

Letter to Shareholders



Special homecare report

December 2006



Ladies and Gentlemen, Dear Shareholders,

Your Group's business activity was strong over the last quarter, confirming the positive trends recorded during the first half of the year in the most promising sectors, particularly in Asia and North America, and in hydrogen for the energy markets. On these bases, we are maintaining our goal of an increase in net earnings on comparable bases, close to those recorded in 2005.

The year 2006, which is coming to a close, should therefore be considered a successful year for the Group, which has continued its growth by strengthening its presence worldwide and its innovation capacities at the core of its main markets, both today's and tomorrow's.

Among the examples of this dynamic, I would like to invite you to discover in this letter, the homecare activities that complement those in the hospital sector, presented in last June's letter.

Involved in this homecare sector for the last 20 years, Air Liquide has successfully worked toward becoming number one in Europe, by building, first in France, then in

the major European countries, dedicated know-how and outstanding skills to serve patients treated at home and healthcare professionals. Globally, we now have over 3,000 employees who help, primarily for respiratory ailments, nearly 300,000 patients in their daily lives.

Thanks to the quality and sense of responsibility of the Group's teams throughout the world, 2007 will once again provide us with the occasion to implement, through the various initiatives we have embarked on, the adaptation, innovation and growth capacities that make Air Liquide a company of tomorrow.

On this occasion, allow me to tell you in what enormous value we hold your trust and loyalty, which are the foundations of the Group's growth strategy and durability. I would like to thank you warmly for this trust and wish you, dear shareholder, and your family, health and prosperity for the New Year.



Benoît Potier
Chairman and CEO



Our homecare services

Respiratory assistance

Oxygen therapy, sleep apnea syndrome treatment, ventilation, aerosol therapy.

Feeding assistance

Enteral nutrition via a pump.

Treatments via perfusion

Pain relief, antibiotic therapy, insulin therapy.

Home equipment

Comfort (hospital bed, wheelchair, etc.), safety (support bar, etc.), prevention.

A business that is **20** years old

3,000 employees

> 500 million euros in sales

3 brands:



Homecare: our solutions to the rise in respiratory pathologies



An Air Liquide patient receiving oxygen therapy.

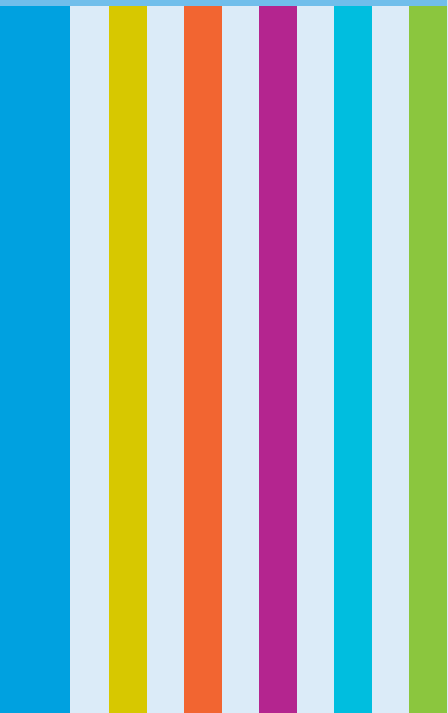
Through its homecare business, Air Liquide helps over **300,000** patients worldwide, a number that has increased fivefold in 10 years. Most of the services provided concern **respiratory assistance**: oxygen therapy, sleep apnea treatment, ventilation, aerosol therapy, etc.

Chronic respiratory ailments are steadily increasing and now affect over 5% of the population in developed countries. According to the World Health Organization, chronic obstructive pulmonary disease (COPD), generally triggered by smoking, will be the third leading cause of death worldwide in 2020.

These "chronic" pathologies most frequently appear as people grow older and therefore should increase with the aging of the population.

This demographic factor is another promising element for growth. Homecare is growing and makes it possible for the patient and his or her family to have a **better quality of life** while being **less costly** for the community than hospitalization.

As a result, health systems in developed countries are moving toward better coverage of homecare.





The medicotechnical advisor at Orkyn¹ goes to the home of his patient, who suffers from sleep apnea.

He sets up a CPAP (continuous positive airway pressure) advises and trains the patient and his family on the treatment to be followed. The advisor is there to listen to and help the patient.



A many-faceted offering that meets the patient's needs

The Group not only **supplies oxygen and related equipment**, but many **services** as well: flexible and quick intervention, 24/7 emergency service, management of administrative files, training of the patient and his family, all while working closely with medical and paramedical personnel and reimbursement structures. In France, Air Liquide also helps **diabetic patients** by providing them with insulin pumps, an activity that is growing very rapidly. Lastly, the Group's offering extends to other services such as perfusion and enteral nutrition (via the esophagus or the abdominal wall).



Medical respiratory assistance device.



Highly specialized teams

For its homecare activities, the Group relies on the expertise of professional teams. Their many different skills ensure that the patient gets the very best services: **pharmacist, dietician, nurse, physician, inhalation therapist...**



Pharmacist.



Researcher.

Orkyn¹ agency in Nantes.



Being closer to our patients

Being followed at home



In 2006, a new program called **Homes**, first developed in Australia and Spain, was officially launched. This new innovative tool enables Air Liquide's medicotechnical personnel to collect technical information each time equipment is delivered to a patient's home. This is an important step in improving the quality and efficiency of homecare service. This innovation makes possible quicker access to different types of information, increases the homogeneity of the procedures and makes information more transparent.

VitalWeb: a new tool for prescribers

To provide better patient data management, VitalAire has created a computerized data system, called **VitalWeb**, available to prescribers. This new tool provides them with direct access to a list of VitalAire patients, their background and their technical follow-up report. Physicians can therefore access their patient's file in real time during a consultation.

Glossary

COPD

Patients suffering from chronic obstructive pulmonary disease (COPD), also known as "smoker's disease" can't breathe properly and have trouble providing an adequate supply of oxygen to their body.

Oxygen therapy

Oxygen therapy is a treatment that provides the body with extra oxygen, for people who suffer from respiratory ailments.

Sleep apnea

Sleep apnea is a condition in which breathing stops temporarily while a person is sleeping. It is one of the most frequent sleep disturbances and affects 2% to 4% of the adult population. Air Liquide today provides equipment to help over 100,000 people worldwide with this problem.

Interview with Jean-Marc de Royere

Senior Vice-President Health, Specialty Chemicals



Air Liquide's homecare sector has just celebrated its 20th anniversary. What place does this business hold in the Group today?

The Group's homecare activities have been growing for the last 20 years through

internal and external growth. Air Liquide is now the European leader in this sector. This growth has continued with recent acquisitions in Europe, particularly in Germany. The Group also has homecare activities in South America, Canada, Australia and Japan.

What are the specific aspects of your business?

It is a service business through which the Group helps take in charge chronic pathologies, especially respiratory ones, which generally develop with age. We work for the patients, helping them to better support their treatment, along with their physicians (who prescribe the treatments) as well as with their insurers, public or private, who generally cover the costs.

How do your sales break down?

Respiratory services (treatment of COPD, generally triggered by smoking or sleep apnea) account for 75%. The remainder is other chronic pathologies (i.e., type 1 diabetes in France).

What is your outlook for the future?

Our know-how will probably be increasingly in demand, in Europe, North America and the rest of the world. We're aiming at acquiring better knowledge of these chronic diseases and their evolution so that each patient will have the most appropriate treatment and therefore an improved quality of life. Everyone considers that treatments at home allow the patient to live better while costing the community less.

20 years in homecare!



Since its creation in 1986, the goal of the Air Liquide homecare business has been to **promote alternatives to hospitalization**.

Originally focused on servicing patients who required home oxygen therapy, its activities were extended to all types of respiratory equipment, then to ambulatory perfusion, enteral feeding and insulin pump therapy, all at the patient's home. Today, of the **6,000 employees** in Healthcare, 3,000 help patients in their homes.

Welcome to Air Liquide Village

As every year, Air Liquide was at the Actionaria Shareholders' Fair, which took place on November 17 and 18. Many of you came to see us and the Shareholder Services members were there to answer all your questions. A host of games, theme-based meetings and demonstrations with our gases enlivened our booth.



This year, Benoît Potier also chaired an **information meeting on the Group**, which was run by Jean-Pierre Gaillard with nearly 800 people in attendance. This was a perfect occasion for you to discover our core businesses and the many applications of our gases that, even if they are invisible, are everywhere in your daily life.



Air Liquide rewarded

On the occasion of the financial communication evening, which was held on the eve of the Actionaria Shareholders' Fair, Air Liquide's Shareholder Services was recognized by Vie Financière and Synerfil for the quality of its service.

French regulations concerning gifts and inheritance, modified as of January 1, 2007

The new French law of June 23, 2006, which comes into effect on January 1, 2007, with over 60 measures, overhauls French civil law concerning gifts and inheritance. There are a certain number of "flagship" measures such as multi generation inheritance or for agreements on unilateral withdrawal or management of joint possession. Shareholder Services cannot provide answers for every cause and suggests that you examine the impact of this law on your personal situation with a professional.

Holders of bearer shares: improve your portfolio's performance in the long term!

We would like to remind our holders of bearer shares to not go past **December 31** in order to benefit, as of 2009, from the **10% loyalty bonus**. To do so, you can ask your financial intermediary to register your shares as **intermediary registered shares** (the shares remain with your financial establishment) or better yet, ask that your shares be transferred into **direct registered shares** and take advantage of the various free services offered by Air Liquide. You can call Shareholder Services **toll-free**, **N° Vert 0 800 16 61 79** which will make all the steps easier by sending you simple forms to complete.



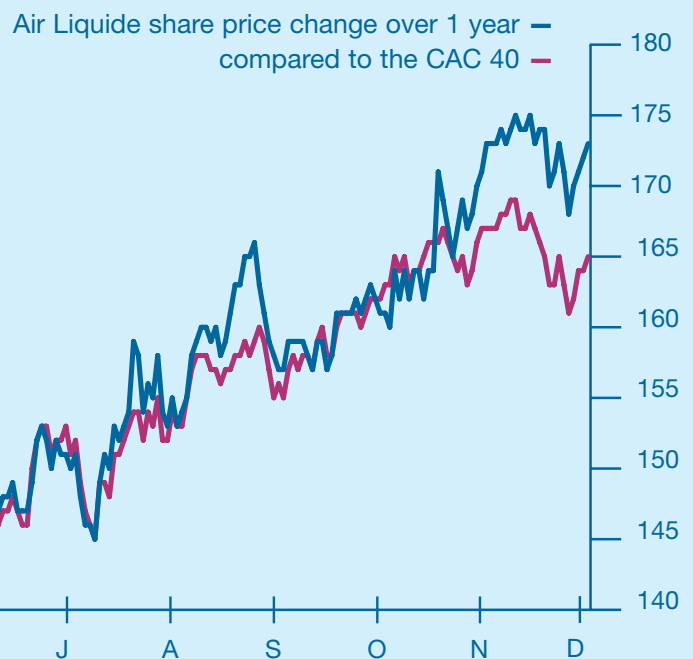
Shareholder's notebook

An update on your shares

(as of December 7, 2006)

€176.00
Highest in 2006

€140.27
Lowest in 2006



Calendar 2006

December 18
Information meeting in Perpignan organized with the FFCI

Calendar 2007

January 25
Sales 2006

February 27
Annual earnings 2006

April 25
First quarter sales 2007

May 9
General Shareholders' Meeting

Information meetings

February 8
Bordeaux with Vie Financière

March 27
Marseille with Vie Financière

April 4
Strasbourg with Revenu

The Shareholders' Communication Committee

The new Committee met in October during the first plenary session chaired by Benoît Potier. Small working group meetings are planned between now and the end of the year, notably to work on Air Liquide's written communication tools. The members of the Shareholders' Committee also attended the Actionaria Shareholders' Fair and were able to meet many of the Group's shareholders on this occasion.



The Shareholders' Committee met at the head office on October 19, 2006.