

LETTER TO SHAREHOLDERS

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Message from the Chairman and CEO

Ladies and Gentlemen, dear Shareholders,

The year 2007 ended with excellent results, the fruit of successful teamwork, demonstrating the Group's capacity to combine accelerated growth with financial solidity.

This year marked the consolidation of our businesses in Asia, and especially in China, through strong position-taking in Healthcare on the European scale as well as the strengthening of our technological portfolio with the acquisition of Lurgi.

Our company's performances and prospects have been recognized and confidence in our share renewed in a stock market context that has, however, been turbulent.

New opportunities are opening to us today in booming markets and Air Liquide must take advantage of this situation.

Our ambition for the years to come is clear: to be recognized as the leader of our industry. This is the ambition I have set for our Group for the forthcoming years.

Apart from being the N°1 in its sector, being the recognized leader means being the one that opens new markets, attracts new talent, makes the business progress by creating new solutions for its customers and that fully meets its responsibilities to society.

It is also that one that is able to maintain a sustained operating and financial performance over the long run.

It is lastly the one that has a vision of the future for the company, for the men and women who work there, and for the customers and shareholders who place their trust in it.

It is all these actions that I wanted to see brought together in a unique project for our company, which we decided to call ALMA.

Dear Shareholder, I know I can count on your support and your loyalty so that this year 2008 will be the successful starting point of our new ambition.

BENOÎT POTIER
Chairman and CEO



100 years in Japan, a cen

Air Liquide's presence in Japan covers an exceptional century, marked by periods of great destruction and extraordinary regeneration. During this entire time, Air Liquide has never failed to meet its commitments to its Japanese customers. They have not forgotten this loyalty and consider us a genuine partner, not only in Japan, but also outside the country wherever they have developed, most of them having become worldwide leaders.

A brief history of Air Liquide in Japan

- > **1907:** First oxygen production unit installed on Sakura Jima.
 - > **1930:** Group operates under the corporate name "Teikoku Sanso".
 - > **1934:** Osaka Sanso Kogyo (OSK), which will merge with Air Liquide Japan in 2003 to form JAG, is established.
 - > **1998:** Group starts trading under the name Air Liquide Japan Ltd.
 - > **2003:** Air Liquide Japan (n°4 in the market) and OSK (an affiliate of BOC Group and n°5 in the market) enter into a joint venture agreement: JAG, employing 2,000 people, is born.
- 2007:** JAG becomes a 100% subsidiary of the Air Liquide Group

1907

Air Liquide started business in Japan in 1907, scarcely five years after the Group was founded. During the first few years, Air Liquide's activity rapidly developed to meet the needs of naval construction and the railroad industry.



1998

The Japanese semiconductor industry, in full expansion, created new opportunities for Air Liquide.



2003-2007

Out of the thousands of companies in Japan, only 30% are more than 50 years old and 3% have existed for a century or more. Today, JAG has the N°3 market position.

ture of dynamism



Conquering the leadership position

The 100-year mark was the occasion for Air Liquide to do an in-depth analysis of its historic strength to reap the benefits in the future.

To realize its ambition, to become the leader of industrial and medical gases in Japan, the Group must be aware of the slightest changes in the market, ready to adapt to our customers' needs and innovate as quickly as possible.

Air Liquide in the Asia-Pacific zone

Air Liquide is involved in all the region's strategic markets. With revenue of over 1,966 million euros in 2007, the Asia-Pacific zone represented nearly 17% of the Group's total revenue.

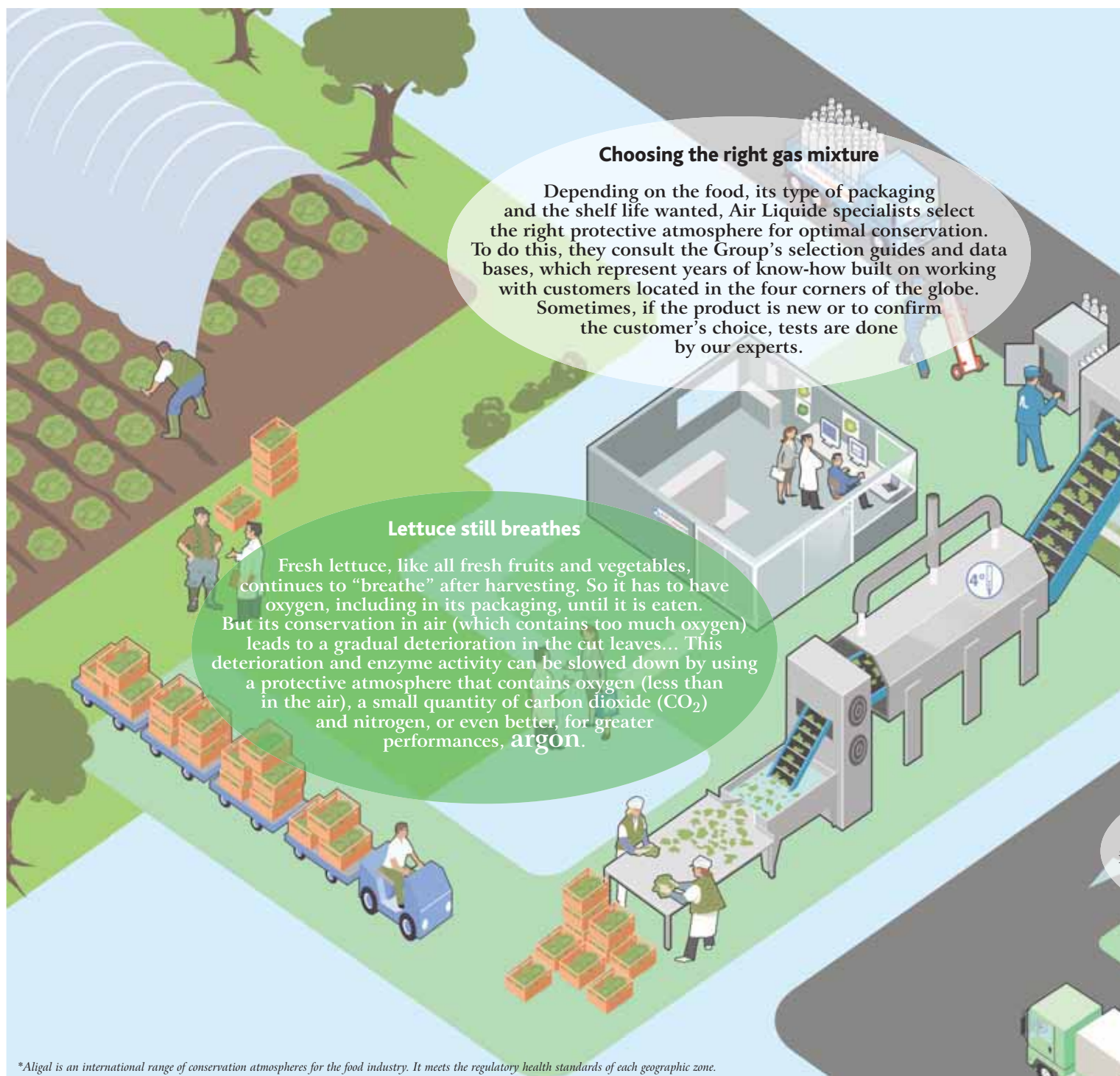
液化氣體

Argon: preserving our food



Have you ever wondered how foodstuffs are kept fresh, harvested and prepared and when they are eaten?

A major actor in the food market for several decades, Air Liquide helps its customers keep their food in a protective atmosphere composed of gases naturally extracted from the air. These protective atmospheres prevent oxidation and enzymatic reactions (like discoloration). These benefits increase the shelf life of



Choosing the right gas mixture

Depending on the food, its type of packaging and the shelf life wanted, Air Liquide specialists select the right protective atmosphere for optimal conservation. To do this, they consult the Group's selection guides and data bases, which represent years of know-how built on working with customers located in the four corners of the globe. Sometimes, if the product is new or to confirm the customer's choice, tests are done by our experts.

Lettuce still breathes

Fresh lettuce, like all fresh fruits and vegetables, continues to "breathe" after harvesting. So it has to have oxygen, including in its packaging, until it is eaten. But its conservation in air (which contains too much oxygen) leads to a gradual deterioration in the cut leaves... This deterioration and enzyme activity can be slowed down by using a protective atmosphere that contains oxygen (less than in the air), a small quantity of carbon dioxide (CO₂) and nitrogen, or even better, for greater performances, **argon**.

*Aligal is an international range of conservation atmospheres for the food industry. It meets the regulatory health standards of each geographic zone.

ood

fresh between the time they are

keep food fresh by packaging them in a protective atmosphere that prevents microorganisms from developing, limiting spoilage while maintaining its fresh appearance.

Food + cold chain + Aligal = increased shelf life			
Products	Aligal atmosphere	Shelf life	
		Under Aligal atmosphere	Under air
Dry products	100% Ar	Several months	A few days
Lettuce	85% Ar 10% CO ₂ 5% O ₂	8 days	5 days
Red meat	70% O ₂ 30% CO ₂	4 days	2 days

Ar: argon; CO₂: carbon dioxide; O₂: oxygen.



Packaged, lettuce waits for the customer

Freshly selected, cut, washed and spun dry lettuce is packed in preformatted bags. The lettuce, now in "hibernation" is routed through supermarket logistics under controlled temperatures (+4°C maximum) to the end consumer's refrigerator.

TO GO FURTHER

Ar **Argon** was discovered in 1894 by two Englishmen, Sir William Ramsay (1852-1916) and Lord John Rayleigh (1842-1919),

physicists and chemists. Its name comes from the Greek "a" (without) and "ergon" (work). As it is not very reactive, it is a lazy gas. It is the third component of air, comprising 0.93% and from which it is extracted. It is one of the rare gases.

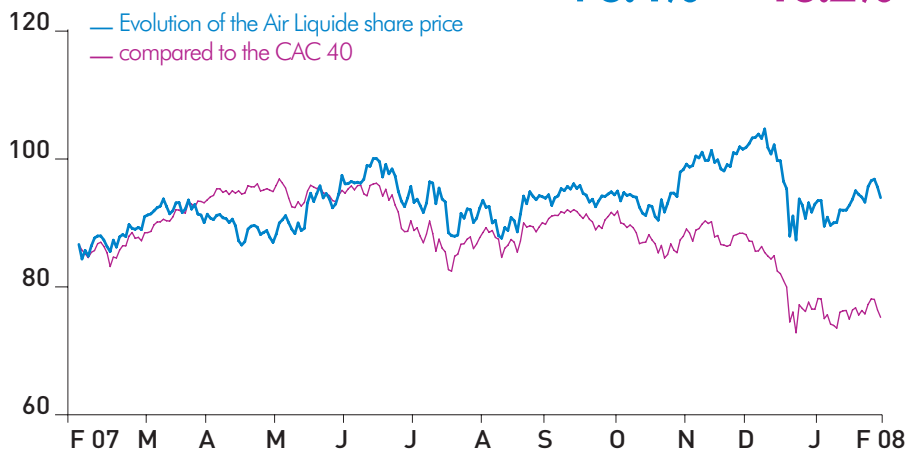
Argon is used as a protective atmosphere in many processes: steel production, welding, electronics and even the protection of wines. This last application is used by hundreds of Air Liquide customers throughout the world.

To preserve foods, and in particular, lettuce, argon is more efficient than nitrogen. It reduces the respiratory coefficient of raw vegetables (slower consumption of oxygen and lower emission of CO₂) and it more easily penetrates the water and fatty substances in foods to better preserve them. Considering its high density, it is more efficient to displace air when the lettuce is put into a bag. This property is also widely used to "purge" the storage tanks used for liquid foods that react to the oxygen in the air (wines, olive oil, fruit juices).

Shareholders corner

Evolution over 1 year (February 28, 2007 to February 29, 2008)

Air Liquide **+8.4%** CAC 40 **-13.2%**



Dividend: € 2.25*

Payment date: May 19, 2008

**Bonus allocation:
1 share for 10***

Allocation date: June 9, 2008

* Proposed at the Annual General Meeting of Shareholders on May 7, 2008

We're talked about

In November 2007, Air Liquide launched a general advertising campaign in the press and on the Internet on the theme "You have everything you need to become an Air Liquide shareholder". This operation, whose originality attracted a lot of attention, helped strengthen the Group's renown and put Air Liquide's contribution to environmental protection in the spotlight.

The Group's applications and values as well as the advantages of the bonus dividend have attracted the attention of many current and future Air Liquide shareholders.

A striking campaign

France Info

(editorial by François de Witt - Nov. 26, 2007):

"Air Liquide addresses (...) readers' ecological concerns (...), presenting itself as a company that is not only innovative, which is good, but, which is even better, as a responsible actor that helps preserve the environment."



Article Stratégies

(Nov. 22, 2007):

"You no longer have to choose between financial performance and societal commitment."

INFORMATION MEETINGS IN THE REGIONS

JUNE 5 in Annecy - JUNE 17 in Rennes

FINANCIAL CALENDAR

MAY 7 Annual General Meeting of Shareholders

BENOÎT POTIER MEETS SHAREHOLDERS IN THE REGIONS

MAY 20 in Marseille - MAY 22 in Lille - MAY 29 in Bordeaux

WE ANSWER YOUR QUESTIONS

CAN I HAVE AIR LIQUIDE SHARES IN A SAVINGS PLAN AND HOLD THEM AS REGISTERED SHARES?

Yes, you can register your Air Liquide shares held in a PEA (Stock Savings Plan) in intermediary registered form without withdrawing them from the PEA: so they remain at the bank.

In addition, if you benefit from the loyalty bonus for your shares in a PEA and you want to transfer them to direct registered form at the end of the term of your PEA (eight years), you can do so without selling your shares. This however is considered a partial withdrawal and you will no longer be able to make new deposits into your savings plan.

The transfer of your shares to the direct registered form will be fiscally valued on the day they are withdrawn from the PEA and this action will not be counted as a transfer, i.e., the tax authorities will not consider it a sale in terms of capital gains.

Welcome to the new Shareholders Reception Lounge



Air Liquide opens its doors to you...

Air Liquide has innovated, creating a welcome space especially for its current and future shareholders. An Air Liquide advisor welcomes you in a contemporary and warm setting, right in the heart of Paris, in the entrance hall of Air Liquide's corporate headquarters.

You can discuss the Air Liquide Group, the share and forms of shareholding. You'll also receive personalized explanations on securities, and on tax, gift and inheritance questions. Direct registered shareholders can carry out different operations

concerning their account and transmit stock exchange buy and sell orders. We offer a host of services (Internet, newspapers and magazines, beverages) to make your visit even more pleasant.

So we invite all our shareholders and anyone interested in the Air Liquide share to try this new "shareholder relation" experience in Paris, or during our next visit to your region.

A closer relationship, and a simpler life for the shareholder.

WHAT ARE THE NEW FISCAL MEASURES ON CAPITAL GAINS TAXES?

As of 2008, the annual ceiling for the sale of securities is €25,000 per fiscal household. If this limit is exceeded, all the capital gains generated is subject to income tax at the rate of 18% (instead of 16% in 2007) to which is added 11% in social deductions (CSG-GRDS and social security contribution).

Lastly, on January 1, 2006, an abatement was instituted on the amount of taxes on capital gains depending on how long shares are held for eligible European shares excepting PEAs. This abatement is equal to 1/3 of the capital gain for each year the share is held starting from the fifth year. It will apply for the first time to sales carried out as of January 1, 2012, with an exemption of 1/3 of the capital gain. This abatement will be 100% for sales carried out starting on January 1, 2014. Social deductions will still be applied on the taxable base without abatement.

The Shareholders Reception Lounge is open

from **9 a.m. to 6 p.m.**

from **Monday to Friday**

with or without an
appointment.

75 quai d'Orsay – Paris 7th

(Metro Alma-Marceau

or Invalides,

RER Pont de l'Alma)

OUR space
is
YOUR space



33 1 57 05 02 26 from outside France



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2007
ANNUAL RESULTS

€11.8 billion

Acceleration in revenue
growth

+7.8%

€1,123 million

Net profit increased

+12.1%

€2.25

Dividend

increased by +12.5%*

1 for 10*

One bonus share to be
allocated on June 9, 2008
for every 10 shares currently
held*

* Proposals subject
to approval at the next Annual
General Meeting of Shareholders

“ We enter the year with most of our markets well oriented, which gives us confidence in Air Liquide’s ability, at constant exchange rates, to achieve double-digit growth in net profit in 2008.

BENOÎT POTIER,
CHAIRMAN AND CEO



Our Ambition

To be recognized as the industry leader

Build leadership positions



Drive innovation



Deliver efficiency



Develop talent



The **ALMA** program which has just been launched, will allow us to accelerate growth and further improve our competitive position in the years to come.

www.airliquide.com

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