2009 Performance

Strategy, investment and outlook

APPENDICES

2009 Performance

In 2009, the Group demonstrated its ability to manage its Cash, Costs and Capex and achieved its objective of 2009 revenue and net profit close to the levels of those of 2008, in an unprecedented economic downturn.

2009 REVENUE

In millions of euros	**2008**	**2009**	**2009/2008 published % change**	**2009/2008 comparable % change** [1]
Revenue	13,103	11,976	*-8.6%*	*-6.2%*
of which Gas and Services	11,028	10,192	*-7.6%*	*-4.8%*
Operating income recurring	1,949	1,949	=	
Operating income recurring as % of revenue	14.9%	16.3%	*+140 bp*	*+80 bp*[2]
Net profit (Group share)	1,220	1,230	*+0.8%*	
Net profit per share *(in euros)*	4.70	4.70	=	
Dividend per share *(in euros)*	2.25	2.25	=	
Net cash from operating activities	2,293	2,452	*+6.9%*	
Net debt	5,484	4,891	-593	
Debt to equity ratio	80% [3]	63%		
Return on capital employed – ROCE after tax [4]	12.2% [3]	11.6%		

(1) *Excluding natural gas and exchange rate impacts*
(2) *Excluding the natural gas impact*
(3) *After change of accounting method on Employees Benefits*
(4) *Return on capital employed after tax: (Net profit after tax before minority interests – financial income (expense) after taxes)/weighted average for the year of (shareholders' equity + minority interests + net indebtedness)*

Summary

Group revenue was close to 12 billion euros, with Gas and Services business sales representing 10 billion euros, with a limited decrease of -4.8%, excluding the impacts of exchange rates and the decline in natural gas prices.

Operating income recurring was stable at 1,949 million euros, compared to the previous year, representing a significant increase in operating margin which totaled 16.3%, up +140 basis points.

Net profit (Group share) totaled 1,230 million euros, up +0.8%, and net profit per share remained stable at 4.70 euros.

The dividend per share to be submitted to the vote of the Annual General Meeting of May 5, 2010 was maintained at 2.25 euros, representing a 49.5% pay-out rate.

Net cash from operating activities amounted to 2,452 million euros, up +6.9% and net debt decreased by -593 million euros. The net debt to equity ratio amounted to 63% and ROCE remained stable between 11% and 12%, in line with objectives.

2009 HIGHLIGHTS

In 2009, despite an unprecedented economic downturn, **Group net profit was up**.

The robustness of Air Liquide's businesses was confirmed. Based on the diversity of its markets and customers, its worldwide presence and the strength of its contracts, the downturn in Gas and Services revenue was limited to -4.8% at constant currency rates and natural gas prices, whereas decreases in industrial customer volumes exceeded 20%.

As from the end of 2008, the ALMA business program focused on three priorities, **Cash, Costs and Capex**, to enable the Group to limit the impact of the economic downturn on performance and preserve the Group's fundamentals without jeopardizing its growth momentum.

As soon as the first signs of a decline in industrial activity appeared, **cost cutting** programs were stepped up, based on the Goal projects that were already identified under the ALMA project. Quick results were obtained due to the commitment and reactivity of all teams throughout the Group. The economic context also facilitated renegotiations of certain procurement contracts. Overall, structural Goal efficiency gains of 335 million euros were reported by the Group in 2009, significantly exceeding the 300 million euro objective, reassessed at the beginning of 2009.

The Group also significantly reinforced supervision and reporting of its **working capital**, particularly its customer receivables in a high-risk climate. The amount of capital employed was gradually reduced through standardization, design-to-cost and asset management optimization, already clearly identified in the ALMA Capital project, such as pooled cylinder management and purchases of equipment.

At the same time, capital expenditure was limited or delayed, due to the desire for greater selectivity in investments and also, in some cases the postponement by certain customers of their projects.

The combination of these initiatives helped to significantly reduce the Group's net debt, and the debt to equity ratio which reached 63% at the end of 2009, compared to 80% at the end of 2008.

The medium-term potential of our markets remains intact. At December 31, 2009, our portfolio of investment opportunities had returned to its early 2008 level (€3.7 billion). The crisis has not dented the potential of our five growth drivers (Health, Energy, the Environment, High-Tech, and Emerging Economies), but has on the contrary acted as an accelerator, with 80% of our 12-month investment opportunities now being in emerging economies.

In 2009, the Group confirmed the resilience of its businesses and its capacity to achieve a regular performance. The ALMA project has played a decisive role in rallying the teams to focus on the achievement of the objectives fixed for the year.

Hence, the Group enters 2010, stronger, with an improved financial structure, while having preserved its development potential.

2009 INCOME STATEMENT

Revenue

In millions of euros	**2008**	**2009**	**2009/2008 published % change**	**2009/2008 comparable % change**
Gas and Services	11,028	10,192	*-7.6%*	*-4.8%*
Engineering and Construction	1,081	995	*-8.0%*	*-7.9%*
Other activities	994	789	*-20.6%*	*-20.8%*
TOTAL REVENUE	**13,103**	**11,976**	***-8.6%***	***-6.2%***

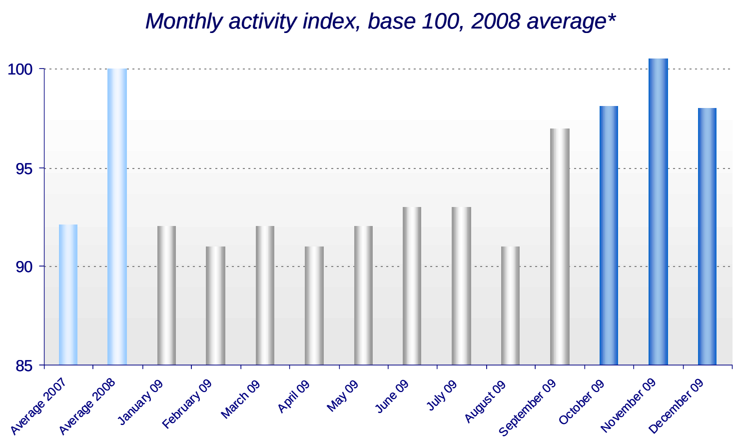
UNLESS OTHERWISE STATED, ALL OF THE CHANGES IN REVENUE OUTLINED BELOW ARE ON A COMPARABLE BASIS (EXCLUDING THE IMPACT OF CURRENCY AND NATURAL GAS).

Group revenue totaled **11,976 million euros** in 2009, down -8.6% on a reported basis (-3.5% due to falling natural gas prices, +1.1% from currency impact mainly due to the appreciation of the US dollar and yen against the euro) and **down -6.2% on a comparable basis**. The 2008 performance, based on very dynamic activity that continued until the end of the fourth quarter, despite the onset of the economic slowdown, had an unfavourable effect on the base comparison.

GAS AND SERVICES

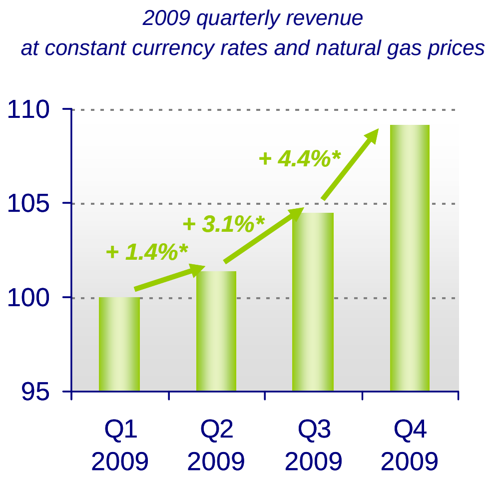
Gas and Services revenue totaled 10,192 million euros, representing a limited decrease of -4.8% on a comparable basis, demonstrating the solidity of the Gas and Services business model.

The worldwide decline in industrial activity had a gradual impact on Gas and Services activity as from October 2008, with an initial decrease in Large Industries volumes, then a decline in bulk gas demand and finally a decrease in cylinder activity which reached a low point in April 2009.



** Comparable revenue, adjusted for the number of days per month*

Since April, there has been a gradual upturn in volumes, with a step-up in sequential quarterly growth.



** Sequential growth*

At the year-end, the monthly activity indicator showed that activity gradually approached the average level for 2008. Fifteen projects were started-up in 2009 and contributed +3% to sales. Large Industries remained stable, while Healthcare reported growth. Industrial Merchant and Electronics were more significantly impacted.

In the fourth quarter of 2008, the Electronics business reported substantial equipment sales which raised the basis for comparison for 2009.

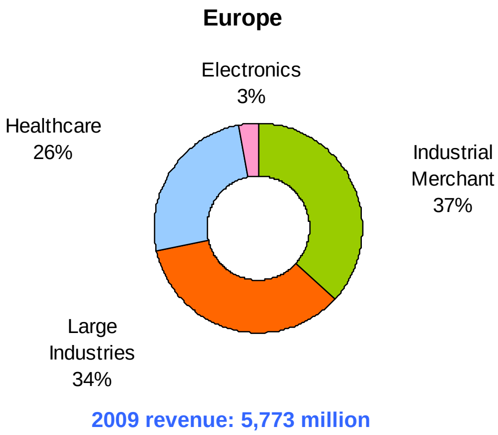
Revenue *(in millions of euros)*	**2008**	**2009**	**2009/2008 published % change**	**2009/2008 comparable % change***
Europe	6,105	5,773	*-5.4%*	*-2.9%*
Americas	2,660	2,274	*-14.5%*	*-4.5%*
Asia-Pacific	2,066	1,909	*-7.6%*	*-12.7%*
Middle East and Africa	197	236	*+19.8%*	*+17.9%*
Gas and Services	**11,028**	**10,192**	***-7.6%***	***-4.8%***
Industrial Merchant	4,609	4,277	*-7.2%*	*-8.4%*
Large Industries	3,675	3,219	*-12.4%*	*-1.0%*
Healthcare	1,700	1,824	*+7.3%*	*+7.4%*
Electronics	1,044	872	*-16.5%*	*-21.8%*
Gas and Services	**11,028**	**10,192**	***-7.6%***	***-4.8%***

** Excluding currency and natural gas impacts.*

Europe

Sales amounted to **5,773 million euros**, down -**2.9%.** Despite a sharp decline in industrial demand, European sales benefited from the sustained growth in the Healthcare sector, an increasing number of new production facilities, downside protection from the long-term contracts in Large Industries and the diversity of customers and applications in Industrial Merchant.

GAS AND SERVICES REVENUE IN EUROPE

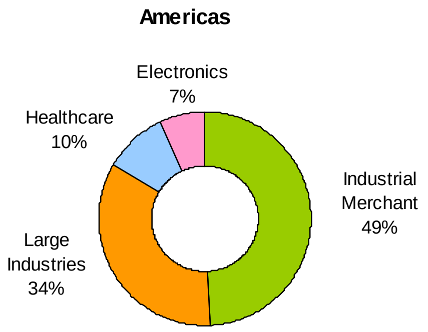


- **Industrial Merchant** reported a -**8.9%** decline due to the sharp decrease in the demand for bulk volumes from the start of the year, followed by the gradual fall in demand for cylinders in the first quarter. A low point was reached in the second quarter followed by a gradual turnaround in volumes, which was more significant in Eastern Europe. Demand in the automotive, manufacturing, materials and energy sectors decreased significantly, and the more resistant sectors such as food, pharmaceuticals and technology remained stable or declined slightly. Demand in cylinders for craftsmen and the distribution network remained relatively low. Nevertheless, the impact of pricing campaigns in 2008 and early 2009 attenuated the sales decline.
- **Large Industries** limited its decline in revenue to -**2.3%,** despite a very significant decrease (-22%) in the demand for oxygen from year-end 2008. This sound performance was attributable to ramp-ups, particularly the major cogeneration plant in Rotterdam and a start-up in Portugal. Hydrogen volumes remained relatively stable during the period due to sustained demand by refiners. The impact of the reduction in electricity prices, passed on directly to customers via indexation clauses, was felt in a few European countries during the second half.
- **Healthcare** rose by +**7.3%**, backed by the growth in the homecare sector, particularly services related to the supply of oxygen and new treatments for areas such as sleep apnea or diabetes. Hospital gas activity growth continued but with less acceleration than in previous years. Growth accelerated slightly in the second half of the year due to a very active Hygiene business. Demand remained very steady in hospitals and businesses, due to prevention measures against the H1N1 flu pandemic.
- **Electronics** reported a **-9.9%** decline in activity, due to the general slowdown in the demand for electronics products. Nevertheless, in the fourth quarter, the sale of equipment relating to new gas supply contracts for the photovoltaic sector attenuated the impact of this low demand.

Americas

Gas and Services revenue in the Americas totaled **2,274 million euros**, down -**4.5%**. The solid performance in terms of demand and price in Latin America only partially offset the general decline in business in North America.

GAS AND SERVICES REVENUE IN THE AMERICAS



2009 revenue: 2,274 million euros

- **Industrial Merchant** activity, which declined by **-8.6%,** was marked by the sharp decrease in industrial activity throughout the region, even though business gradually turned around in the second half of the year. The fall in volumes was slightly offset by price increases across the entire region.
- With no major start-ups during the year, **Large Industries** reported a **-1.8**% decline in sales. This resilience was attributable to a sharp upturn in chemicals demand in the Gulf of Mexico starting in the second quarter. Very low natural gas prices improved the competitiveness of US chemical companies worldwide. Thus, by the fourth quarter, demand had reached the 2008 level. Two blast furnaces resumed operations in Canada in the third quarter, promoting a turnaround in oxygen demand in the Hamilton basin. Hydrogen demand remained constant due to the sustained activity of refineries.
- **Healthcare** revenue rose by +**8.4%** due to the steady growth of medical gases for hospitals and the boost in the homecare sector in Latin America.
- **Electronics** reported a -**9.5%** decrease in line with the declining sector activity. Nevertheless, a sharp recovery in the demand for specialty gases, used in the production of semi-conductors and flat panels, became apparent from the third quarter.

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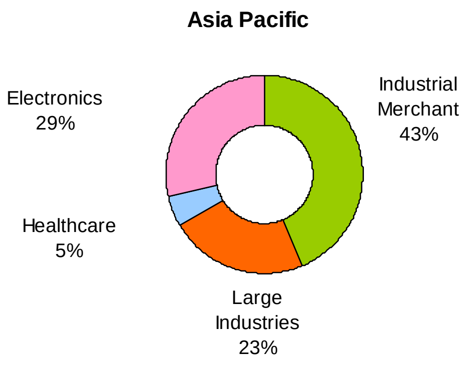
Asia-Pacific

With revenue of **1,909 million euros**, down -12.7%, performances in the Asia-Pacific region were sharply contrasting; a significant decline in industrial demand in Japan, particularly in the Electronics sector, and stability elsewhere in the region, due to steady growth and major start-ups in China.

GAS AND SERVICES REVENUE IN ASIA-PACIFIC



2009 revenue: 1,909 million euros

- **Industrial Merchant** activity declined by -**10.8%**, due to the sharp decrease in volumes throughout the year in Japan and stable demand elsewhere in the region, strengthened by the start-up of new liquid facilities in China and a speedy economic turnaround, beginning in the second quarter, in China and neighboring countries.

- **Large Industries** reported a +**6.4%** increase in revenue, due to the start-up of two major air separation units for the steel industry in China and sustained growth in the country. Oxygen volumes therefore doubled in China and hydrogen demand sharply increased in China, Singapore and Korea.
- **Electronics** reported a -**28.1%** decrease for the year, suffering the brunt of the decline in semi-conductor and flat panel production across the region and a negative base effect arising from the substantial equipment sales in the second half of 2008. However, there was a turnaround in specialty gas sales starting in the second quarter of 2009, with greater momentum in South-East Asia than in Japan. The weakness of customer investments in new manufacturing units weighed heavily on equipment and installation sales over the entire period.

Middle East and Africa

Middle East and Africa revenue totaled **236 million euros**, up **+17.9%** due to the ramp-up of Large Industries production units in Kuwait, Oman and Egypt. Sales synergies were created in the industrial basins where the Group is present through new bulk and cylinder distribution facilities acquired in the Middle East.

ENGINEERING AND CONSTRUCTION

Due to the continuation and delivery of major projects in China, Korea and South Africa, **Engineering and Construction** revenue totaled **995 million euros**, in line with the billion euro annual sales target. However, internal and third-party order intake declined to 826 million euros for the year, compared to 1.4 billion euros in the previous year. Nevertheless, contract signings accelerated in the fourth quarter representing almost half of total orders for the year, which is an encouraging sign for future quarters.

Orders in hand amounted to 4.4 billion euros.

OTHER ACTIVITIES

Revenue *(In millions of euros)*	**2008**	**2009**	**2009/2008 published % change**	**2009/2008 comparable % change***
Welding-Cutting	614	420	-31.5%	-31.2%
Specialty Chemicals and Diving	380	369	-3.0%	-4.0%
TOTAL	**994**	**789**	**-20.6%**	**-20.8%**

* *Comparable: excluding currency impact.*

Welding-Cutting revenue, which fell by **-31.2%,** bore the brunt of the economic crisis with a sudden decline in activity from the end of 2008 and intense pricing pressure. All product lines were concerned. Welding-Cutting activity, which is closely linked to the investment cycle, has not shown any signs of recovery yet.

Specialty Chemicals (with Seppic) and **Diving** (with Aqualung) showed solid resistance during the year, the crisis having had little impact on sales.

Operating income recurring

In 2009, Group operating income recurring amounts to **1,949 million euros**, on a par with 2008 despite the revenue decrease, denoting significant leverage. The operating margin (operating income recurring as a percentage of revenue) rose substantially by +140 basis points, and by **+80 basis points** excluding the positive impact of the decrease in natural gas prices that was passed on to customers. Operating margin reached a record level of 16.3%.

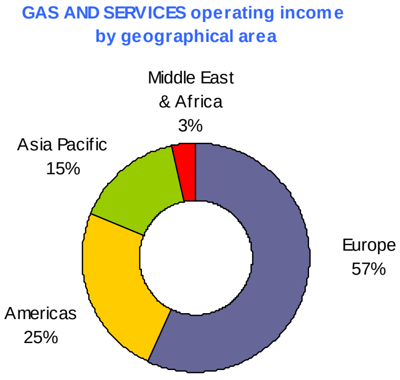
This performance was attributable to major reductions in Group costs. Improvements under the **Goal project resulted in cost efficiencies of 335 million euros,** surpassing the year's target of 300 million euros. Hence, the ALMA program 3-year Goal target of 600 million euros has almost been reached after only two years, with a total of 565 million euros.

In 2009, efficiency represents a reduction of -3.3% on the cost base, and primarily involves energy savings, logistics streamlining and the pooling and renegotiation of equipment and material purchasing. Over one third of savings relate to the deployment of worldwide or regional purchasing policies.

Operating income recurring before depreciation and amortization totaled 2,969 million euros, up **+0.9%.** Depreciation and amortization totaled 1,020 million euros, up +2.7% due to the continued start-up of new entities.

GAS AND SERVICES

Gas and Services operating income recurring totaled **1,994 million euros,** up **+2.3%,** despite the revenue decrease. The operating margin (operating income recurring as a percentage of revenue) therefore amounted to 19.6%, an improvement of +190 basis points, and of **+100 basis points** excluding the natural gas impact. Efficiency and price increases offset the impact of declining volumes and rising costs by more than 95%. A sharp improvement was noted in all regions, except for Asia-Pacific which was badly impacted at the start of the period by the sudden decline in the Electronics business.



2009 Gas and services
Operating income recurring: 2.0 billion euros

2009 GAS AND SERVICES OPERATING MARGIN

	Margin*
Europe	19.7%
Americas	21.5%
Asia-Pacific	15.9%
Middle East and Africa	27.5%
TOTAL	**19.6%**

* *Operating income recurring margin on revenues.*

In Europe, operating income recurring totaled 1,136 million euros, up **+0.5%**. The operating margin increased by **+80 basis points**, excluding the natural gas impact.

Operating income recurring in the **Americas** totaled 489 million euros, up **+10.7%,** representing an operating margin improvement of **+220 basis points,** excluding the natural gas impact.

In **Asia-Pacific**, operating income recurring stood at 304 million euros, down **-6.7%.** This, however, reflects stable operating margin, excluding natural gas.

In the **Middle East and Africa,** operating income recurring totaled 65 million euros, up **+29%,** representing a **+200 basis point** increase in operating margin.

Explanation of the natural gas impact: natural gas is a raw material essential to the production of hydrogen and cogeneration units. All Large Industries hydrogen and cogeneration contracts have clauses indexing sales to the price of natural gas. Hence, when the price of natural gas varies, the price of hydrogen or steam for the customer varies according to indexation clauses.

When the price of natural gas increases, revenue and costs are inflated in a similar manner without impacting significantly the Operating income recurring. This mechanism has an unfavorable effect on the operating margin.

Conversely, when the price of natural gas decreases, revenue and costs decrease, which has a favorable effect on the operating margin.

ENGINEERING AND CONSTRUCTION

Engineering and Construction operating income recurring, amounted to **82 million euros**, or 8.3% of revenue, up **+57%.** The consolidation of Lurgi has now been completed and the operating margin has now reached the sector benchmark.

OTHER ACTIVITIES

For the Group's Other Activities, operating income recurring totaled **43 million euros**, compared to 122 million euros in 2008, principally due to the sharp decline in Welding-Cutting activity.

Research & Development and corporate costs amounted to **170 million euros**, down **-2.3%,** due to a decrease in corporate general expenses partly offset by an increase in research costs fundamental to maintaining growth from innovation.

Net profit

Net profit (Group share) rose by **+0.8%,** due to the contribution of other net operating income, tight management of financing costs, and a tax rate which remained low.

Other operating income and expenses totaled **10.1 million euros**. They include a non-taxable exceptional income of 72 million euros relating to the refund of the equalization charge paid previously, and exceptional costs, linked to efficiency projects including selective one-off reorganization programs at a significant number of sites.

Net financial costs and the other financial income and expenses totaled 275 million euros, virtually unchanged compared to 2008. Net finance costs increased slightly due to the Group's decision to refinance in advance the 2009 and 2010 debt repayments by issuing a 400 million euro bond in June 2009. The average financing rate is 4.6%, flat compared to 2008. **Other net financial expenses** were impacted by the recognition of interest on arrears of 19.6 million euros related to the equalisation charge receivable.

The Effective Tax Rate remained stable at **24.9%.**

Profit from associates totaled **19.8 million euros**, down 5 million euros compared to 2008 due to a decline in profits of an associate company in Asia-Pacific, in the electronics and industrial sectors. **Minority interests** reached 55.2 million euros, as a result of the solid performance of joint venture subsidiaries and changes in the scope of consolidation.

Overall, **net profit (Group share) totaled 1,230 million euros** in 2009, up **+0.8%**.

Net profit per share remained unchanged compared to 2008 at 4.70 euros. The average number of shares outstanding used for the calculation of net profit per share as of December 31, 2009 was 261,495,542.

CHANGES IN THE NUMBER OF SHARES

	2008	2009
Average number of shares outstanding*	259,634,357	**261,495,542**
* *Used for the Earning Per Share calculation.*		

Number of shares as of 12/31/2008	**260,922,348**
Employee share subscription	999,229
Stock options exercised during the year	2,332,777
Number of shares as of 12/31/2009	**264,254,354**

2009 CASH FLOW AND BALANCE SHEET

In millions of euros	2008	2009
Cash flow from operating activities before changes in working capital	**2,207**	**2,275**
Changes in working capital	128	165
Other	(42)	12
Net cash from operating activities	**2,293**	**2,452**
Dividends	(590)	(631)
Purchases of property, plant and equipment, intangible assets and long-term investments	(2,151)	(1,520)
Other items	58	80
Increase in share capital	45	175
Purchase of treasury shares	(168)	(1)
Other	(311)	38
Change in net indebtedness	**(824)**	**593**
Net indebtedness at end of period	(5,484)	(4,891)
Debt to equity ratio at end of period	**80%**	**63%**

Cash flow from operating activities

Cash flow from operating activities before changes in working capital totaled 2,275 million euros, up +3.1%. Following a decrease in working capital, net cash from operating activities rose by +6.9% to 2,452 million euros.

Changes in working capital

Working capital has continued to decrease year-on-year, totaling 165 million euros in 2009, due to very stringent management of customer receivables and inventories. As a result, the ratio of working capital (excluding tax) to revenue again decreased this year to 5.7%, compared to 6.9% at the end of 2008 and 8.9% at the end of 2007.

Capital expenditure

In 2009, capital expenditure totaled 1.5 billion euros, slightly below the year's 1.6 billion euro target. A total of 97% of the capital expenditure was realized in the Gas and Services activity. Industrial capital expenditure and financial capital expenditure totaled 1.4 billion euros and 0.1 billion euros, respectively.

INDUSTRIAL AND FINANCIAL CAPITAL EXPENDITURE

In millions of euros	Industrial capital expenditure	Financial capital expenditure
2005	975	76
2006	1,128	72
2007	1,359	1,308
2008	1,908	242
2009	1,411	109

INDUSTRIAL CAPITAL EXPENDITURE

As of the end of 2008, given the financial crisis, the Group decided to limit capital expenditure as much possible in order to secure its financial equilibrium. Certain investment decisions un-related to customer contracts, such as new liquid capacities for Industrial Merchant, were postponed. Where a customer investment project was delayed, new start-up dates for the Air Liquide production units were also negotiated. The Group was thus able to meet its objective for the year without jeopardizing its main development projects. In 2009, the Group initiated 15 new entities, a large number of which in the fourth quarter.

GAS AND SERVICES INDUSTRIAL CAPITAL EXPENDITURE BY REGION

In millions of euros	Gas and Services			
	Europe	Americas	Asia-Pacific	Middle East and Africa
2008	751	415	617	79
2009	**538**	**360**	**450**	**45**

FINANCIAL CAPITAL EXPENDITURE

Financial capital expenditure amounted to 109 million euros, a third of which was in the Middle East, for the acquisition of Al Khafra, a distributor in Saudi Arabia. The balance mainly represented small Healthcare companies in various regions and the partial buyback of minority interests in South Africa and Martinique.

CAPITAL INTENSITY

Capital intensity is the **ratio of capital required to generate one euro of supplementary revenue**. This capital is either invested into industrial assets (production units, storage, trucks, etc.), or used as working capital to finance the development of the activities.

Capital intensity on new projects varies significantly from one business line to another:

- **Air gases** in Large Industries has a capital intensity **between 2 and 3.** It varies with the trend in electricity prices;
- **Hydrogen and Cogeneration** in large industry have a lower capital intensity of **between 1 and 1.5**, due to a relatively high proportion of natural gas pass-through in revenues. It varies with the evolution of natural gas prices;
- **Industrial Merchant** capital intensity to launch the activity in a new market is **between 1.5 and 2**;
- **Electronics** and **Healthcare** have a capital intensity **around 1**, depending on product mix.

Whatever the capital intensity, Air Liquide’s objective is to achieve, over the long-term, **after tax, return on capital employed (ROCE) between 11 and 12%**.

Because of the differences in capital intensity among the various Group activities, **operating margins will vary accordingly**.

Net indebtedness

Net indebtedness decreased during 2009 by -593 million euros to 4,891 million euros. As of December 31, 2009, the net debt to equity ratio amounted to 63%, compared to 80% in the previous year. This significant improvement in the Group’s financial structure was attributable to strong operating cash flow, selective capital expenditure, and tight control of working capital as well as the results of the Capital programme (optimized asset management and standardization programs to reduce investment capital intensity).

ROCE

The Return on Capital Employed (ROCE) after tax remains in line with the target set at between 11% and 12%. It stood at **11.6%,** compared to 12.2% in 2008.

Impact of acquisitions

There was no significant impact on the balance sheet from acquisitions in 2009, reflecting their modest size.

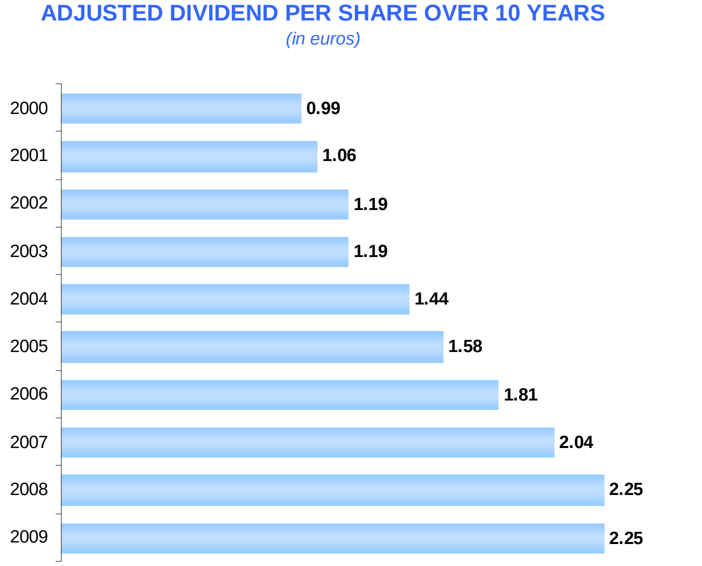
L’Air Liquide S.A. parent company figures

L’Air Liquide S.A. net profit totaled 816 million euros, compared to 695 million euros in 2008.

Dividend

At the Annual General Shareholders' Meeting on May 5, 2010, a dividend of 2.25 euros per share will be proposed to shareholders for fiscal year 2009.This represents a pay-out ratio of 49.5%.

The record date has been set for May 12 and the payment date for May 17, 2010.



Dividends of previous years are adjusted to take into account bonus share issues and the two-for-one share split on June 13, 2007.

Average annual dividend per share growth rate over 10 years: +11.2%

Total shareholder return over 10 years: +8.7%

Dividend yield at 2009 year-end: +2.7%

Total Shareholder return of an investment in Air Liquide shares

Total Shareholder Return (TSR) is the annualized rate of return for shareholders who purchased a share at the beginning of the period and sold it at the end of the period, including the contribution from both the share price performance and dividends paid (including loyalty shares), assuming that the dividend is immediately reinvested in shares.

FUNDING POLICIES

The Group's financing policy is regularly reviewed to provide support to the Group's growth strategy and take into account changes in financial market condition, respecting a gearing ratio in line with our A long term rating .

As the result of the deterioration in the financial markets in 2009, the precautionary principles already in place have also been kept:

- diversification of funding sources and spreading of short and long-term debt maturities in order to minimize refinancing risk;
- backing of commercial paper with confirmed lines of credit;
- hedging of interest rate risk to ensure that funding costs are in line with long-term investment decisions;
- funding of investments in the currency of the operating cash flows generated, in order to create a natural foreign exchange hedge;
- further centralization of excess cash, via Air Liquide Finance.

Diversifying funding sources

Air Liquide diversifies its funding sources by accessing various debt markets: commercial paper, bonds and banks. Air Liquide issues short-term commercial paper: in France, through two French Commercial Paper programs up to a maximum of 3 billion euros, and in the United States, through a US Commercial Paper program (USCP), up to a maximum of 1.5 billion US dollars. To avoid liquidity risk relating to the refinancing of commercial paper maturities and in accordance with the Group's internal policy, the Group wishes to limit its draw downs to 2.2 billion euros, the amount which is covered by committed credit lines.

In addition, Air Liquide can issue long-term bonds through its Euro Medium Term Note (EMTN) program up to a maximum of 8 billion euros, the utilization of which is delegated to the Board of Directors. At the end of 2009, outstanding notes under this program amount to 4 billion euros (nominal amount), of which 0.4 billion euros were issued in 2009 to extend the Group's average debt maturity and benefit from attractive market conditions. The Group also obtains funding through bank debt (loans and lines of credit) and private placements.

Net indebtedness by currency

Currency	2008	2009
EUR	53%	47%
USD	18%	19%
JPY	18%	21%
Other	11%	13%
TOTAL	**100%**	**100%**

Investments are funded in the currency of the cash flows generated, thus creating a natural foreign exchange hedge. Air Liquide's debt is mainly in euros, US dollars and yen, which reflects the weight of these currencies in the Group's cash flow.

Group net indebtedness in euros decreased between 2008 and 2009. Net indebtedness in euros as a percentage of total Group indebtedness mainly decreased in contrast to the increased indebtedness in JPY and in other currencies, in line with its dividend policy and with the substantial rise in investments carried out by the Group in emerging countries.

Centralization of funding and excess cash

To benefit from economies of scale and ease capital markets funding (bonds and commercial paper), the Group uses a special-purpose subsidiary, Air Liquide Finance. This subsidiary centralizes the Group's funding activities, essentially in Europe, Japan and North America. As of December 31, 2009, Air Liquide Finance granted, directly or indirectly, the equivalent of 4,223 million euros in loans and received 3,033 million euros in cash surpluses as deposits. These transactions were denominated in 13 currencies (primarily the euro, US dollar, Japanese yen, British pound sterling, Swiss franc and Singapore dollar) and extended to approximately 170 subsidiaries.

Because of the currency offsetting positions adopted by Air Liquide Finance resulting from currency hedging of intra-group loans/borrowings, these funding operations do not generate any foreign exchange risk for the Group. Furthermore, in certain specific cases (e.g.: regulatory constraints, high country risk, partnership), the Group may decide to limit its risk by setting up independent funding for these subsidiaries in the local banking market, and by calling on credit insurance firms.

Air Liquide Finance also manages the Group's interest rate risk.

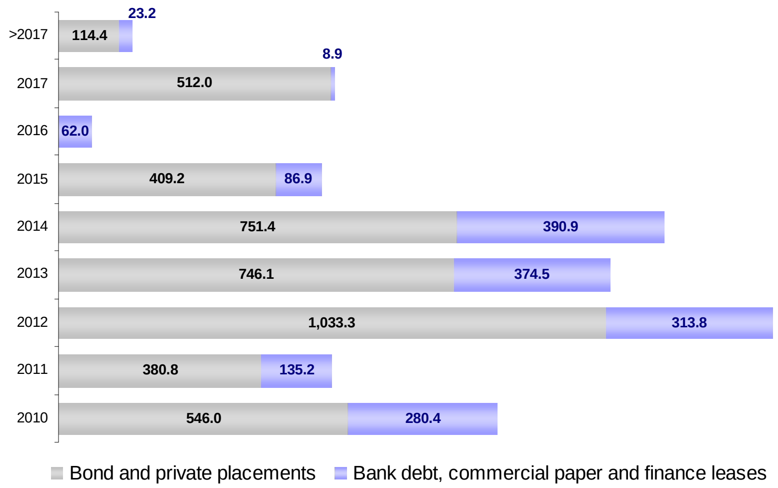
Debt maturity and schedule

To minimize the refinancing risk relating to debt repayment schedules, the Group diversifies funding sources and spreads maturity dates over several years. This refinancing risk is also reduced by the steady cash flow generation from operations.

The following chart represents the debt maturity schedule. The single largest annual maturity represents approximately 20% of gross debt.

DEBT MATURITY SCHEDULE

(in millions of euros)



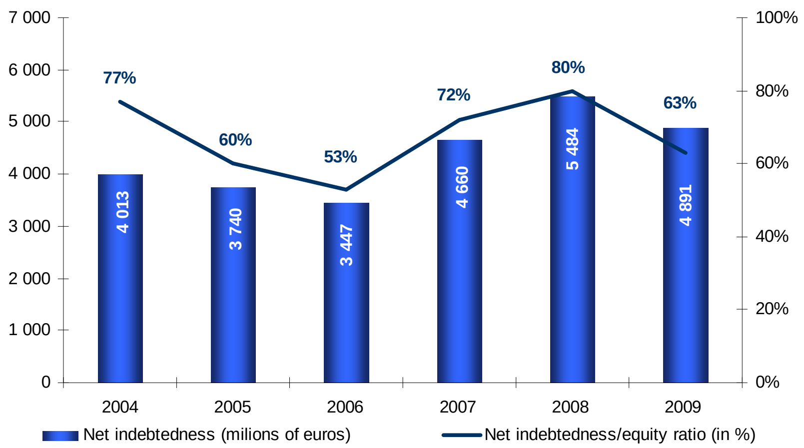
The maturity date for commercial paper outstanding coincides with that of confirmed lines of credit backing up the commercial paper program.

The average debt maturity stood at 4.1 years in 2009, compared to 4.5 years in 2008, reflecting the spreading of debt maturities over time. The reduced maturity primarily stems from the limited bond issue in 2009, mainly due to a surplus cash position.

Change in net indebtedness

Total net indebtedness decreased by 593 million euros, to 4,891 million euros as of December 31, 2009, compared to 5,484 million euros as of December 31, 2008. This decrease primarily reflects the continuously high level of cash flow from operations, a greater selectivity of investments carried out by the Group in 2009 as well as an effective working capital management policy in a sluggish economic climate.

NET INDEBTNESS AS OF DECEMBER 31



The net indebtedness equity ratio was 63% at the 2009 year-end (compared to 80% at the 2008 year-end). The change in this ratio in 2009 is the result of a decrease in Group net indebtedness. The equivalent ratio calculated using the US method: net indebtedness/(net indebtedness + shareholders' equity) reached 39% at the end of 2009 compared to 44% at the end of 2008. The financial expense coverage ratio (recurring operating income + share of profit of associates/net finance costs) stood at 8.9 in 2009, compared to 9.2 in 2008.

The average cost of net indebtedness remained stable at 4.62% in 2009. This stability results from the offsetting in 2009 of the impact of the early refinancing of 2009 and 2010 debt through the issue of a bond in May 2009, and by the impact of the decrease in debt rate for debts not being subject to an interest rate hedge. The hedging of a significant portion of the debt at a fixed rate, following the principles set forth in the Group Financial Policy, also contributed to the stability of the average cost of net indebtedness in 2009. Cost of net indebtedness is calculated by dividing net finance costs for the fiscal year (249.4 million euros in 2009, excluding capitalized interest) by the year's average outstanding net indebtedness. The latter is calculated using a monthly average.

Bank guarantees

In connection with its Engineering and Construction activity, the subsidiaries of the Group grant bank guarantees to customers that run from the tendering period until the end of the guarantee period. They may incorporate advance payment guarantees and performance bonds. The projects for which these guarantees are granted are regularly reviewed by Management and, accordingly, when guarantee payments become probable, the necessary provisions are recorded in the Consolidated financial statements.

Long-term credit rating

The Air Liquide long-term credit rating from Standard & Poor's remained unchanged at "A/stable" in 2009. The short-term credit ratings from Standard & Poor's and Moody's also remained unchanged at "A-1/stable"and "P-1/stable", respectively. The main indicators analyzed by the rating agencies are the net indebtedness/equity ratio and the cash flow from operations before change in working capital/adjusted net indebtedness ratio, notably to take into account pensions liabilities.

Strategy, investment and outlook

STRATEGY

For many years, Air Liquide's development strategy has been founded on creating long-term value. The Group is committed to delivering sustainable growth in results and maintaining its strong pay-out policy year after year.

COMPOUND ANNUAL GROWTH RATE (CAGR) OVER 30 YEARS

Revenue: +7.6%
Cash flow from operating activities before changes in working capital: +8.8%
Net profit per share: +8.5%
Dividend per share: +9.5%

ALMA program

The ALMA program was launched in 2008 to accelerate the growth of the Group and improve competitiveness. It is structured around four major strategic initiatives: confirming its position as recognized industry leader, driving innovation, boosting efficiency and developing talent. The ALMA program integrates **three delivery projects** that will have a direct impact on improving performances:

- the Growth project, which concerns the acceleration of development;
- the Capital project, which aims to reduce capital intensity of investments;
- the Goal project, which follows on from the "Opal" project, and is aimed at continuous cost containment.

ALMA also includes projects to transform collective and individual practices within the Group.

Cash, Costs, Capex

At the end of 2008, the Group reacted rapidly to the slowdown in the global economy, adapting its ALMA program. Short-term priorities were changed. In 2009, Air Liquide focused on strict cash management, cutting costs and selecting the right investments. These priorities can be summarized in three words: "Cash, Costs, Capex". These efforts bore fruit.

The solidity of the balance sheet at the end of 2009 strengthens the investment capacity of the Group and will enable it to seize opportunities as economies emerge from the crisis.

The rigorous management of costs will continue in 2010, with a new Efficiencies objective in excess of 200 million euros.

Finally, continued selective investment and ongoing research and innovation efforts will safeguard the future growth of the Group.

Five growth drivers

The slowdown in the global economy did not call into question the five growth drivers identified in 2007 at the launch of the ALMA program: Emerging economies, Energy, the Environment, Health and High Technology.

- **Opportunities offered by emerging economies** that are investing heavily in industrial infrastructures. This is driving oxygen demand, the production of which is increasingly outsourced. Industrial development in general has increased demand for gas in a variety of applications. This development is based on real needs and has recovered significantly since the second quarter of 2009.
  The percentage of Gas and Services revenue realized in emerging economies continues to increase, reaching 16% in 2009. A record number of 16 start-ups are scheduled in these regions in 2010. At the end of 2009, 80% of the Group's investment opportunities were located in emerging economies, together with 47% of investment decisions and 37% of industrial capital expenditure.

- **Energy concerns** require solutions for depleting traditional resources. Industrial gases can help customers improve their energy efficiency and are also used directly in the production of certain alternative energies. As an example, the biomass or coal gasification process and the development of renewable energies such as photovoltaics consume substantial volumes of gas. Further down the road, more potential for industrial gas consumption will come from the development of hydrogen fuel cell technology to supplement or replace fossil fuels for motor transportation and electricity supply in remote places.

- **Environmental protection** offers the Group real opportunities, as the majority of solutions to reduce CO_2 in the atmosphere require the supply of industrial gas.
  - Increasingly restrictive regulations on sulfur content in refined petroleum fuels, coupled with the use of heavier (and thus more sulfurated) raw materials by refiners has significantly boosted demand for hydrogen. In addition, the need to replace aging hydrogen production facilities makes refiners more willing to outsource this supply. This trend represents a significant growth opportunity for the industrial gas industry, and particularly for Air Liquide, which has proprietary hydrogen technology from the acquisition of engineering firm Lurgi in 2007. Over the last 10 years, hydrogen volumes have increased by close to 14% annually on average. Sales totaled 872 million euros in 2009.
  - The use of oxygen in certain industrial processes improves combustion yield, thereby reducing energy consumption and, as such, CO_2 emissions. For its customers in the steel and glass industries, Air Liquide focuses on its research activities and successfully development of oxy-combustion technologies, enabling industrialists to improve efficiency. Oxy-combustion is also a promising solution for reducing the intensity of CO_2 emissions from heavy industrial activities, such as coal-fired power plants, blast furnaces and cement plants. The combustion of pure oxygen, instead of air, coal or other carbon-based fuels, produces highly concentrated CO_2 emissions that are ready for capture, storage or direct use in other applications, such as enhanced oil recovery.
  - Certain countries with substantial coal reserves, wishing to ensure their energy independence with regard to hydrocarbons, use gasification processes to produce synthetic fuels or chemical products. These processes consume extremely high quantities of oxygen and are environmentally friendly when a CO_2 recovery unit is installed, facilitated by the purity of the emissions.

  Energy challenges, combined with the desire to protect the environment, will therefore generate extremely high demand for oxygen and hydrogen and other special gases, for example, for photovoltaic applications. The Group estimates the potential market for these processes at 30 billion euros in 2020.

- Growth is constant in the **health** market, primarily led by an aging population and changes in lifestyle. In addition, health system budget restraints are encouraging the development of homecare solutions that reduce the cost to the community. Air Liquide is strategically positioned in this sector, particularly in Europe. With respect to longer term projects, the efforts of our research teams have enabled innovations in the area of therapeutic gases used for cardiac surgery, anesthesia and pain relief. The marketing of these gases has now been launched in Europe and will develop progressively, as authorizations to market are obtained.
- There has been significant development in the **high technology** market, driven by numerous consumer product innovations and, more generally, by the increasing complexity of our industries. Semi-conductors, flat panels and solar panels are increasingly in demand, triggering a growing need for high purity industrial gases, particularly in Asia. The Group's expertise in gases, and more specifically in very low temperatures, allows it to contribute to major technological projects aiming to enhance knowledge in many fields such as theoretical physics (CERN), space or energy (nuclear fusion).

Air Liquide is extremely well placed to profit from these opportunities. In addition to its position as the world leader in oxygen, the Group currently has:

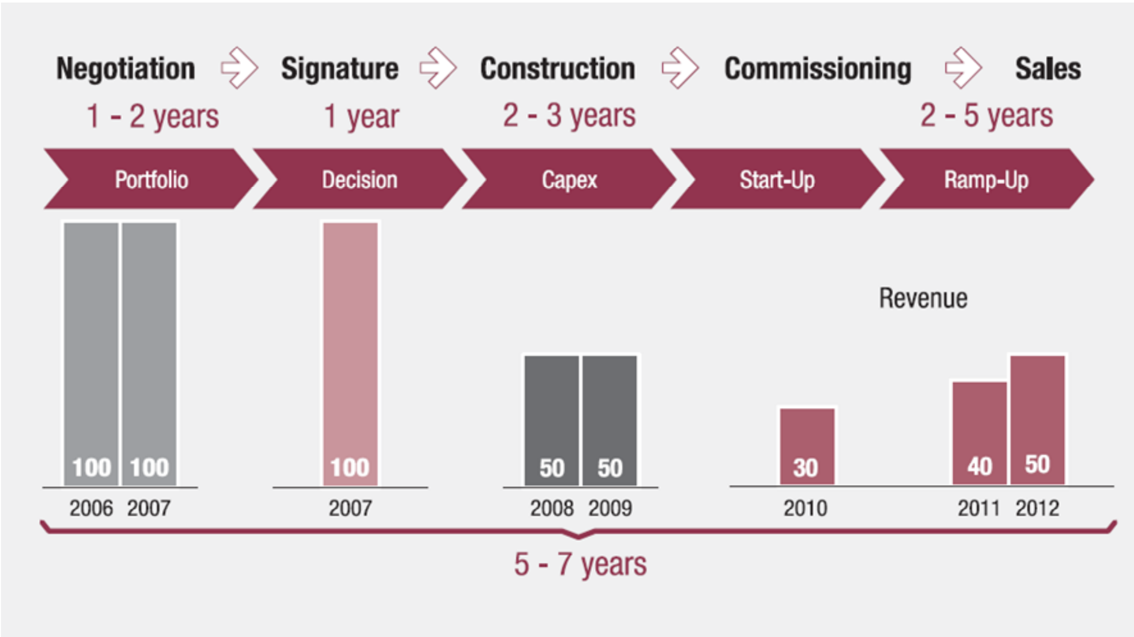
- proprietary technologies in hydrogen and strengthened expertise in engineering, particularly since the acquisition of Lurgi in 2007;
- a highly promising R&D portfolio, with 60% of projects focused on preserving the environment and life.

The Group also participated in pilot CO_2, carbon capture and storage (CCS) projects, such as the Lacq project in France and the Callide project in Australia.

INVESTMENT

The long-term nature of industrial gas activities is a key characteristic. It is particularly evident in the investment cycle, where there is approximately 5 years between project conception and the first corresponding gas sales. The following flow-chart sets out each stage in this process.

THE THEORETICAL LIFESPAN OF A 15 YEAR CONTRACT IN LARGE INDUSTRIES



Negotiation stage: the project is negotiated with the customer within the portfolio of potential opportunities for approximately 2 years.

Signature stage: the two parties reach an agreement. The signature of a long-term contract represents the Group's commitment to an investment decision.

Construction stage: capital expenditure begins with the construction of the unit by Air Liquide, which takes approximately 18-24 months and sometimes up to 3 years depending on the size of the project.

Commissioning stage: the unit starts up. Sales begin according to the needs of the customer, with a guaranteed minimum volume corresponding to the take-or-pay level, ensuring minimum profitability from the beginning of the contract.

Sales stage: over the course of the contract term, sales should increase above the take-or-pay level: this is the ramp-up phase.

Between the fourth and fifth years after start-up, the production unit is already partially amortized, and the contract reaches an average after-tax return on capital employed (ROCE) close to 12%, in line with Group objectives. In the following years, ROCE continues to increase.

Portfolio

The 12-month portfolio of opportunities stands at 3.7 billion euros at the end of 2009, up from 3.3 billion euros at the end of 2008, mainly due to a recovery in the number of projects studied in the fourth quarter of 2009. The portfolio at the end of 2009 nonetheless remains below the high level attained before the start of the crisis, due to the postponement of certain projects resulting in their removal from the 12-month portfolio. Nonetheless, these projects will still be completed and the long-term portfolio remains relatively stable.

Over 80% of projects in the 12-month portfolio are located in emerging countries, where the investment momentum is stronger than before the crisis. Furthermore, 50% of opportunities concern projects in the energy sector.

Since the beginning of 2009, the portfolio also includes an increasing number of site takeover projects, which totaled 13 at the end of 2009. The economic context encourages certain Large Industries customers to outsource gas supplies. The customer sells its gas production assets to an industrial gas producer, thereby lightening its balance sheet, and in return, signs a long-term supply contract for industrial gases. Each site takeover project is unique and differs according to the state of the installations purchased (recent or obsolete, perfectly operational or incurring some technical difficulties, designed and sold by

Air Liquide engineering or by a competitor). However, one thing they have in common, is that they enable a reduction in the Large Industries investment cycle. Capital expenditure is incurred rapidly after signature and gas sales are recorded immediately. Such opportunities are all the more interesting as they arise in a period when the number of new projects has significantly reduced.

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;
- 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 selection of projects to sustain long-term growth with a required minimum return on capital employed. The internal rate of return required during the investment approval process (refer to "Investment decisions process" below) varies with the overall assessment of the risks associated with each project. It is calculated after tax, free of inflation, with depreciation taken on a straight line over the term of the contract or the useful life if significantly different, with no terminal value even if Air Liquide remains the owner of the assets and the contracts are often renewed.

INVESTMENT DECISIONS PROCESS

An investment decision over 2 million euros is subject to a careful evaluation process, undertaken at Group level by the Resources and Investment Committee. Each meeting is chaired by the Executive Committee member in charge of the World Business Line concerned and brings together the Director of the business and regions concerned by the investment, the Group Chief Financial Officer, the Management Control Director, as well as the Group Human Resources Director (when HR subjects are examined).

Decisions are based on rigorous assessments of individual projects, using the following criteria:

- **the location of the contract**: the analysis will differ whether the project is based in an industrial basin with high potential, connected to an existing pipeline network, or in an isolated location;
- **competitiveness of the site**: this is assessed based on size, cost of raw materials and access to markets;
- **customer risk;**
- **country risk;**
- **contract clauses;**
- **technological risk**

The return on capital employed (ROCE) for a major Large Industries long-term contract will change over the term of the contract. It is lower in the first 4 to 5 years, due to customer ramp-up in demand relative to straight-line depreciation over time. Return on capital increases rapidly thereafter (refer to "The theoretical lifespan of a 15-year contract in Large Industries").

INVESTMENT DECISIONS

	Industrial investment decisions *(in billion of euros)*	Industrial investment decisions *(% of sales)*	Financial investment decisions *(in billion of euros)*
2006	1.5	13.3%	0.6
2007	2.1	17.6 %	0.9
2008	2.2	17.0 %	0.2
2009	1.0	7.9 %	0.1

In 2009, industrial investment decisions, that are the Group's commitment to invest, totaled 1.1 billion euros, down significantly on 2008. The economic slowdown and the global downturn in the investment cycle had a direct impact on decisions taken by the Group's industrial customers and, consequently, on the signature of new contracts. Emerging economies accounted for a record high of 47% of all decisions taken in 2009, due to numerous signatures in China and the Middle East.

Large Industries projects accounted for 43% of signatures and include 8 large projects all located in emerging economies.

The economic context did not call into question the Group's golden rules with regard to contract profitability and type. As such, 2009 investment decisions are in line with the Group's standard ROCE objective. Large Industries contracts continue to be signed for a 15-year period, with take-or-pay, and energy and inflation indexation clauses. Minimum returns on capital employed are required for every single project. These golden rules are essential to preserving long-term profitability and to achieving the mid-term ROCE objective of between 11% and 12%.

In 2009, the Group performed around 15 acquisitions for a total of 100 million euros. The main acquisitions were carried out by the Industrial Merchant business line in the Middle East and the Healthcare business line in the United States, the Netherlands and Tunisia.

Capital expenditure

In 2009, the Group was more selective in its choice of investments. Where investment projects were not dependent on a customer contract, the Group was able to delay start-up. Capital expenditure therefore totaled 1.5 billion euros and represented 12.7% of Group revenue. This enabled the Group to achieve its objective to finance its development from cashflow in 2009, while maintaining its growth impetus.

Start-ups

The majority of 2009 start-ups took place as scheduled, with 15 new large units brought on-line. A large number of start-ups took place in the fourth quarter. Two projects postponed from 2009 will commence in 2010. The 15 start-ups include 9 located in emerging economies and 12 air separation units. The start-up of 37 units is forecast for 2010 and 2011, with a record number of 20 scheduled for 2010. All of the start-ups since 2007 are expected to contribute nearly 900 million euros in annual sales in 2011.

OUTLOOK

In the context of an unprecedented economic slowdown, Air Liquide has once again shown the resilience of its businesses and its ability to deliver a regular performance.

The Group has reached the targets it set for itself into 2009, with revenues close to their 2008 level, growth in net profit and a strengthened balance sheet, which will enable it to continue to invest and seize growth opportunities.

Air Liquide has pursued its expansion in emerging economies. In parallel, growth markets in the Energy and Environment sectors confirmed their potential. Energy efficiency and CO_2 emission reduction solutions offer further opportunities, especially in mature economies. Health and High-Tech continue to expand, driven mainly by innovation and services. In 2010, taking into account these new trends, the Group will update its medium term targets, within the framework of its ALMA strategic program.

In the short term, the recovery of the business is apparent, but expected to remain gradual depending on regions or markets. In such a context, and barring a major economic upset, Air Liquide expects continuous growth in net profit in 2010, in line with its long term performance. The Group remains confident in its ability to generate solid and sustainable medium-term growth.

Consolidated Income Statement

For the year ended December 31

In million of euros	2008	2009	2009/2008 change
Revenue	**13,103.1**	**11,976.1**	**-8.6%**
Purchase	(5,547.1)	(4,563.3)	
Personnel expenses	(2,176.8)	(2,236.5)	
Other income and expenses	(2,437.4)	(2,207.3)	
Operating income recurring before depreciation and amortization	**2,941.8**	**2,969.0**	**+0.9%**
Depreciation and amortization expense	(992.8)	(1,020.0)	
Operating income recurring	**1,949.0**	**1,949.0**	
Other non-recurring operating expenses	(30.2)	10.1	
Operating income	**1,918.8**	**1,959.1**	**+2.1%**
Net finance costs	(214.4)	(221.7)	
Other net financial expenses	(55.9)	(52.9)	
Income taxes	(401.5)	(419.1)	
Share of profit of associates	24.8	19.8	
Profit for the period	**1,271.8**	**1,285.2**	**+1.1%**
Minority interests	51.8	55.2	
Net profit (Group share)	**1,220.0**	**1,230.0**	**+0.8%**
Basic earnings per share (in euros)	**4.70**	**4.70**	**=**
Diluted earnings per share (in euros)	**4.67**	**4.70**	**+0.6%**

Consolidated balance sheet (summary)

For the year ended December 31

In millions of euros	December 31, 2008 [2]	December 31, 2009
ASSETS		
Goodwill	3,956.2	4,002.9
Intangible assets and property, plant and equipment	10,236.1	10,596.8
Other non-current assets [1]	726.3	940.1
TOTAL NON-CURRENT ASSETS	**14,918,6**	**15,539.8**
Inventories and work-in-progress	818.3	709.7
Trade receivables and other current assets	3,388.3	2,931.5
Cash and cash equivalents including fair value of derivatives (assets) [1]	1,493.6	1,444.6
TOTAL CURRENT ASSETS	**5,700.2**	**5,085.8**
TOTAL ASSETS	**20,618.8**	**20,625.6**

In millions of euros	December 31, 2008 [2]	December 31, 2008
EQUITY AND LIABILITIES		
Shareholders' equity	**6,757.4**	**7,583.7**
Minority interests	**144.3**	**168.2**
TOTAL EQUITY	**6901.7**	**7,751.9**
Provisions, pensions and other employee benefits & deferred tax liabilities	2,754.5	2,777.5
Non-current borrowings	6,205.2	5,528.9
Other non-current liabilities [1]	193.4	280.8
TOTAL NON-CURRENT LIABILITIES	**9,153.1**	**8,587.2**
Provisions, pensions and other employee benefits	244.8	222.4
Trade payables & other current liabilities	3,553.9	3,197.1
Current borrowings (liabilities) [1]	765.3	867.0
TOTAL CURRENT LIABILITIES	**4,564.0**	**4,286.5**
TOTAL EQUITY AND LIABILITIES	**20,618.8**	**20,625.6**

(1) Including derivatives
(2) After change of accounting method on Employees Benefits

Consolidated statement of cash-flows

For the year ended December 31

In million of euros	2008	2009
Operating activities		
Net profit (Group share)	**1,220.0**	**1,230.0**
Minority interests	**51.8**	**55.2**
Adjustments :		
- Depreciation and amortization	992.8	1,020.0
- Changes in deferred taxes	3.8	69.2
- Increase (decrease) in provisions	(36.6)	25.0
- Share of profit of associates (less dividends received)	(10.7)	(3.5)
- Profit / loss on disposal of assets	(14.4)	(30.1)
- Equalisation charge receivable		(91.3)
Cash flow from operating activities before changes in working capital	**2,206.7**	**2,274.5**
Changes in working capital	127.9	165.5
Other	(41.7)	11.8
Net cash from operating activities	**2,292.9**	**2,451.8**
Investing activities		
Purchase of property, plant and equipment and intangible assets	(1,908.3)	(1,411.0)
Acquisition of subsidiaries and financial assets	(242.3)	(109.2)
Proceeds from sale of property, plant and equipment and intangible assets	50.5	78.5
Proceeds from sale of financial assets	7.5	1.9
Net cash used in investing activities	**(2,092.6)**	**(1,439.8)**
Financing activities		
Dividends paid		
- L'Air Liquide S.A.	(550.8)	(601.9)
- Minoritaires	(39.0)	(28.8)
Proceeds from issues of share capital	44.5	175.1
Purchase of treasury shares	(168.2)	(1.1)
Increase (decrease) of borrowings	1,042.0	(416.6)
Net cash used in financing activities	**328.5**	**(873.3)**
Effect of exchange rate changes and change in scope in consolidation	(41.2)	45.7
Net increase (decrease) in cash and cash equivalents	**487.6**	**184.4**
NET CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	**653.9**	**1,141.5**
NET CASH AND CASH EQUIVALENTS AT END OF PERIOD	**1,141.5**	**1,325.9**

The analysis of net cash and cash equivalents at the end of the period is as follows:

In million of euros	2008	2009
Cash and cash equivalents	1,262.9	1,385.3
Bank overdrafts (included in current borrowings)	(121.4)	(59.4)
Net cash and cash equivalents	**1,141.5**	**1,325.9**

Net indebtedness calculation

In million of euros	2008	2009
Non-current borrowings (long-term debt)	(6,205.2)	(5,528.9)
Current borrowings (short-term debt)	(611.4)	(826.4)
TOTAL GROSS INDEBTEDNESS	**(6,816.6)**	**(6,355.3)**
Total cash and cash equivalents	**1,262.9**	**1,385.3**
Derivative instruments (assets) – fair value hedge of borrowings	116.2	79.2
Derivative instruments (liabilities) – fair value hedge of borrowings	(46.9)	
TOTAL NET INDEBTEDNESS AT THE END OF THE PERIOD	**(5,484.4)**	**(4,890.8)**

Statement of changes in net indebtedness

In million of euros	2008	2009
NET INDEBTEDNESS AT THE BEGINNING OF THE PERIOD	**(4,660.2)**	**(5,484.4)**
Net cash from operating activities	2,292.9	2,451.8
Net cash used in investing activities	(2,092.6)	(1,439.8)
Net cash used in financing activities excluding increase (decrease) of borrowings	(713.5)	(456.7)
Total net cash-flow	**(513.2)**	**555.3**
Effect of exchange rate changes, change in scope of consolidation and others	(311.0)	38.3
Change in net indebtedness	**(824.2)**	**593.6**
NET INDEBTEDNESS AT THE END OF THE PERIOD	**(5,484.4)**	**(4,890.8)**

Segment reporting

Revenue and Operating Income Recurring by activity

In million of euros

Revenue	**2008**	**2009**
Gas and Services	11,027.6	10,191.8
Engineering and Construction	1,080.8	994.6
Other activities	994.7	789.7
Total Revenue	**13,103.1**	**11,976.1**

Operating Income Recurring	**2008**	**2009**
Gas and Services	1,948.7	1,994.1
Engineering and Construction	52.4	82.1
Other activities	121.9	43.1
Reconciliation	(174.0)	(170.3)
Total Operating Income Recurring	**1,949.0**	**1,949.0**

Gas and Services revenue and operating income recurring by geography

In million of euros

2009	**Europe**	**Americas**	**Asia-Pacific**	**Middle-East and Africa**	**Total**
Revenue	5,772.6	2,274.1	1,909.1	236.0	10,191.8
Operating income recurring	1,135.9	488.8	304.4	65.0	1,994.1

2008	**Europe**	**Americas**	**Asia-Pacific**	**Middle-East and Africa**	**Total**
Revenue	6,105.1	2,659.7	2,065.8	197.0	11,027.6
Operating income recurring	1,130.3	441.7	326.4	50.3	1,948.7