

Letter to Shareholders

March, 2006

2005: another year of good performances

Sales:

10.4 billion euros
+10.7%

Net earnings:

933 million euros
+10.9% on a
comparable basis⁽¹⁾

Dividend: €3.85
+10.0%

Bonus issue:
1 for 10



Ladies and Gentlemen, dear Shareholders,

The good performances of 2005 confirm your Group's growth strategy. The Group has grown stronger in its traditional markets and continues to innovate in new fields such as energy with hydrogen, healthcare with home respiratory treatments and electronics with flat screens. It has also taken a foothold in new territories in Asia, Russia and the Middle East.

Financially, strong cash flow management has led to a significant decrease in the Group's indebtedness and provided a return on capital employed that is close to target.

In a rapidly changing competitive climate, the new positions the Group has taken in Europe and the United States with the successful integration of the activities acquired from Messer have strengthened, broadened and diversified our customer base and will help secure our future.

In addition, over the last 12 months, we have embarked on stronger development in the worldwide industrial and medical gases market, which will solidify our future growth.

Our performance in 2005, the soundness of our business and our balance sheet, make us confident about the future of our Group.

The proposed dividend, up +10% to 3.85 euros per share, and the proposal of a bonus issue of one share for every ten held are important elements in the management of your investment portfolio and demonstrate our ongoing determination to provide you, our valued shareholders, with long-term sustained remuneration.

For 2006, the predictable trend of our markets, the contributions expected from our recent investments and our commercial successes mean we will pursue our growth, aiming at an increase in net earnings on a comparable basis, close to that recorded in 2005.

I hope to see you all on May 10, at your Group's General Shareholders' Meeting, which will be held at the Palais des Congrès in Paris. During this meeting, I will have the pleasure of presenting you with details of the great progress the Group made in 2005, as well as its future prospects.

Thank you, ladies and gentlemen, dear shareholders, for your loyalty.
I look forward to seeing you at the General Shareholders' Meeting.


Benoît Potier
Chairman of the
Management Board

(1) Excluding significant and exceptional items relating to the realization of disposal gains and restructuring provisions.

Dividend proposed: 3.85 euros, +10%

Average evolution over 10 years:

- dividend per share: **+11.9%**
- total return for the shareholder: **+12%**

Dividend payment: May 16, 2006

Bonus issue of 1 share for 10 held:

June 12, 2006

Large Industries site in Brazil



2005 Earnings

In millions of euros	2005	Variation 2005/2004
Total sales	10,435	+10.7%
<i>of which Gas and Services</i>	9,148	+10.5%
Operating income recurring	1,518	+10.4%
Net earnings Group share	933	+19.7%
Net earnings Group share on a comparable basis*		+10.9%
Cash flow	1,805	+6.7%
Net earnings per share**(in €)	8.66	+19.8%
Dividend per share (in €)	3.85	+10.0%
Return on capital employed (ROCE) after tax	11.7%	

* in order to compare 2004 earnings with those in 2005, items that we consider to be exceptional and significant relating to the realization of disposal gains and restructuring provisions are deducted.

** average number of shares outstanding on December 31, 2005, for net EPS calculation: 107,747,742.

A good dynamic in 2005

Consolidated sales in 2005 amounted to 10,435 million euros, up +10.7% compared to 2004.

Growth was particularly strong in Large Industries (hydrogen), new territories (emerging Asia) and the Healthcare business (homecare). Excluding the effect of foreign exchange and natural gas, the increase, which was **+8.0%**, includes a contribution of **+1.8%** due to a full year during which the acquired Messer activities were consolidated. On a comparable basis, growth was therefore **+6.2%**.

Net earnings Group share were 933 million euros in 2005, an increase of +19.7%.

Net earnings adjusted for items that we consider exceptional and significant, notably following the introduction of IFRS standards, were 812 million euros in 2004 and 900 million euros in 2005, an increase of **+10.9%**.



Severstal steel plant in Russia

Net earnings per share were 8.66 euros, a rise of +19.8%.

A dividend of 3.85 euros per share will be proposed at the next General Shareholders' Meeting, an increase of **+10%** over last year. Pending approval of the statements at the meeting, the Management Board, with the agreement of the Supervisory Board, decided that one bonus share would be issued for every ten held.

A very solid financial structure

Net debt fell to 3,740 million euros

and the ratio of net indebtedness to shareholder's equity therefore amounted to **60.2%**, a decrease in line with our target.

Return on capital employed (ROCE) after tax was **11.7%**, close to our medium-term target of 12%.

Analysis by geographic zone

In Asia-Pacific, operating income recurring was boosted by strong growth in business in emerging geographies

and the solid performance in Japan. The Industrial Customers and Large Industries business lines recorded double-digit growth in their earnings.



Hydrogen-powered bus in Madrid



Electronics

2005: another year of good performances

Strong growth in sales and earnings in all our businesses and geographies

- solid performances in Healthcare
- hydrogen, a growth driver
- improvement in margins

Strengthened positions

- successful integration of activities acquired from Messer
- broadened presence in new territories

Financial rigor

- solid balance sheet
- significant decrease in debt levels

Driving future growth

In Europe, operating income recurring grew at the same rate as in Asia, despite more modest activity,

thanks to the perimeter impact and the contribution of Messer synergies. Healthcare, despite a regulated price environment, considerably improved its earnings due to strong growth in its activities.

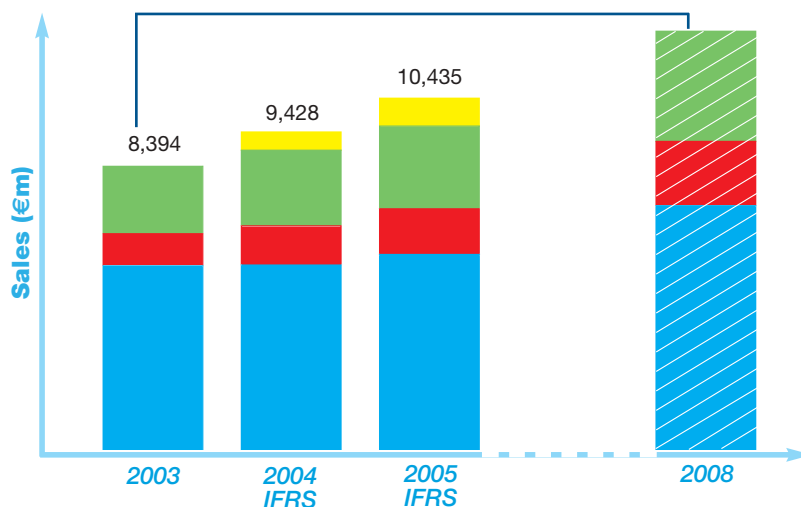
The Americas zone recorded a very strong performance in its operating income recurring,

despite extra costs caused by the hurricanes and a major increase in energy prices. This result is mainly due to the impact of the perimeter effect, and synergies linked to the acquisition of Messer's activities in the United States.

The dynamism of Electronics in the U.S. and Industrial Customers in Canada, as well as increased sales in South America, also contributed to this excellent performance.

Making our base grow and opening new markets

Medium-term outlook: +7% to +9% a year
(including Messer )



Base

The core businesses are air gases, including bulk and cylinder gases for sectors such as the food and pharmaceutical industries, metal manufacturing and the car industry.

New territories

Year 2005 was noteworthy for the increase in business in new territories such as Asia, Russia and the Middle East, with sales of equipment and gas. There are many opportunities for the Group in rapidly developing countries.

Innovation

In Large Industries, the two growth drivers with strong potential are hydrogen for refining and oxygen for energy and the environment. The Group is also developing its offering in Healthcare, particularly with therapeutic gases, and in Electronics, especially in the flat screen market.



Homecare



Come one and all!

Three information days on Air Liquide will be organized this year in **Grenoble on May 16, Nantes on May 17 and Nancy on May 23.**

Mornings will be devoted to Air Liquide **site visits**. The **Air Liquide Village** with exhibitions of the Group's activities will open at 2:00 pm. The information meeting headed by Benoît Potier, Chairman of the Management Board of Air Liquide will be held at **5:30 pm**.

If you are a shareholder in the regions concerned, with registered or bearer shares and you voted at the last General Shareholders' Meeting, **you will receive an invitation** in April. We would like to have people get to know your Group, **so don't hesitate to ask your friends to take part in these information days**. Just ask Shareholder Services for an invitation.

Shareholder's notebook

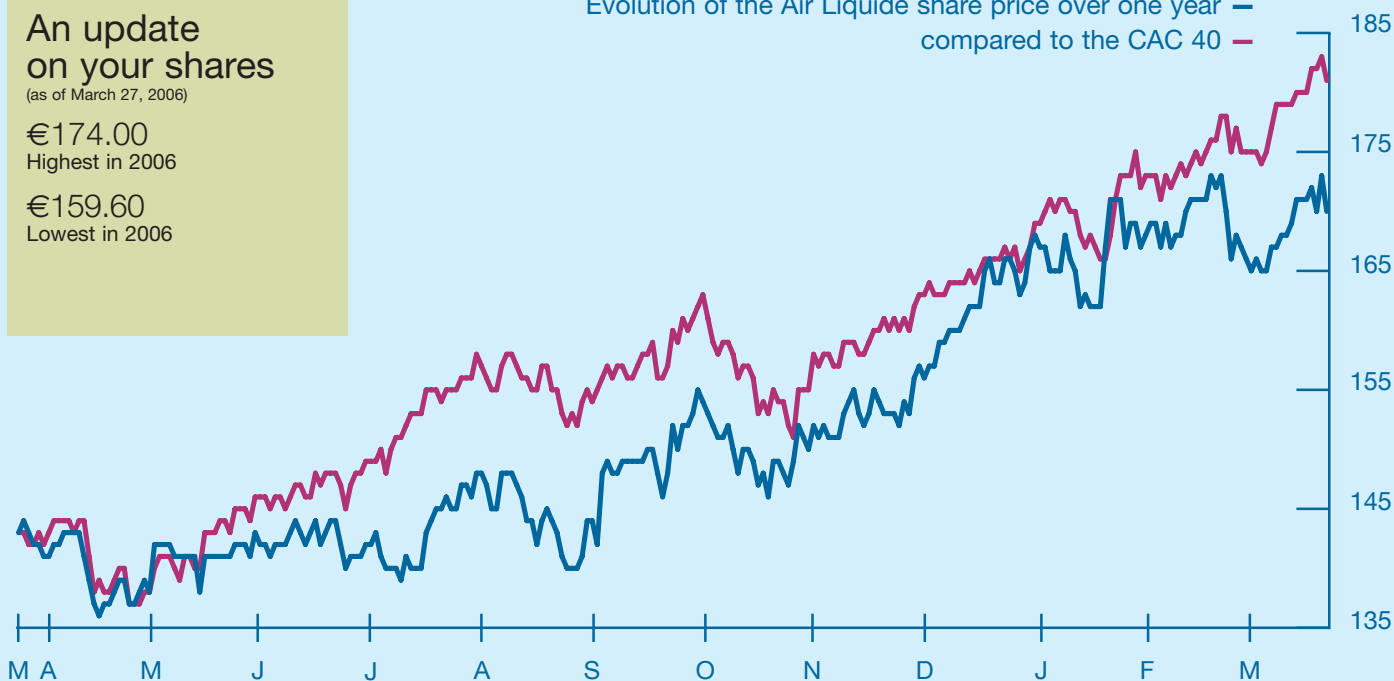
An update on your shares

(as of March 27, 2006)

€174.00
Highest in 2006

€159.60
Lowest in 2006

Evolution of the Air Liquide share price over one year — compared to the CAC 40



A word from the Committee:

“Our sub-committee has proposed several suggestions to Air Liquide to broaden its individual shareholder base.



Pierre Troussel, member of the working group on broadening the shareholder base

It seems clear to us that we should concentrate our efforts on a preliminary step that is critical to broadening our shareholder base: having the general public become really aware of all the Air Liquide core businesses. Because even if our current shareholders consider the quality of Air Liquide's communication to be excellent, potential shareholders don't always have access to this information. So it may be important to use new communication means that prospec-

tive shareholders would be receptive to: radio, TV, the press, Internet. We also brought up many other subjects such as the share price, the creation of a shareholders' club, sponsoring, investment clubs, education on the stock market. To be continued...”

The 2004 Annual Report rewarded

Air Liquide was delighted to receive the TOPCOM d'OR Corporate Business 2006 prize for the best annual report. This prize rewards ongoing efforts to improve the clarity and transparency of information communicated to shareholders, a task which is carried out jointly with the Shareholders' Committee members.

Calendar 2006

April 26
First quarter sales
May 10
General Shareholders' Meeting in Paris

Air Liquide Village

May 16
Grenoble

May 17
Nantes

May 23
Nancy

Information meeting

June 6
Angers (with FFCI)