus and in particular under the section "Recent Developments" on pages 49 to 55 of this Prospectus (including the documents incorporated by reference and in particular page 9 of the First Half 2011 Financial Report), there has been no significant change in the financial or trading position of the Issuer since 31 December 2010 and no significant change in the financial or trading position of the Guarantor or Air Liquide Group as a whole since 30 June 2011, and no material adverse change in the prospects of the Issuer, the Guarantor or the Air Liquide Group as a whole since 31 December 2010.

- (4) **Litigation:** Except as disclosed in this Prospectus and in particular in the 2010 Reference Document referred to in section "Documents Incorporated by Reference" of this Prospectus (including pages 18 and 203 of the 2010 Reference Document and page 11 of the First Half 2011 Financial Report) neither the Issuer nor the Guarantor is or has been involved in any legal, governmental or arbitration proceedings (including any such proceeding which are pending or threatened of which the Issuer or the Guarantor is aware), during a period covering at least the previous 12 months which may have, or have had in the recent past, significant effects on the financial position or profitability of either the Issuer or the Guarantor or the Air Liquide Group.

- (5) **Available Documents:** For so long as the Notes are outstanding, copies of the following documents will be available, during usual business hours on any weekday (Saturdays, Sundays and public holidays excepted), for inspection at the office of the Fiscal and Paying Agent for the time being in Hong Kong, on the website of the Issuer ([www.airliquide.com](http://www.airliquide.com)), or otherwise, using any kinds of communication means, permitted by law, at the choice of the Issuer:

- (i) the *statuts* of the Issuer and the Guarantor;
- (ii) the published annual report of the Issuer and the audited non-consolidated and consolidated accounts of the Guarantor for the two financial years ended 31 December 2009 and 2010;
- (iii) the Fiscal Agency Agreement; and
- (iv) the Guarantee.

Copies of the latest annual report and non-consolidated and consolidated accounts of L'Air Liquide (including any published semi-annual consolidated accounts) (in English and French) (in each case as soon as they are published) and copies of the latest accounts of Air Liquide Finance (in French) may be

obtained at the specified office of the Fiscal and Paying Agent during normal business hours, so long as any of the Notes is outstanding.

- (6) **Financial Information:** Ernst & Young Audit (Tour Ernst & Young, Faubourg de l'Arche, 92037 Paris-La Défense Cedex, France) and Mazars (61, rue Henri Regnault, 92075 Paris La Défense cedex, France) have audited and rendered audit reports on the consolidated financial statements of Air Liquide Group for the year ended 31 December 2009. Ernst & Young et Autres (41, rue Ybry, 92576 Neuilly-sur-Seine Cedex, France) and Mazars (61, rue Henri Regnault, 92075 Paris La Défense cedex, France) have audited and rendered audit reports on the consolidated financial statements of Air Liquide Group for the year ended 31 December 2010. All the above entities are regulated by the *Haut Conseil du Commissariat aux Comptes* and duly authorised as *Commissaires aux comptes*.

Ernst & Young Audit have audited, and rendered an unqualified audit report on, the accounts of the Issuer for each of the two years ended 31 December 2009 and 31 December 2010.

The Issuer does not publish interim financial statements.

- (7) **Listing and Admission to Trading:** Application has been made to list the Notes on the Official List and to trade on the Regulated Market of the Luxembourg Stock Exchange. Total expenses relating to admission to trading are estimated to be €4,445.
- (8) **Post-issuance information:** The Issuer will not provide any post-issuance information, except if required by any applicable laws or regulations.
- (9) **Rating:** The Notes have been assigned a rating of A with a stable outlook by Standard and Poor's Ratings Services. A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, change or withdrawal at any time by the assigning rating agency. Standard and Poor's is established in the European Union and has applied for registration under Regulation (EC) No. 1060/2009 (the "**CRA Regulation**"), although notification of the corresponding registration decision has not yet been provided by the relevant competent authority. The European Securities and Markets Authority will publish on its website a list of credit rating agencies registered in accordance with the CRA Regulation. That list shall be updated within five working days following the adoption of a decision under Articles 16, 17 or 20 thereof. The European Commission shall publish that updated list in the Official Journal of the European Union within 30 days following the updates.
- (10) **Yield:** The yield of the Notes is 3.95 per cent. per annum. Yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield.

**Auditor's Report and Financial Statements of the Issuer for the Year Ended 31 December  
2010**

*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 the shareholders.*

*This report should be read in conjunction with and construed in accordance with French law and professional auditing standards applicable in France.*

**Air Liquide Finance**

**Year ended December 31, 2010**

**Statutory auditors' report  
on the financial statements**

**ERNST & YOUNG AUDIT**

## **Air Liquide Finance**

**Year ended December 31, 2010**

### **Statutory auditors' report on the financial statements**

To the Shareholders,

In compliance with the assignment entrusted to us by your annual general meeting, we hereby report to you, for the year ended December 31, 2010, on:

- the audit of the accompanying financial statements of Air Liquide Finance;
- the justification of our assessments;
- the specific verifications and information required by law.

These 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.

#### **1 Opinion on the 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 financial statements are free of material misstatement. An audit involves performing procedures, using sampling techniques or other methods of selection, to obtain audit evidence about the amounts and disclosures in the financial statements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made, as well as the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion, the financial statements give a true and fair view of the assets and liabilities and of the financial position of the Company as at December 31, 2010 and of the results of its operations for the year then ended in accordance with French accounting principles.

#### **2 Justification of our 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 matter(s): the accounting principles applied are appropriate

These assessments were made as part of our audit of the financial statements taken as a whole, and therefore contributed to the opinion we formed which is expressed in the first part of this report.

#### **3 Specific verifications 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.

Paris-La Défense, April 6, 2011

The statutory auditor  
ERNST & YOUNG Audit  
*French original signed by Jean-Yves Jégourel*

**AIR LIQUIDE FINANCE**

**With a capital of 72,000,000 euros**

**Headquarter: 6, rue Cognacq-Jay – Paris 75007 – France**

**FINANCIAL STATEMENTS FOR THE YEAR  
ENDED 31 DECEMBER 2010**

## AIR LIQUIDE FINANCE BALANCE SHEET

In Euros

ASSETS	As of December 31, 2009	As of December 31, 2010		
	Net	Gross	Depreciation, amortization and provisions	Net
<b>NON-CURRENT ASSETS</b>				
<b>Intangible Assets</b>	3 048 980	3 048 980		3 048 980
<b>Property, Plant and Equipment</b>	0	0		0
<b>Financial Investments</b>				
Equity investments	979	979		979
Loans	1 324 426 110	3 309 355 065		3 309 355 065
	<b>1 324 427 089</b>	<b>3 309 356 044</b>		<b>3 309 356 044</b>
	<b>1 327 476 069</b>	<b>3 312 405 024</b>		<b>3 312 405 024</b>
<b>CURRENT ASSETS</b>				
<b>Inventories and Work-in-Progress</b>	0	0		0
<b>Prepayments and advances paid to suppliers</b>	0	0		0
<b>Trade Receivables</b>				
Trade receivables and related accounts				
Group company and other receivables	3 014 362 119	1 350 008 501		1 350 008 501
	<b>3 014 362 119</b>	<b>1 350 008 501</b>		<b>1 350 008 501</b>
<b>Marketable Securities</b>	874 845 531	746 102 287		746 102 287
<b>Banks, Postal Accounts, Cash In Hand</b>	6 797 396	102 192 473		102 192 473
	<b>3 896 005 046</b>	<b>2 198 303 261</b>		<b>2 198 303 261</b>
<b>PREPAID EXPENSES</b>	9 160	0		0
<b>DEFERRED CHARGES</b>	3 635 293	3 187 683		3 187 683
<b>BOND REDEMPTION PREMIUMS</b>	2 655 973	38 735 924		38 735 924
<b>UNREALIZED FOREIGN EXCHANGE LOSSES</b>	0	0		0
<b>TOTAL ASSETS</b>	<b>5 229 781 540</b>	<b>5 552 631 892</b>	<b>0</b>	<b>5 552 631 892</b>



## AIR LIQUIDE FINANCE BALANCE SHEET

In Euros

LIABILITIES AND SHAREHOLDERS' EQUITY	As of December 31, 2009	As of December 31, 2010	
	Before approval of the financial statements	Before approval of the financial statements	After approval of the financial statements
	<b>SHAREHOLDERS' EQUITY</b>		
Share capital	72 000 000	72 000 000	72 000 000
Additional paid-in capital	883 617	883 617	883 617
Reserves	2 131 073	3 347 001	5 414 694
Retained earnings	38 381	41 012	27 170
Net income for the year	24 318 559	41 353 851	-
	<b>99 371 630</b>	<b>117 625 481</b>	<b>78 325 481</b>
<b>PROVISIONS</b>			
Provisions for contingencies			
Provisions for losses	0	12 255 253	12 255 253
	<b>0</b>	<b>12 255 253</b>	<b>12 255 253</b>
<b>LIABILITIES</b>			
Other bonds	2 016 255 735	2 194 476 099	2 194 476 099
Bank borrowings	56 595 852	3 591 377	3 591 377
Other borrowings			
Prepayments received from customers			
Trade payables and related accounts			
Tax and employee-related liabilities	9 205 522	3 623 329	3 623 329
Accounts payable in respect of fixed assets and related accounts			
Amounts payable to Group and other companies	3 038 222 549	3 214 516 033	3 214 516 033
Dividends			39 300 000
	<b>5 120 279 658</b>	<b>5 416 206 838</b>	<b>5 455 506 838</b>
<b>UNREALIZED FOREIGN EXCHANGE GAINS</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>DEFERRED INCOME</b>	<b>10 130 252</b>	<b>6 544 320</b>	<b>6 544 320</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>5 229 781 540</b>	<b>5 552 631 892</b>	<b>5 552 631 892</b>

## AIR LIQUIDE FINANCE INCOME STATEMENT

In Euros

Income Statement	2009	2010
<b>OPERATING REVENUE</b>		
Sales of goods and services		
Change in inventories of goods and services		
Production of assets capitalized		
<b>Total Operating Revenue (I)</b>	<b>0</b>	<b>0</b>
<b>OPERATING EXPENSES</b>		
Purchases of raw materials and other supplies		
Change in inventories of raw materials and supplies		
External charges	1 477 337	1 130 493
Duties and taxes other than corporate income tax	299 599	385 174
Wages, salaries and provisions for paid vacation		
Social security contributions and similar charges		
Depreciation, amortization and impairment losses		
<b>Total Operating Expenses (II)</b>	<b>1 776 936</b>	<b>1 515 667</b>
<b>NET OPERATING PROFIT / LOSS (I - II)</b>	<b>-1 776 936</b>	<b>-1 515 667</b>
<b>FINANCIAL INCOME</b>		
Financial income from equity affiliates		
Revenues from other marketable securities and long-term loans		
Other interest and similar income	177 522 438	165 512 029
Reversals of impairment and provisions, expense reclassifications		
Foreign exchange gains	247 946	426 302
<b>Total Financial Income (III)</b>	<b>177 770 384</b>	<b>165 938 331</b>
<b>FINANCIAL EXPENSES</b>		
Amortization, impairment and provisions	775 154	2 920 049
Interest and similar charges	140 221 887	102 212 445
Foreign exchange losses	510 347	342 444
<b>Total Financial Expenses (IV)</b>	<b>141 507 388</b>	<b>105 474 938</b>
<b>NET PROFIT / LOSS FROM FINANCIAL ITEMS (III - IV)</b>	<b>36 262 996</b>	<b>60 463 393</b>
<b>NET PROFIT/LOSS FROM ORDINARY ACTIVITIES BEFORE TAX (I - II + III - IV)</b>	<b>34 486 060</b>	<b>58 947 726</b>
<b>EXCEPTIONAL INCOME (V)</b>	<b>0</b>	<b>0</b>
<b>EXCEPTIONAL EXPENSES (VI)</b>	<b>0</b>	<b>0</b>
<b>NET EXCEPTIONAL ITEMS (V - VI)</b>	<b>0</b>	<b>0</b>
<b>CORPORATE INCOME TAX</b>	<b>10 167 501</b>	<b>17 593 875</b>
<b>NET INCOME FOR THE YEAR</b>	<b>24 318 559</b>	<b>41 353 851</b>

## NOTES TO THE FINANCIAL STATEMENTS

The balance sheet and income statement of Air Liquide Finance S.A. were prepared in accordance with the French General Chart of Accounts and the French Commercial Code.

### (A) ACCOUNTING POLICIES

The annual financial statements were prepared in accordance with accounting rules and principles prevailing in France.

#### 7. Intangible assets

To distinguish its industrial activities from the financing activity, L'Air Liquide created Air Liquide Finance, a wholly-owned French subsidiary. In 2001, L'Air Liquide transferred the financing and interest rate and cash flow risk management of the Air Liquide Group and its subsidiaries to Air Liquide Finance.

Purchased goodwill in the amount of 3,049 thousand euros was recorded at the time of the transfer. An impairment test is performed at year-end and, where necessary, an impairment provision is recorded. As it was the case in the previous year, this purchased goodwill was not impaired as of December 31, 2010.

#### 8. Financial Investments

Air Liquide Finance set up a wholly-owned company, Air Liquide US LLC, in order to borrow on the US market.

Air Liquide US LLC's equity investments were recorded at initial value, i.e. 979 euros (1,000 USD), on the entry date.

Other long-term investment securities were recorded at historic value on the balance sheet. Loans were recorded at nominal value on the balance sheet.

An impairment provision is recorded where the carrying amount of long-term investments exceeds their closing value.

#### 9. Receivables and payables

Receivables and payables were stated at nominal value.

Any differences arising from the discounting of foreign currency denominated receivables and payables at the closing rate of exchange are recorded in suspense accounts in assets and liabilities (unrealized foreign exchange gains or losses). Foreign currency denominated loans and borrowings are not revalued at the closing rate of exchange since they are fully hedged by foreign currency derivative instruments (same currency, term and amount).

A contingency provision is, in principle, recorded for unrealized foreign exchange losses.

#### 10. Marketable securities

Marketable securities in the amount of 746,102,287 euros break down as follows:

- Commercial paper	72,000,000 euros
- Certificates of deposit	674,000,000 euros
- Accrued interest in arrears	102,287 euros

*N.B: Interest paid up front relating to the period was recorded under "Deferred income" in the amount of 221,925 euros.*

## 11. Deferred charges

Loan issuance costs are recorded in deferred charges and amortized on a straight-line basis over the term of the loan.

## 12. Provisions for losses

Since fiscal year 2003, the deferred tax method has been applied for the preparation of the financial statements. Deferred tax liabilities are recorded under provisions for taxes.

## 13. Financial instruments

Gains or losses relating to financial instruments used in hedging transactions are determined and recognized in line with the recognition of income and expenses on the hedged items.

When the financial instruments used do not constitute hedging transactions, the losses resulting from their mark-to-market valuation at the year-end are not recognized in the income statement.

## (B) NOTES TO THE ANNUAL FINANCIAL STATEMENTS

### 1. Financial Investments

Changes in gross value break down as follows:

	Gross value as of January 1, 2010	Increases	Decreases	Gross value as of December 31, 2010
Equity investments	979			979
Loans	1 324 426 110	1 996 950 653	12 021 698	3 309 355 065
Other long-term investments	0			0
	1 324 427 089	1 996 950 653	12 021 698	3 309 356 044

The increase in long-term investments was attributable to new loans (nominal + interest) granted to subsidiaries:

- Air Liquide SA	1,400,184,722	euros
- AL Welding France	100,012,750	euros
- Cryolor	1,588,810	euros
- AL Austria	14,067,594	euros
- Messer UK	7,024	euros
- AL Poland	27,245,186	euros
- AL Romania	427,201	euros
- AL Slovakia	4,461,361	euros
- AL CZ	192,606	euros
- AL OOO	9,327	euros
- AL Egypt	3,935,420	euros
- AL Argentina	2,610,758	euros
- AL Brazil	14,332,205	euros
- America Air Liquide	251,679,703	euros
- AL Panama	10,441,950	euros
- AL Healthcare Pty	7,333,810	euros
- Esqal	344,228	euros
- AL Indonesia	8,380,899	euros
- AL Japan LTD	422,434	euros
- AL Pacific	18,525,844	euros
- AL Pipeline Utilities	3,709,288	euros
- Pure Helium Gulf	4,349,431	euros
- Soxal	112,732,376	euros
- Scipig	<u>9,955,726</u>	euros

**1,996,950,653**

The decrease in long-term investments was attributable to Repayments of loans (nominal + interest) granted to subsidiaries:

- AL Bulgaria	(2,183,749)	euros
- AL UK Ltd	(5,039,593)	euros
- AL Norway	(300,377)	euros
- AL Hungary	(261,475)	euros
- AL Romania	(1,686,793)	euros
- AL Ryazan	(400,778)	euros
- AL Alexandria Egypt	(14,143)	euros
- AL Australia	(1,652,567)	euros
- AL Wuxi	(482,223)	euros
	<b>(12,021,698)</b>	

## 2. Shareholders' equity:

As of December 31, 2010, the share capital is comprised 6,000,000 ordinary shares each with a par value of 12 euros.

	As of December 31, 2009 (before appropriation of net income)	Appropriation of 2009 net income (following AGM decision of 05.17.10)	Other changes	As of December 31, 2010 (before appropriation of net income)
Share capital	72 000 000			72 000 000
Additional paid-in capital	883 617			883 617
Revaluation difference				
Legal reserve	2 131 073	1 215 928		3 347 001
Long-term capital gains reserve				
General reserve				
Retained earnings	38 381	2 631		41 012
Net income for the year	24 318 559	(24 318 559)	41 353 851	41 353 851
	<b>99 371 630</b>	<b>(23 100 000)</b>	<b>41 353 851</b>	<b>117 625 481</b>

The company is fully consolidated in the L'Air Liquide financial statements.

## 3. Provisions for losses

Deferred tax liabilities correspond to:

- Deferred taxes involving the unwinding of financial instruments in 2003: the transaction resulted in the recognition of a taxable balancing cash adjustment of 33.3 million euros that will be spread over the term of the underlying instruments, i.e. until 31 December 2011. The deferred tax is therefore reversed as and when income is recognized.
- Deferred taxes involving the unwinding in 2004 of financial instruments and the spreading of bank commission relating to the renewal of a credit line. These transactions resulted in the recognition of taxable income and expenses that will be spread over the term of the financial instruments or credit lines. The deferred tax is therefore reversed as and when these income and expenses are recognized.
- Deferred taxes involving the spreading in 2007 of an issue premium, issuance costs and bank commission relating to a new bond of 500 million euros. These transactions resulted in the recognition of expenses, deducted for tax purposes in 2007, that will be spread over the term of the bond, i.e. until 18 July 2017.
- Deferred taxes involving the spreading in 2008 of an issue premium, issuance costs and bank commission relating to the new three bonds of 600 million euros, 200 million euros and 15

billion yen, respectively. These transactions resulted in the recognition of expenses, deducted for tax purposes in 2008, that will be spread over the term of the bonds, i.e. until 2012, 2020 and 2038.

- Deferred taxes involving the spreading in 2010 of an issue premium and issuance costs relating to a bond exchange offer. These transactions resulted in the recognition of expenses, deducted for tax purposes in 2010, that will be spread until 2020.

Deferred taxes totaled (12,255,253.34) euros as of December 31, 2010 and can be amortized until 2038. In 2009, deferred taxes totaled 1,960,435,66 euros and were recorded as deferred charges

#### 4. Debt and receivables maturity analysis

RECEIVABLES AS OF DECEMBER 31	Gross 2009	Gross 2010	≤ 1 year	> 1 year
Loans to equity affiliates				
Other long-term investment securities				
Loans (1)	1 324 426 110	3 309 355 065	159 732 902	3 149 622 163
Trade receivables and related accounts				
Group company and other receivables (1)	801 100 437	650 207 845	650 207 845	
L'Air Liquide S.A. current account (1)	2 213 261 682	699 800 656	699 800 656	
	<b>4 338 788 229</b>	<b>4 659 363 566</b>	<b>1 509 741 403</b>	<b>3 149 622 163</b>

(1) The increase in LT debt was primarily due to the set-up in 2010 of long-term intercompany loans (Air Liquide SA 1,400 million euros and AL Welding 100 million euros). They refinance 2009 short-term receivables, following the removal of the internal rate guarantee system.

PAYABLES AS OF DECEMBER 31	Gross 2009	Gross 2010	≤ 1 year	> 1 to ≤ 5 years	> 5 years
Other bonds (2)	2 016 255 735	2 194 476 099	334 390 777	768 750 000	1 091 335 322
Bank borrowings (3)	56 595 852	3 591 377	3 591 377		
Trade payables and related accounts					
Tax and employee-related liabilities	9 205 522	3 623 329	3 623 329		
Amounts payable to Group and other companies	3 038 222 549	3 214 516 033	3 214 516 033		
	<b>5 120 279 658</b>	<b>5 416 206 838</b>	<b>3 556 121 516</b>	<b>768 750 000</b>	<b>1 091 335 322</b>

(2) The increase in debt maturing in over five years was attributable to a bond exchange offer, used to refinance bonds of 331 million euros maturing in November 2012 and bearing interest at 6.125% through a new 10-year bond bearing interest at 3.889%. Due to favorable market conditions, the Air Liquide Group decided to raise the total amount of the new issue to 500 M€

(3) Of which current bank loans: 4,276.53 euros

#### 5. Breakdown of accrued expenses

	Amount
Interest on bonds	34 390 776
Interest on bank borrowings (1)	3 587 100
Interest on Group company borrowings	1 111 266
<b>Accrued expenses</b>	<b>39 089 142</b>
Fees	30 436
Sales-related social security contributions (ORGANIC)	245 084
<b>Other payables</b>	<b>275 520</b>

(1) This mainly concerns swaps and financial expenses on option premiums.

## 6. Breakdown of deferred income

	Amount
Interest on amounts due from banks (2)	14 006 922
Interest on loans to Group companies	24 100 484
Accrued interest on other securities	102 287
Current account accrued interest	86 054
<b>Deferred income</b>	<b>38 295 747</b>

(2) This mainly concerns swaps.

## 7. Deferred charges

Deferred charges correspond to the spreading of:

- Costs of 570.5 thousand euros for the early unwinding of financial instruments that will be spread over the term of the underlying instruments, i.e. until 2012 and 2014.
- Bond issuance costs of 600 thousand euros and bank commission of 2.337 thousand euros relating to the renewal of a credit line that will be spread over the credit line term.
- Issuance costs of 166.6 thousand euros for a 2007 bond and related bank commission of 350 thousand euros.
- Issuance costs of 180 thousand euros and 300 thousand euros for two 2008 euro bonds.
- Bank commission of 380.8 thousand euros relating to a 15 billion yen bond issued in 2008.
- Issuance costs of 1,989.1 thousand euros for the swap and the new 500 million euros bond issued in June 2010.

Deferred charges amounted to 3,187,683 euros as of December 31, 2010.

## 8. Bond redemption premiums

In 2010, the Company refinanced bonds in the amount of 331.3 million euros (maturing in November 2012, 6.125% interest) through a new bond of 370.2 million euros (maturing in June 2020, 3.889% interest). The bond exchange offer resulted in the recognition of a premium for 39.0 million euros and issue expenses to be spread until June 2020.

Due to favourable market conditions, the Air Liquide Group decided to increase the total amount of the new issue to 500 million euros. This transaction resulted in the recognition of new issue costs for 2.0 million euros that will be spread until June 2020.

Bond redemption premiums thus totaled 38,735,924 euros as of December 31, 2010 and correspond to:

- Issue premiums relating to the bond issue of 300 million euros. The bonds were issued at 99.871% of their nominal value, resulting in an issue premium of 387,000 euros.
- Issue premiums relating to the bond issue of 500 million euros. The bonds were issued at 99.84% of their nominal value, resulting in an issue premium of 800,000 euros.
- Issue premiums relating to the bond issue of 600 million euros. The bonds were issued at 99.562% of their nominal value, resulting in an issue premium of 2,628,000 euros.
- Issue premiums relating to the bond exchange offer of 500 million euros, resulting in an issue premium of 39,000,000 euros.

## 9. Deferred income

Deferred income totaled 6,544,320 euros in 2010, of which:

- 2,127,599 euros in respect of the 33 million euros balancing cash adjustment collected in 2003 for the unwinding of financial instruments.
- 244,403 euros in respect of the 987,000 euros balancing cash adjustment collected in 2003 for the unwinding of financial instruments.
- 371,177 euros in respect of the 3.596 million euros balancing cash adjustment collected in 2004 for the unwinding of financial instruments.
- 1,004,429 euros in respect of the 2.1 million euros balancing cash adjustment collected at the end of 2008 for the set-up of financial instruments.
- 2,574,789 euros in respect of the issue premium for the set-up in 2008 of a 200 million euros bond.
- 221,925 euros in respect of interest paid up front on investments.

## 10. Items concerning related undertakings:

	December 31, 2009		December 31, 2010	
	Total amount	Of which group companies	Total amount	Of which group companies
<b>BALANCE SHEET</b>				
Loans	1 324 426 110	1 324 426 110	3 309 355 065	3 309 355 065
Sundry receivables	801 100 437	773 516 045	650 207 845	630 861 979
L'Air Liquide S.A. current account	2 213 261 682	2 213 261 682	699 800 656	699 800 656
Other payables, prepaid expenses and deferred income	3 038 222 549	3 034 336 640	3 214 516 033	3 214 396 763
<b>INCOME STATEMENT</b>				
Operating expenses	1 776 936	457 348	1 515 667	457 348
Financial expenses	141 507 388	45 764 446	105 474 938	8 916 676
Operating income				
Financial income	177 770 384	164 744 258	165 938 331	158 495 370
Exceptional income				
Exceptional expenses				

## 11. Income tax

Income tax totalled 17,593,875 euros, compared to 10,167,501 euros in 2009.

The 2010 income tax expense breaks down as follows:

- current tax (2)	3,378,186
- deferred tax (1)	<u>14,215,689</u>
- 2010 income tax	<b>17,593,875 Euros</b>

(1) The 2010 deferred taxes totalled 14,215,689 euros and break down as follows:

- deferred taxes of 96 thousand euros for the unwinding of financial instruments in 2004 which resulted in the recognition of a taxable total balancing cash adjustment of 3,596 million euros that will be spread over the term of the underlying instruments, i.e. until 2010, 2012 and 2014.
- deferred taxes of 715 thousand euros for the unwinding of financial instruments in 2003 which resulted in the recognition of a taxable balancing cash adjustment of 33 million euros that will be spread over the term of the underlying instruments, i.e. until 2006, 2008, 2009 and 2011.



- deferred taxes of (28 thousand) euros for bank commissions paid in late July 2005 in the amount of 566,335 euros, deducted for tax purposes, that will be spread over term of the contract i.e. 7 years.
- deferred taxes of (45 thousand) euros for the issue premium, issuance costs and bank commission relating to a July 2007 bond of 500 million euros, deducted for tax purposes, that will be spread over the term of the contract, i.e. 10 years.
- deferred taxes of (4 thousand) euros for bank commission paid in early January 2008 in the amount of 380,856 euros, deducted for tax purposes, that will be spread over the term of the contract, i.e. 30 years.
- deferred taxes of (38 thousand) euros for the issue premium, issuance costs and the gains arising from matched financial instruments relating to a November 2008 bond of 600 million euros, deducted for tax purposes, that will be spread over the term of the contract, i.e. over 4 and 12 years.
- deferred taxes of 203 thousand euros for the issue premium and issuance costs relating to a November 2008 bond of 200 million euros, deducted for tax purposes, that will be spread over the term of the contract, i.e. 4 and 12 years.
- deferred taxes of 13,316 thousand euros for the issue premium and issuance costs relating to a June 2010 bond exchange offer, deducted for tax purposes, that will be spread over the term of the contract, i.e. 10 years.

(2) The taxable income was obtained after allocation of any related add-backs, deductions, and tax credits. In fiscal year 2010, AL Finance posted a taxable income of 17,758,396 euros.

The corporate income tax rate was 33.1/3% and the additional contribution totaled 3.3%. Tax credits for allocation totaled 4,067,164 euros.

## 12. Unrealized tax gains and losses

None.

## 13. Off-balance sheet commitments

### Commitments received:

Insofar as Air Liquide Finance's sole activity is to finance the Air Liquide Group, L'Air Liquide is required to guarantee any issues carried out by the company:

- Guarantee of issues	2,206,808 thousand euros
- ISDA AFB commitments	<u>130,000 thousand euros</u>
<b>Total guarantees in euros</b>	<b>2,336,808 thousand euros</b>

- Information on derivative instruments:

(in 000' euros)					
Type of instrument	Currency	Carrying Value 12/31/2009	Fair value difference 12/31/2009	Carrying Value 12/31/2010	Fair value difference 12/31/2010
<b>Foreign exchange risk</b>					
Currency forwards and foreign currency swaps		1 016 678	(6,814)	1 018 402	(18,384)
Foreign currency options		-	-	-	-
<b>Interest rate risk</b>					
Interest rate swaps	EUR	480 000	(16,767)	380 000	(12,099)
	JPY	150 195	(3,216)	184 077	(1,994)
	USD	384 562	618	412 438	(10,547)
	SGD	47 712	(133)	56 227	(903)
Interest rate options (cap / floor)	EUR	1 000 000	(12,511)	750 000	(1,419)
	GBP	33 217	(119)	31 949	(110)
Cross Currency Swap	GBP	66 434	17 208	63 898	15 822
Floating-rate GBP investment related to CCS	GBP	66 434	(16,864)	63 898	(14,363)
Cross Currency Swap	JPY	150 195	(31,679)	184 077	(74,418)
Cross Currency Swap	USD	430 000	72 189	631 926	37 084
Fixed-rate USD debt related to CCS	USD	430 000	(68,861)	631 926	(43,550)
Cross Currency Swap	SGD	50 000	4 393	102 912	(7,833)
Fixed-rate SGD debt related to CCS	SGD	50 000	(4,181)	102 912	7 380
Issue swaps	EUR	1 100 000	57 014	900 000	38 895
Fixed-rate debt	EUR	1 100 000	(57,669)	900 000	(39,441)
Issue swaps	EUR	-	-	82 000	(7)
Fixed-rate investment	EUR	-	-	82 000	8

Changes in fair value represent the difference between the valuation of the derivative instrument and the value of the contract determined based on the closing market rate.

Insofar as all these instruments are allocated to hedging transactions, changes in fair value did not impact the financial statements for the years ended December 31, 2009 and 2010.

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