

2017 PERFORMANCE SHARE AND STOCK OPTION PLANS

The Board of Directors of L’Air Liquide at its meeting on September 20, 2017 adopted the 2017 performance share and stock option plans which are aimed, above and beyond incentive and mandatory profit sharing, at associating employees to a greater extent with the company’s performance.

Principles of the 2017 grant

The Board decided to continue the policy initiated in 2015 aimed at giving preference to performance shares rather than stock options in the volumes granted. Thus, for employees who up until now had received a mixed grant, the weight of performance shares has increased considerably as compared to that of options and, for many of them, performance shares have completely replaced stock options.

For the Executive Officer, the 2017 grant falls within the scope of the new remuneration policy and the sought positioning determined by the Board of Directors on February 14, 2017 and approved by the shareholders at the Shareholders’ Meeting of May 3, 2017. It takes into account the Group’s new size following the acquisition of Airgas. It is part of the objective of total annual remuneration set for 2017 by the Board of Directors subject to good performance and good integration of Airgas, the weight of the variable elements to represent approximately 75% of total and in the balance between fixed part, variable part and LTI, a slightly greater weight (40% of the total) to be given to the long-term motivation.

In this context, it was agreed that the award of performance shares and stock options to Benoît Potier in 2017 would represent an IFRS value of approximately €2,100k, an increase of 10.83% as compared to 2016.

On the basis of these principles, the Board of Directors made the following grants at its meeting on September 20, 2017:

2017 Stock Option Plan

The Board granted options to subscribe for shares in the Company in accordance with the following terms:

Exercise price

The exercise price is €104 (corresponding to the average of the opening trading prices for the Air Liquide share during the twenty trading sessions prior to the date of the Board of Directors’ meeting, rounded down to the nearest euro).

Volume of grants

- Executive officer

| | <i>Volume</i> | <i>IFRS value ⁽¹⁾</i> | <i>% of share capital</i> |
|----------------------|-----------------------|----------------------------------|---------------------------|
| <i>Benoît Potier</i> | <i>23,100 options</i> | <i>€424,809</i> | <i>0.006%</i> |

⁽¹⁾ as of September 20, 2017

- Other beneficiaries

The Board of Directors also decided to grant 50,440 options to 203 employee beneficiaries.

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In total, it granted 73,540 options to subscribe for shares, representing 0.019% of the share capital in terms of the number of shares, to 204 beneficiaries, representing 0.30% of the workforce.

2017 Plan Regulations

Subject to the performance conditions that apply to both the performance share and stock option plans (defined below), the provisions of the 2017 Plan Regulations are unchanged as compared to those of the 2016 Plan (term: 10 years; lock-up period of 4 years; definition of a condition of continued employment/presence in the Group at the time of exercise of the options).

2017 Performance Share Plans

The Board awarded performance shares in accordance with the following terms:

Volume of awards

- Executive officer

| | Volume | IFRS Value ⁽²⁾ | % of share capital |
|---------------|---------------------------|---------------------------|--------------------|
| Benoît Potier | 17,980 performance shares | €1,675,017 | 0.0046% |

⁽²⁾ as of September 20, 2017

- Other beneficiaries

The Board of Directors also decided to award 398,599 performance shares to 1,831 employee beneficiaries.

In total, it therefore awarded 416,579 performance shares representing 0.11% of the share capital to 1,832 beneficiaries, representing 2.73% of the workforce.

2017 Plan Regulations

Subject to the performance conditions that apply to both the performance share and stock option plans (defined below), the provisions of the 2017 “France” and “World” Performance Share Plan Regulations are identical to those of the 2016 Plans and in particular:

- a. For France, the vesting period is set at 3 years and the holding period at 2 years. As for the “World” Plan, it provides for a vesting period of 4 years with no additional holding obligation.
- b. Definition of a condition of continued employment/presence at the end of the vesting period in order to receive the definitive award of shares.

Combined

On a combined basis, all 2017 Performance Share and Stock Option Plans combined, the grants decided by the Board on September 20, 2017 are as follows:

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Executive Officer

| | Volume | IFRS Value ^{(1) (2)} | % of share capital |
|---------------|---------------------------|-------------------------------|--------------------|
| Benoît Potier | 23,100 stock options | €424,809 | 0.006% |
| | 17,980 performance shares | €1,675,017 | 0.0046% |
| | Total | €2,099,826 | N/A |

^{(1) (2)} as of September 20, 2017

All the beneficiaries

| | 2017 |
|--|---------|
| Total number of performance shares/performance share equivalents | 441 092 |
| % share capital | 0,11% |
| Number of beneficiaries | 1,832 |
| % of workforce | 2.73% |

The lists of employee beneficiaries were prepared with the aim of ensuring a certain rotation and an enlargement of the population of beneficiaries. 29.2% of the beneficiaries of the September 20, 2017 Plans are employees to whom no stock options/performance shares were granted over the last 5 years.

Performance conditions applicable to the 2017 Stock Option and Performance Share Plans

All the stock options and performance shares granted to any beneficiary within the scope of the September 20, 2017 Plans are subject to the following performance conditions that apply to both the Stock Option and Performance Share Plans. These conditions were adopted by the Board of Directors on February 14, 2017.

The number of stock options that may be exercised out of the total number of stock options granted and the number of performance shares definitively awarded within the scope of the 2017 Plans will therefore depend:

(i) For 65% of the stock options/performance shares granted, on the rate of achievement of an objective, set by the Board, consisting of the average of the annual rates of growth in Group undiluted net earnings per share excluding foreign exchange impact and excluding exceptional items ("Recurring EPS") for financial years 2017, 2018 and 2019.

At the objective set, the grant is 100% then decreases on a straight-line basis to zero if there is no growth in EPS. In order to take into account the Airgas acquisition in May 2016 and its financing, the following principle was adopted:

- o of calculating the increase in Recurring EPS for 2017, on the basis of the estimated financial statements for 2016 including Airgas as of January 1 and excluding the businesses available for sale and thus making it probable to take into account comparable data,
- o of maintaining an exacting objective with regard to the average of the annual rates of growth over this period. This objective has therefore been set, like for the 2016 Plans, at a level of growth within a range of +6% to +10% per annum. The precise objective will be communicated ex post;

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- (ii) for 35% of the stock options/performance shares granted,
- for 50% of the stock options/performance shares referred to in sub-paragraph (ii): on an objective of Total Shareholder Return set by the Board, defined as the average annual growth rate of an investment in Air Liquide shares for fiscal years 2017, 2018 and 2019 (“AL TSR”). The absolute TSR objective is set on a consistent basis with historical performances. At the objective set, the grant is 100% then decreases on a straight-line basis, to a lower limit,
 - for 50% of the stock options/performance shares referred to in sub-paragraph (ii): on the rate of Total Shareholder Return from an investment in Air Liquide shares, reinvested dividends – sourced from Bloomberg (“B TSR”), compared to the CAC 40 TSR Index, reinvested dividends (sourced from Bloomberg) for fiscal years 2017, 2018 and 2019.

The rate of achievement will be 0% if the average of Air Liquide TSR is lower than the average of the CAC 40 TSR, 50% if it is equal to the average of the CAC 40 TSR and 100% if it is more than 2% higher than the average of CAC 40 TSR on the basis of a straight-line change. This objective of 2%, which is slightly lower than in 2016, can be accounted for by the greater sensitivity of the performance conditions that are from now on based on a single TSR criterion (versus two previously: Peers TSR and CAC 40 TSR). Any grant for a performance lower than the average of CAC 40 TSR is impossible.

In sum, the applicable performance conditions are as follows:

| Weighting | 65% | 35% | |
|--|--|--|---|
| | | Of which 50% | Of which 50% |
| Performance conditions | Average of annual growth rates in recurring Earnings per Share excluding foreign exchange impact and exceptional items for the period 2017/2018/2019 | Total Shareholder Return, defined as the average annual growth rate of an investment in Air Liquide shares over 3 financial years | Total Shareholder Return vs. CAC 40 TSR over 3 financial years |
| Objective | Level of growth set within a range of +6% to +10% per annum (the precise level will be communicated <i>ex post</i>) | Total Shareholder Return set on a consistent basis with historical performances (the objective will be communicated <i>ex post</i>) | <ul style="list-style-type: none"> - 0% if the Air Liquide rate of return is lower than the average of CAC 40 TSR - 50% if the Air Liquide rate of return is equal to the average of CAC 40 TSR - 100% if the Air Liquide rate of return is more than 3% higher than the average of CAC 40 TSR (change on a straight-line basis) |
| Achievement of performance conditions | This information will be published in 2020. | | |

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The rate of achievement of the performance conditions will be recorded by the Board at the time of adoption of the financial statements for the 2019 fiscal year.

The result achieved and the percentage of performance shares that vest/options that are exercisable will also be communicated.

Specificities relating to the executive officers

Within the scope of the sub-limits authorized by the Annual Shareholders' Meeting for 38 months, and most recently by the Combined Shareholders' Meeting of May 12, 2016 (18th and 19th resolutions), the Board of Directors sets lower annual limits for grants to the executive officers, expressed (i) as a percentage of the capital and (ii) as a multiple of their remuneration, in accordance with the recommendations of the AFEP/MEDEF Code.

Taking into account the reduction in the number of executive officers, the Board of Directors decides to adopt the following limits:

✓ **Limits on the grant for the executive officer**

(i) the total number of performance shares granted in 2017 to the sole executive officer may not grant entitlement to a number of shares exceeding 0.012% (instead of 0.017% previously) (it being understood that a sublimit on grants of 0.15% of the capital for 38 months was set by the Annual Shareholders' Meeting on May 12, 2016).

(ii) the total number of stock options granted in 2017 to the sole executive officer may not grant entitlement to a number of shares exceeding 0.035% of the capital (instead of 0.05% previously) (it being specified that a sublimit on grants of 0.3% of the capital for 38 months was set by the Annual Shareholders' Meeting on May 12, 2016).

(iii) The maximum cumulative IFRS value of the stock options and performance shares granted to the executive officer may not exceed (for all the 2017 SO and PS Plans combined) approximately 1.5 times the amount of his maximum gross annual remuneration.

✓ **Other specific rules**

The specific rules defined at the time of the grant under the 2016 Plans were restated by the Board on September 20, 2017. They are applicable to the 2017 grants to the executive officer as follows:

- Obligations regarding the restriction on the exercise of stock options and the sale of performance shares during the "blackout periods" prior to the publication of the financial statements as defined by the Company.
- Commitment not to carry out hedging transactions with regard to the risk concerning stock options/shares resulting from the exercise of stock options and concerning the performance shares awarded, throughout the length of their term of office.
- Share ownership obligations:

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- obligation to retain, in registered form, until the termination of their duties, a minimum quantity of shares corresponding to 50% of the capital gain on acquisition net of social charges and taxes for each exercise of stock options/final award of performance shares. This percentage will be adjusted downwards to 5% as soon as the quantity of shares held represents an amount equal to at least 3 times the executive officer's fixed gross annual remuneration.
- pursuant to the internal rule defined by the Board of Directors since 2008, obligation for the Chairman and Chief Executive Officer to hold, in a registered account, a number of shares equivalent to twice the fixed gross annual remuneration. This obligation will remain in force until it is exceeded by the effect of the above-mentioned rules resulting from the French Commercial Code.

These obligations are in line with the recommendations of the AFEP/MEDEF Code of November 24, 2016.