

Letter to Shareholders

July 2006

Special Healthcare

Your health at the hospital

Ladies and Gentlemen, Dear Shareholders,

Healthcare is a booming sector for your Group. That is why I would like you to discover it through this first letter dedicated to medical gases, hygiene and hospital services.

In 2005, the Healthcare sector's global sales reached 1.4 billion euros, an increase of nearly 7%. Sales of cylinder gases and installation services at hospitals, sleep apnea home treatments and the hygiene sector were the most dynamic.

Thanks to the closeness to and contact with patients and their physicians, and to the experience amassed during the last 40 years as well, Air Liquide has become a leader in Europe in the healthcare field. We have strengthened our presence in the traditional sectors, and decided to embark on the conquest of new markets, as was the case in Germany with the acquisition of Messer's position in over 800 hospitals.

In the hygiene and home oxygen therapy sectors, the recent acquisitions of several companies in Switzerland, Austria, Italy and Japan have also helped us to continue expanding worldwide.

There are still many therapeutic areas in which to break new ground such as pain relief, anesthesia, neuroprotection and diabetes, to mention just a few. So the demands for new products and services, combined with research being carried out by the Group's teams, offer wonderful development prospects and many opportunities.

The healthcare business is, as you can see, a young one with a bright future in which the Group plans to position itself as a major actor and to continue its growth.

I hope you enjoy discovering this fascinating field and I would like to thank you, Ladies and Gentlemen, Dear Shareholders, for your loyalty and the interest you take in the Air Liquide group. Sincerely,



Benoît Potier
Chairman & CEO



The medical gases

NO
Nitrogen oxide

N₂
Nitrogen

O₂
Oxygen

CO₂
Carbon dioxide

O₂/CO₂
Oxygen/
Carbon dioxide

He/O₂
Helium/oxygen

N₂O
Nitrous oxide

Xe
Xenon

“INNOVATING AT THE HEART OF LIFE”

With **6,150 employees** in the Healthcare business, Air Liquide serves **5,000 institutions** (hospitals and clinics) and **300,000 patients** at home throughout the world. Physicians, pharmacists, nurses, researchers, the goal of all of them is to improve their patients' well-being and to treat them. They devote themselves to this goal every day through the **accompaniment** they provide health professionals with as well as by **listening** and **paying close attention** to patients and their families. They have also made a commitment through ongoing **research** on new therapies and treatment technologies and by taking part in major movements and issues in the world of health (prevention of nosocomial infections, mobilization against bird flu, national plan setting the framework for community services in France, etc.).



Cryoconservation

Human blood and tissues are conserved at very low temperatures with liquid nitrogen so that they can be used later for therapeutic, diagnostic or research purposes, particularly in oncology.

Air Liquide designs and manages cryoconservation rooms in several European countries. One example is in Milan, in Italy where a skin biobank opened in late 2005.

Xenon

In October 2005, Air Liquide was granted market authorization in Germany for **xenon as an anesthetic medication**. Xenon is a rare, colorless and odorless gas present in very small quantities in the air whose therapeutic effects are well recognised.

The medical establishment considers xenon an **almost ideal anesthetic** with minimal secondary effects because of its pharmacological properties. Xenon is administered via the respiratory tract without affecting the patient's metabolism.

In addition, it is a **powerful analgesic**. **The patient's postoperative wake-up and recovery are much easier and faster.** Anesthetic xenon should also be approved for new therapeutic treatments in the near future, for certain categories of patients who tolerate only a very limited number of anesthetics, for example, pregnant women and young children.

Invisible but indispensable

Medical gases are invisible but indispensable. Used pure or in mixtures, they are administered to patients via the respiratory tracts.

They are found everywhere in the hospital, from the emergency room to the operating room as well as in the patients' rooms.

They treat

Medical gases help in many treatments, for example: liquid nitrogen in dermatology, a helium/oxygen mixture to treat asthma, oxygen for acute (asthma, bronchiolitis, etc.) or chronic (chronic obstructive pulmonary disease, or "smoker's disease") respiratory illnesses.

Patients who have trouble breathing are also given respiratory assistance via ventilation equipment.

They anesthetize and block the sensation of pain

Nitrous oxide, combined with other anesthetics, is used for general



Medical equipment at the hospital

anesthesia. Mixed with oxygen, it is particularly effective in short operations and for certain painful medical procedures (sutures, punctures, changing bandages, etc.) or for out-patient treatments. It can even replace an epidural. As for oxygen, it is administered during postoperative wake-up.

They facilitate operating techniques

The surgeon operates his laser scalpel with surgical argon. He uses medical carbon dioxide to dilate the abdominal wall during a laparoscopy.

They take part in the diagnosis

Gases make it possible to carry out respiratory explorations. The MRI magnet is cooled with liquid helium. Carbon dioxide is used in cell cultures. Liquid nitrogen makes it possible to conserve human blood and tissues that are later used for therapeutic, diagnostic and research purposes, especially in cancer.

What is an "AMM"?

AMM = Market Authorization

In 1992, the Ministry of Health in France granted industrial gases the status of medications – pharmaceutical specialties. They henceforth had to comply with **pharmaceutical regulations**. For Air Liquide, this meant two obligations: creating pharmaceutical units for producing medical gases and registering the gases at the AFSSAPS (French Health Products Sanitary Safety Agency).

France now has **nine AMMs**: four for oxygen, two for nitrous oxide, two for Kinox and one for Kalinox.



Paramedics using Kalinox



Hygiene at the hospital

Another area in which Air Liquide fulfills the growing needs of its Healthcare customers is **hygiene**. Air Liquide is now number one in hospital disinfection and actively takes part in the fight against nosocomial illnesses. Its French subsidiary **Anios** specializes, like its German subsidiary **Schülke&Mayr**, in cleaning products and disinfectants for the skin, surfaces and instruments. Air Liquide also provides a variety of services including air network monitoring and cleaning. Lastly, in the hygiene sector, the Group recently acquired Unident in Switzerland, Arcana in Austria and Farmec in Italy.

Omasa, another Air Liquide subsidiary, specializes in the **sterilization of surgical instruments**.

Interview with Jean-Marc de Royere

Air Liquide Senior Vice President, in charge of healthcare & specialty chemicals



Can you tell us about Air Liquide's business in hospitals?

From the ambulance to the patient's room, as well as the operating room, Air Liquide gases are used everywhere. Air Liquide supplies vital fluids, in particular, medical gases as well as all the products needed for proper hygiene in the hospital and therefore for the patients' safety. This means we must be very reactive and be able to intervene in the hospitals, to provide

complex services. People should always be able to count on the Air Liquide teams.

What are the advantages of using gases to treat patients?

Gases use the pulmonary route, which means they are not aggressive and can be diffused quickly throughout the body because of the lungs' great capacity for exchanging gases. Gaseous products generally have a low level of toxicity, limited contra-indications and a competitive cost. You should note that packaging & safety of use are two essential criteria in product development.

What areas show promise for the future?

First of all, respiratory indications, whether chronic (COPD, that smokers may develop, and asthma) or acute (pulmonary hypertension). Also anesthesia (either for

very long operations or to improve post-operative recovery) and strokes (to limit cellular degeneration). In the future, we may also see developments in chronic neurological pathologies or even the use of gases to complement other medications delivered via the lungs.

What do you think the future of Air Liquide's hospital activity will be like?

It will be increasingly sophisticated, accompanying the hospital's shift toward a "technical support center" specialized in treatments for "acute" illnesses. But we'll also develop with institutions that are less intensive (recovery clinics,...). Let's not forget that our gases, medical equipment and hygiene solutions also have strong potential in community care (outside hospitals), which should complement our growth.



800 exhibitors, 26,000 visitors, 90 countries

Hôpital Expo-Intermedica fair. The hospital, tomorrow

Organized by the Fédération Hospitalière de France and the Intermedica association, **Hôpital Expo-Intermedica** is the leading French fair on an international scale. In 30 years, it has become the outstanding meeting place worldwide in the health field. The only event bringing together all the products, technologies and services in the hospital sector, it is addressed to hospital directors and provides a unique place for exchanges and meetings between the different actors (directors, physicians, nursing personnel, engineers, etc.).

Air Liquide played a dual role in this fair: participating in Hôpital Expo-Intermedica, and as the partner of "The hospital, tomorrow" event.

The exhibition "The hospital, tomorrow" permitted visitors to discover our activities, products, equipment and services through a complete itinerary representing the emergency room, the technical support center, the patient's room, hygiene and safety, healthcare products, prevention and public health, etc.

Information meetings in Grenoble, Nantes and Nancy

To continue the momentum of the General Shareholders' Meeting, the Chairman & CEO, Benoît Potier, went to meet Air Liquide shareholders in Grenoble, Nantes and Nancy. With one full day in each city, Air Liquide was able to introduce all the people interested in the Group to its core businesses.

Grenoble



At the Air Liquide Village at the Nancy town hall, Mr. and Mrs. Munier, shareholders for the last 25 years.

Did you visit an Air Liquide site this morning?

Yes, and among the many visits offered, we decided to visit Air Liquide Santé, near Nancy, in Heillecourt. We wanted to know how Air Liquide's relationship with the hospital sector works.

Can you tell us about this visit?

For nearly an hour, the Group's employees had us discover the pharmaceutical laboratory and a large number of gases and products used in hospitals to treat us and be closer to the patients. We were very impressed with the diversity of Air Liquide's activity and by the great attention paid to safety. We were, moreover, given hard-hats to wear for the visit.

What do you think of the Air Liquide Village?

A wonderful discovery! Especially in the food and beverage packaging sector. We also saw a fascinating real application of liquid nitrogen for gastronomy.

Please thank Air Liquide for organizing this day in Nancy and for your very open dialogue.



Nantes

Nantes



Nancy



Air Liquide rewarded

■ The General Shareholders' Meeting on May 10 noted the receipt of several prizes including the **Grand Prize for Corporate Governance** awarded by the **AGEFI**:

- the first prize for "Functioning of the General Shareholders' Meeting"
- second prizes for "The quality and transparency of information and communication," "Corporate strategy" and "Functioning of social entities".

■ The Group's Internet site received the **Boursocan** prize for its financial communication.



Nearly 4,700 people attended the General Shareholders' Meeting on May 10, 2006 at the Palais des Congrès in Paris.



www.airliquide.com

Discover our **new Internet site**.
You'll find all the information you're looking for on your shares as well as on the Group and its core businesses.

An attractive remuneration

A dividend of 3.85 euros per share was paid on May 17, 2006 and **one bonus share** per 10 shares was also distributed on June 12. Moreover, holders of **registered shares for over two years** received an **additional 10%**.

Shareholder's notebook

Share price evolution

(as of July 4, 2006)

€ 163.36
2006 high

€ 140.27
2006 low

Air Liquide share price change over 1 year —
compared to CAC 40 —



The Shareholders' Communication Committee

We would like to warmly thank Messrs. Dick, Coupier and Negrotto and Mrs. Benoist for their contribution to the Committee's work during the last three years. We are also taking the opportunity to ask you to send us your application if you wish to join the Communication Committee.



The Shareholders Committee at the General Shareholders' Meeting

Calendar:

- July 26
Half-year sales
- September 4
Half-year earnings
- September 19
Information meeting in Le Havre organized by the FFCl
- October 23
Information meeting in Besançon organized by the FFCl
- October 26
Third quarter sales

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