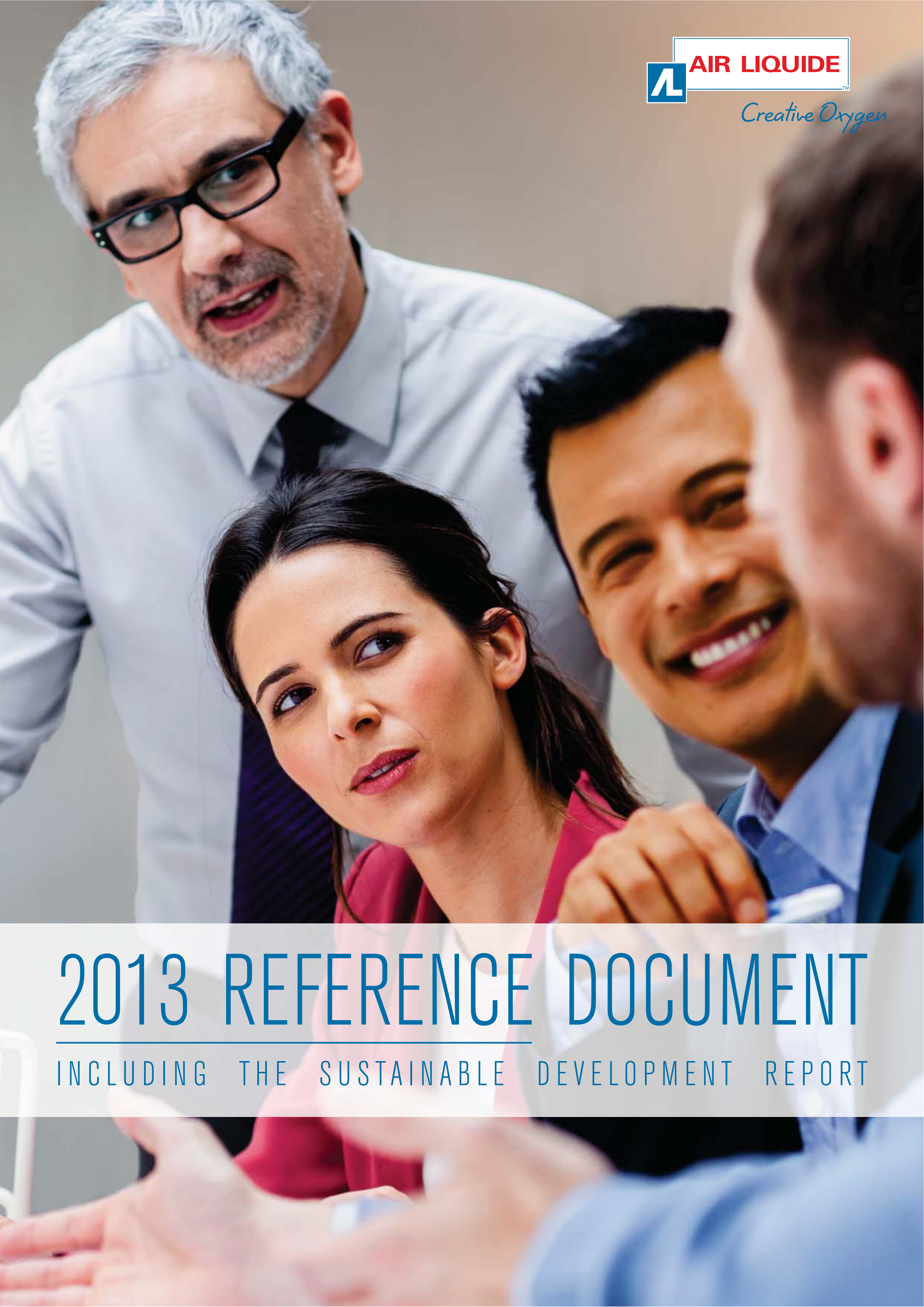
AIR LIQUIDE

Creative Oxygen



2013 REFERENCE DOCUMENT

INCLUDING THE SUSTAINABLE DEVELOPMENT REPORT

Contents

2013 Reference document

including the Sustainable Development Report

World leader in gases, technologies and services for Industry and Health, Air Liquide is present in **80 countries** with more than **50,000 employees** and serves more than **2 million customers and patients**. Oxygen, nitrogen and hydrogen have been at the core of the Company's activities since its creation in 1902. Air Liquide's ambition is to be the leader in its industry, **delivering long-term performance and acting responsibly.**

Air Liquide ideas create value over the long term. At the core of the Company's development are the commitment and constant inventiveness of its people.

Air Liquide anticipates the challenges of its markets, invests locally and globally, and delivers high-quality solutions to its customers and patients, and the scientific community.

The Company relies on **competitiveness** in its operations, **targeted investments** in growing markets and **innovation** to deliver profitable growth over the long-term.

Air Liquide's revenues amounted to 15.2 billion euros in 2013, and its solutions that protect life and the environment represented around 40% of sales. Air Liquide is listed on the Paris Euronext stock exchange (compartment A) and is a member of the CAC 40 and Dow Jones Euro Stoxx 50 indexes.

Meet us on our website
www.airliquide.com

AUTORITÉ
DES MARCHÉS FINANCIERS
AMF

The original French version of this Reference document was filed with the French financial market Authority (AMF), on March 17, 2014, in accordance with Article 212-13 of its General regulations. It may be used in support of any financial transaction if it is supplemented by a prospectus approved by the AMF. This document contains all information required for the **Financial Annual report**. It was prepared by the issuer and its signatories assume responsibility for it.

A financial and technical glossary is provided at the end of the document – page 346.

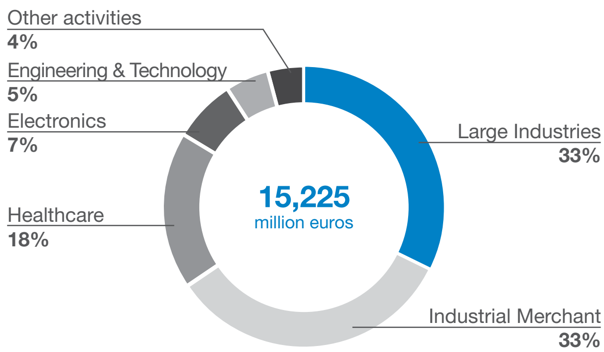
Established in **1902**	Present in **80 countries**	**50,250** employees

> ACTIVITY

Group

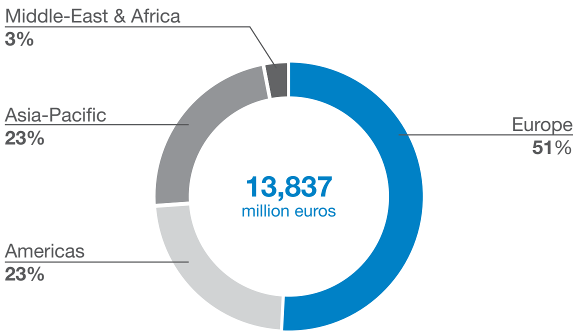
World leader in gases and services

2013 revenue by activity [a]

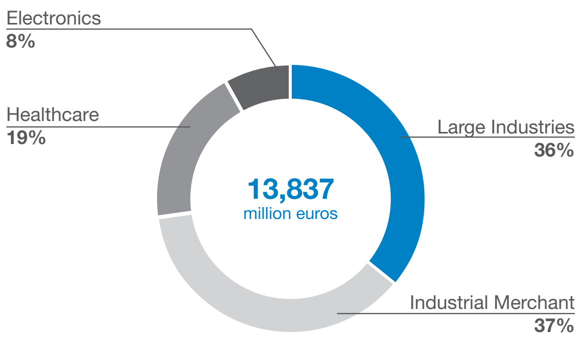


Gas & Services

Gas & Services 2013 revenue by geography [a]



Gas & Services 2013 revenue by World Business Line



24%
of 2013 revenue realized in developing economies

Large Industries: 4,940 million euros,
+3% in 2013[b],
+6% 5-year average

Industrial Merchant: 5,081 million euros,
+3% in 2013[b],
+2% 5-year average

19.2%
Gas & Services Operating Margin / revenue

+1.3%
Growth in Gas & Services operating income recurring

Healthcare: 2,689 million euros,
+5% in 2013[c],
+10% 5-year average

Electronics: 1,127 million euros,
+1% in 2013[b],
+2% 5-year average

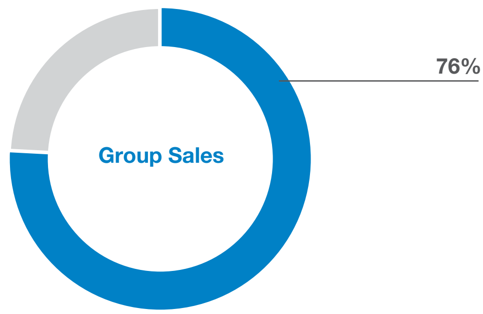
(a) Aggregate presented for financial information and from Consolidated financial statements.
(b) Comparable growth, excluding currency, natural gas, and significant perimeters impacts.
(c) Growth excluding currency impact.

> CUSTOMERS AND PATIENTS

1 million customers

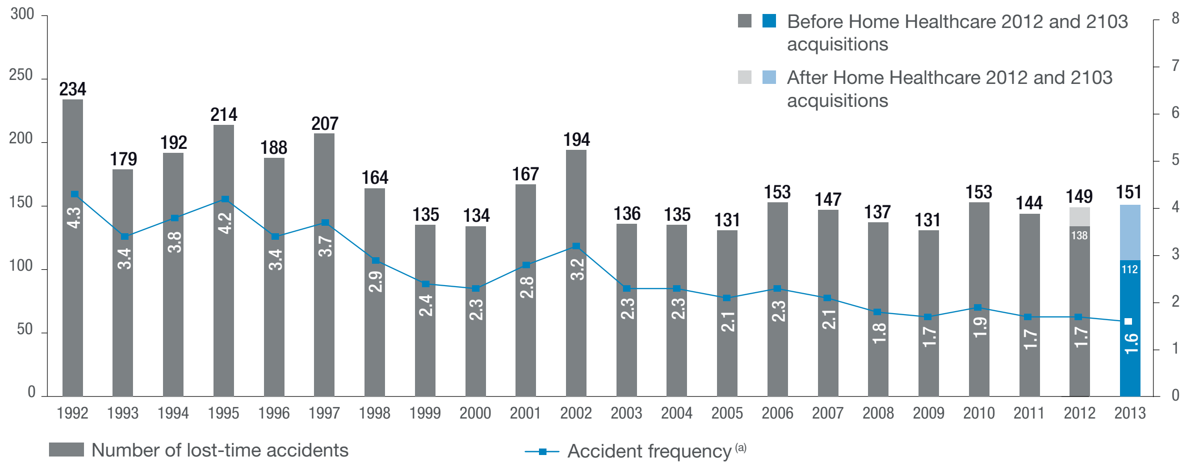
1.1 million patients

2013 satisfaction survey



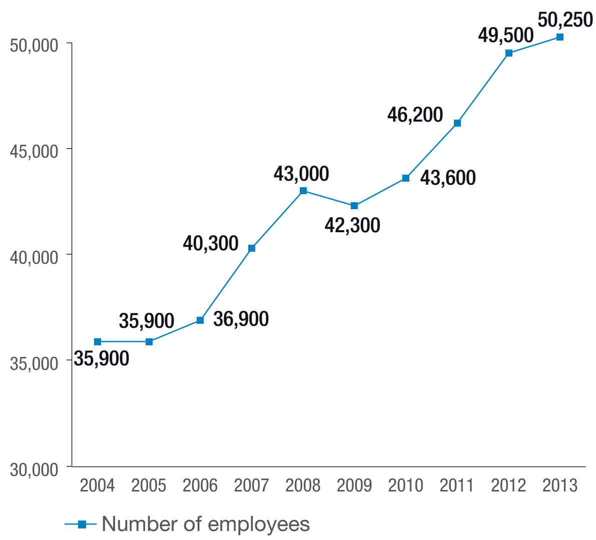
> EMPLOYEES

Number and frequency of lost-time accidents since 1992

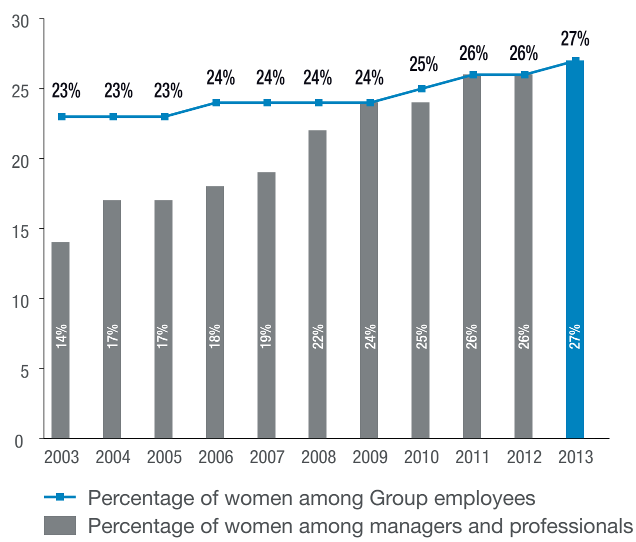


Excluding the Home Healthcare acquisitions in 2012 and 2013, the accident frequency rate was 1.2 in 2013, a major improvement on previous year (1.5 in 2012).

Employees



Share of women



Numerous financial terms as well as their calculation method are explained in the Glossary provided at the end of this Reference Document.

(a) Number of lost-time accidents per million hours worked by Group employees.

> COMMUNITIES

Air Liquide Foundation:

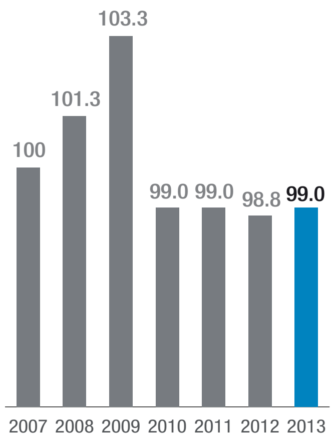
153 projects in 40 countries since its creation

200 employees involved

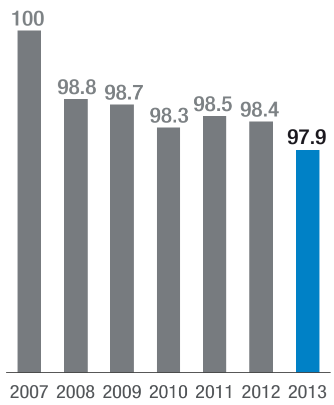
> ENVIRONMENTAL FOOTPRINT

Energy consumption per m³ of produced gas (2007 base 100)

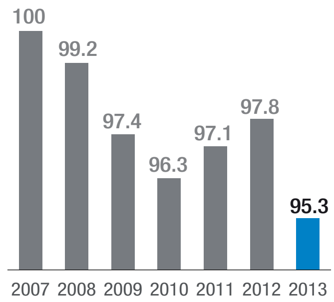
Air Gases



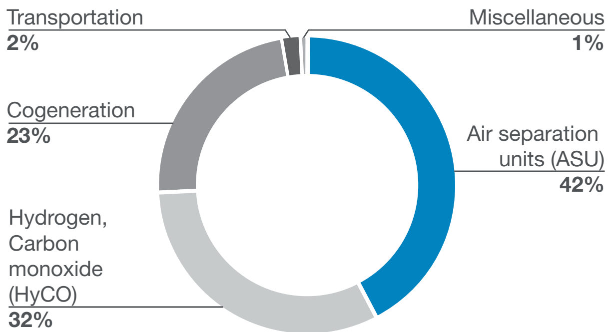
Hydrogen



Distance travelled per ton of gas delivered (2007 base 100)



2013 direct and indirect greenhouse gas emissions



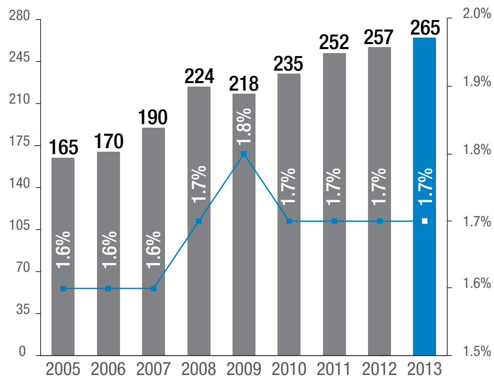
Blue Sales [(a)]

> **40 APPLICATIONS**
> preserve life and the environment and represent
> **43%** of Group sales.

> INNOVATION

321 new patents filed in 2013

Innovation expenses



- Innovation expenses (in million euros)
- Innovation expenses in percentage of Group revenue

(a) 2012 figures. 2013 update available mid-2014.

> INVESTMENTS

2.7 billion euros
2013 investment decisions

2.2 billion euros
2013 Net capex [(a)] [(b)]

51% of net capex was located in developing economies

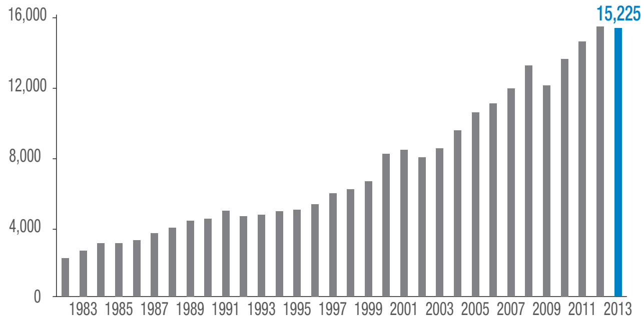
15% 2013 net capex/sales ratio [(a)] [(b)]

56% 2013 gearing [(a)]

> PERFORMANCE REGULARITY

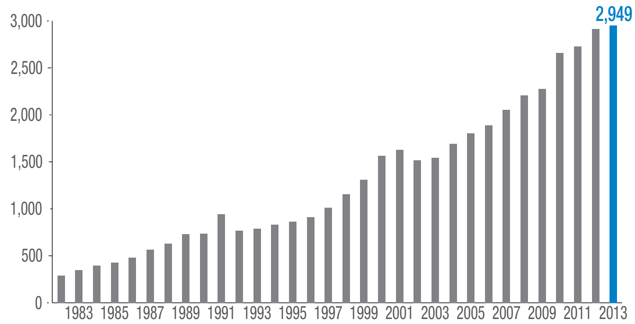
Revenue *(in million euros)*

Average annual growth over 30 years: +6.1%
2013-2012 Growth: -0.7%



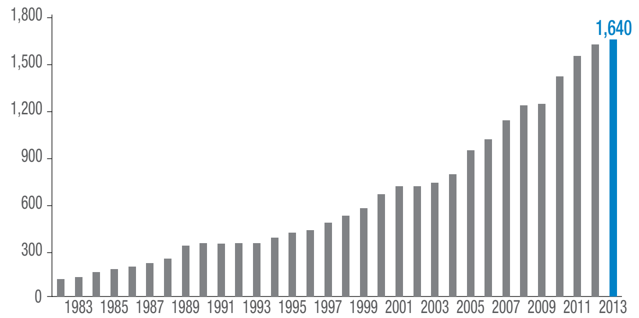
Cash Flow from operating activities before changes in working capital requirement *(in million euros)*

Average annual growth over 30 years: +7.4%
2013-2012 Growth: +2.2%

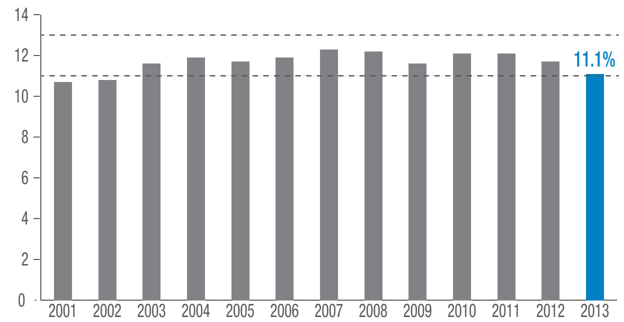


Net profit (Group share) *(in million euros)*

Average annual growth over 30 years: +9.0%
2013-2012 Growth: +3.1%



Return on Capital Employed [(c)]



(a) Aggregate presented for financial information and from Consolidated financial statements.
(b) Industrial and financial capex, including transactions with minority shareholders.
(c) See ROCE definition on page 30.

> GOVERNANCE

Corporate Governance in 2013 [(a)]

83% of Board members are independent Directors

33% of Board members are women

58% of Board members are of foreign nationality (non-French)

Internal Governance in 2013

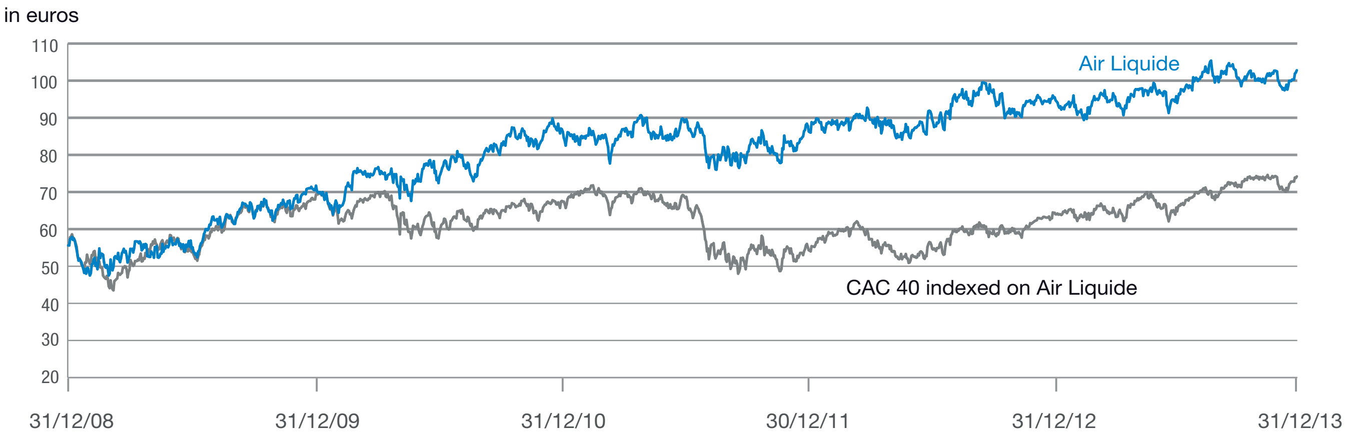
94% of the Group's employees belong to subsidiaries that have a local Code of Conduct

93% of the Group's revenues have been covered by the Industrial Management System (IMS) over the last five years

90% of revenues have been subject to new internal control processes

> STOCK MARKET INDICATORS

Stock market performance



		2009	2010	2011	2012	2013
Market capitalization at December 31 (in million euros)		21,941	26,887	27,130	29,682	32,159
Adjusted closing share price [(b)] (in euros)	high	71.43	89.78	90.70	99.52	105.35
	low	47.52	64.03	76.03	84.12	89.41
	At December 31	70.50	85.84	86.70	95.05	102.80
Net earnings per share [(b)] (in euros)		3.99	4.52	4.93	5.11 [(c)]	5.28
Net dividend per share [(b)] (in euros)		1.91	2.13	2.27	2.50	2.55 [(a)]
Pay-out ratio		49.5%	48.7%	47.5%	49.9%	49.7%
Dividend yield		2.7%	2.5%	2.6%	2.6%	2.5%
Ex-dividend date		May 12, 2010	May 11, 2011	May 11, 2012	May 16, 2013	May 16, 2014

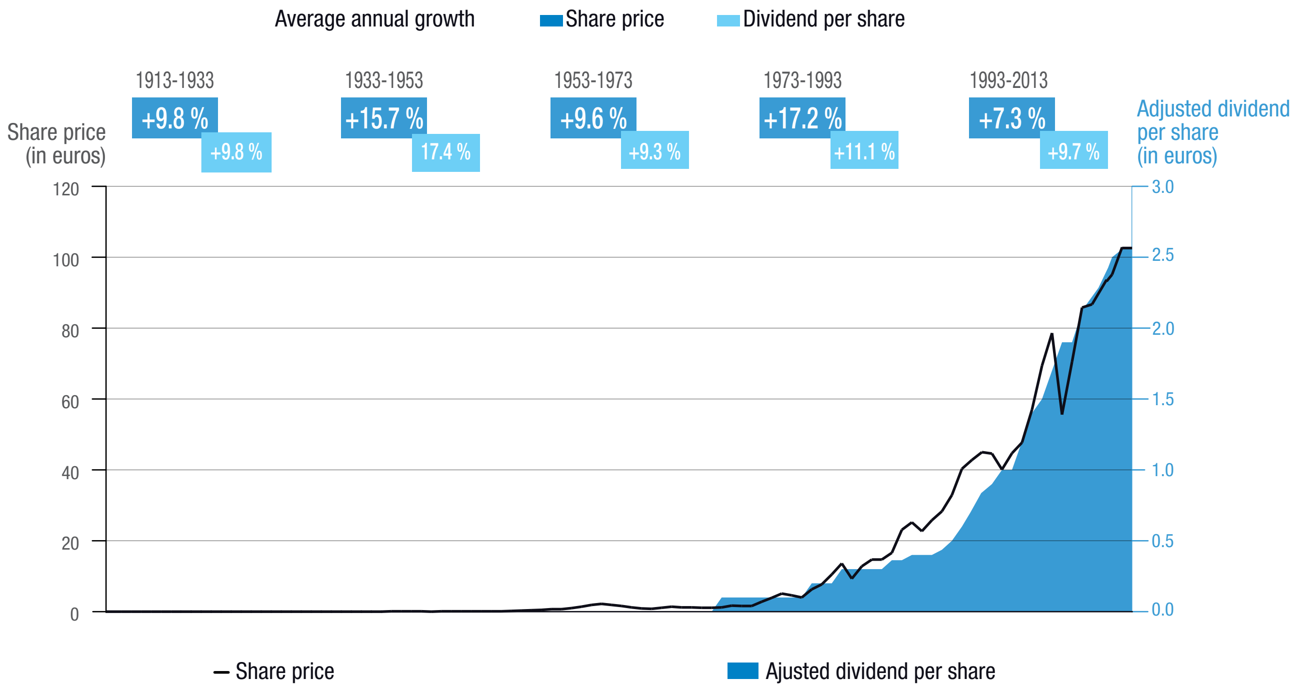
TSR
Total Shareholder Return for a registered shareholder

+16.5% over 5 years [(d)]

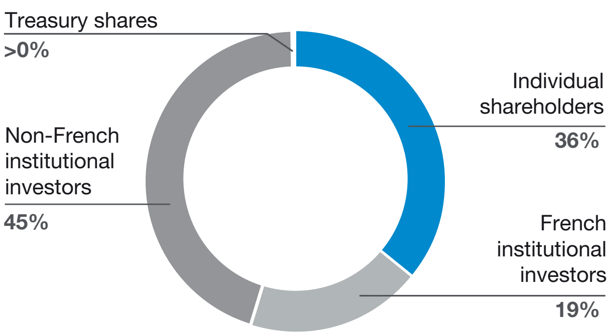
+12.1% over 10 years [(e)]

(a) To be proposed at the Annual General Meeting on May 7, 2014.
(b) Adjusted for previous two-for-one share splits and free share attributions.
(c) 2012 restated for the effects of the IAS19 "Employee benefits" revision.
(d) At December 31, 2013, for an invested capital since December 31, 2008.
(e) At December 31, 2013, for an invested capital since December 31, 2003.

Stock market performance over 100 years



Shareholder breakdown at December 31, 2013



A strong share ownership culture

A differentiating feature of Air Liquide is the high proportion of individual shareholders: together, over 400,000 individual shareholders hold some 36% of the share capital at the end of 2013.
Their loyalty is attributable to a long history of steady earnings growth, resulting from the constant development of Air Liquide's markets and the solidity of its economic model.

Free share grants

1 for 10 in 2012

At the May 30, 2012 closing date, each shareholder received a free share for 10 existing shares. Registered shareholders having held their shares continuously since December 31, 2009 also received a 10% loyalty premium (1 additional share for 100 shares held). As a result of this attribution, the total number of outstanding Air Liquide shares increased by 10.25%.

All the historical published per share data concerning stock market prices, earnings and dividends have been adjusted to take into account this increase in the number of shares.

Free share offers do not modify the value of the portfolio of an Air Liquide shareholder.

In 2014, a new free share attribution (1 for 10) will be proposed at the Annual General Meeting on May 7, 2014.

1 Management Report

> HISTORY OF THE AIR LIQUIDE GROUP

1902

ORIGIN

Air Liquide was born of innovation and an encounter between two men: Georges Claude, inventor of an industrial process for the production of oxygen from liquid air and Paul Delorme, a visionary entrepreneur.

1906

FIRST INTERNATIONAL DEVELOPMENTS

Gas by its very nature is difficult to transport and thus local production is required. This was one of the reasons Air Liquide set its sights internationally early on, building numerous production units abroad. Development was rapid in Europe (1906), Japan (1907), Canada (1911) and the United States (1916). See “A Century of Development.”

1913

LISTING ON THE STOCK EXCHANGE

The critical role played by shareholders became evident in the first years of the Company's development. First listed on the Paris Stock Exchange in 1913, the share has now been listed for 100 years; 100 years in which Air Liquide has endeavored to forge a strong and privileged relationship with its shareholders based on an excellent stockmarket performance, with an average annual increase in its share price over 100 years of 11.9%.

1946

NEW ADVENTURES, DIVING

New adventures shared with Captain Cousteau led to the creation of Spirotechnique (today known as Aqua Lung), which designs, manufactures and sells diving regulators and other equipment used for professional and leisure diving.

A Century of International Development

Air Liquide's development was rapid during the early part of the 20th century, with significant business growth between the two wars. From 1945 to 1970, in an economy that was being rebuilt, the Group consolidated its positions and established itself in South America and South Africa (1946), and in Australia and North Africa (1956).

In the 1970s, international growth was renewed with a major acquisition: Big Three in the United States in 1986. At the end of the 1980s, taking advantage of its long-time presence in Japan, Air Liquide set its sights on other Asian countries and played its part in the development of the Electronics market. In the early 2000s, the Group invested massively in China, a major growth market, and entered into numerous air gas outsourcing contracts.

In the 1990s, the Group began to develop in Eastern Europe. During a second phase, in the 2000s, it made inroads further east in Russia, Ukraine and Turkey, winning Large Industries contracts. The Middle-East also became a new investment priority.

In 2004, there was a second major acquisition: certain businesses of Messer Griesheim in Germany, the United Kingdom and the United States. In 2007, the Group purchased minority interests in its joint ventures in Japan and Southeast Asia.

Today, Air Liquide continues to pursue its strategy of expanding its global presence, convinced that the geographical diversity will guarantee resilience and future growth. As a result, the Group is continuously strengthening its historical positions in the major economies worldwide and relentlessly seeking footholds in new markets.

Air Liquide is now present in 80 countries, its international dimension being a fundamental component of its identity.

1952

THE CRYOGENIC REVOLUTION

Storing gas in liquid form in cryogenic tanks allows vast quantities to be transported by road or rail within a radius of around 250 km from the production site. In 1954, the first liquid oxygen plant was commissioned in the North of France.

1960

PIPELINE NETWORK STRATEGY

By delivering gas to several customers through pipelines, Air Liquide adopted a network strategy for the first time. Linking its gas production units through a pipeline network, the Group multiplied production capacity to meet soaring demand from large industries: firstly, for oxygen in steel production, and secondly, for nitrogen in chemicals.

The Large Industries business was launched with customers committing to long-term contracts of 15 years or more. The Group currently manages a global network of more than 9,000 km of pipelines in particular on the Gulf Coast, in northern Europe, the Ruhr valley in Germany and in China.

1962

SPACE INDUSTRY

Convinced of the industrial potential of cryogenics, Jean Delorme, Chairman and Chief Executive Officer, decided to create a research center near Grenoble dedicated to these technologies. The first applications were rapidly integrated in the space industry. Air Liquide has been a partner of the space adventure and the Ariane program for 50 years. The Group's contribution has been as much in the production of the fluids essential for launch (oxygen, hydrogen, helium and nitrogen) and associated services, as in the design and production of the tanks and cryogenic equipment of the launchers.

1970

A TRADITION OF INVENTIONS

The Claude-Delorme Research Center, located in the Paris-Saclay innovation cluster, was created in the greater Paris region to enhance gas production techniques and their applications (combustion, welding, metal fabrication, chemicals, electronics, food, respiratory functions, and environmental treatment). It is evidence of the Group's desire to perfectly understand the industrial processes of its customers and develop new gas applications to better satisfy their requirements (in terms of quality, productivity and the environment). The Center also develops partnerships with universities and industrial companies. The Group currently has eight research centers around the world: in France, Germany, the United States and Japan.

1976

A TECHNOLOGICAL BREAKTHROUGH

With the Sasol project in South Africa, transforming coal into synthetic fuel, air gas separation units (ASUs) have scaled up, dramatically increasing in size. Following this technological breakthrough, Air Liquide became the leader in large ASUs, and remains so today.

1985

A NEW MARKET, ELECTRONICS

In Japan, the Group began to supply ultra-high purity gases to the semiconductor industry: this involves carrier gases, mainly nitrogen, used to inert the fabs, and specialty gases that are used directly in the manufacturing of semiconductors. In 1987, Air Liquide inaugurated the Tsukuba research center in Japan, which is dedicated to the Electronics industry.

1995

EXTENDED OFFERING: HYDROGEN AND STEAM

In addition to oxygen and nitrogen, as part of its commitment to protecting the environment and promoting energy efficiency, Air Liquide extended its offering to hydrogen and steam. To ensure the success of this new offering, the Group has used the business model, which is behind the success of its air gas activity, deploying from the beginning a basin strategy based on a pipeline network, offering customers flexibility, distribution reliability and service quality at the best price.

PROTECTING LIFE

Originally an oxygen supplier to hospitals, Air Liquide became a specialist in the Health sector. The Group launched its Home Healthcare activity and set up a network of dedicated specialist teams. Medical gases were classified as drugs and manufacturers were required to file market authorizations. The Group also developed in the Hygiene sector, an activity that naturally complemented the hospital services. Most recently, Air Liquide launched significant research programs in therapeutic gases, used for anesthesia, pain relief, and post-operative recovery.

2007

ORGANIZATION BY BUSINESS LINE

The Air Liquide growth drivers for the coming decades are solid and sustainable, based on changing lifestyles: industrial growth of developing economies, increasing energy needs and environmental challenges, healthcare and high technology. To capture this growth, the Group created a new organization based on four World Business Lines. They combine the technical, financial and operational expertise that are specific to each of the businesses of the Group: Large Industries, Industrial Merchant, Healthcare and Electronics. The Group remains geographically focused, but each zone or country benefits from the support and experience of the business lines to accelerate its development.

Conscious of the strategic dimension of engineering & construction capabilities, the Group acquired Lurgi in 2007. This company provides Air Liquide with major proprietary technologies such as hydrogen and carbon monoxide production units, or processes relating to the gasification or CO_2 purification. Thanks to this acquisition, the Group now has a complete technological offering and a greater engineering capacity.

2008

LAUNCH OF THE ALMA PROGRAM TO STEP UP GROWTH

The Group launches the ALMA program. Driven by the ambition to be the recognized leader of its industry, the Group announces its mid-term objectives for an annual revenue growth of +8% to +10%, 600 million euros in efficiencies over three years and a return on capital employed of between 11% and 12%.

2009

RESILIENCE IN AN UNPRECEDENTED CRISIS

Affected by a crisis of unprecedented magnitude, the Group focused its efforts on the management of its cash, costs and investments (capex). Having tested the solidity of its long-term contracts, Air Liquide confirmed their resilience and demonstrated the relevance of its economic model. In a context of global recession, the Group shows itself to be an exception, posting a stable net profit while preserving its solid financial structure.

2010-2013

NEW TERRITORIES: ACQUISITIONS AND HYDROGEN ENERGY

Slowly emerging from a crisis that reshuffled global growth, Air Liquide announces at end-2010 new objectives for its ALMA program in terms of Performance and Responsibility. These objectives were revised at end-2013 to factor in a slower-than-expected recovery in growth, in particular in Western Europe and Japan. The detail of these objectives is provided in the Strategy section – page 57.

The Group accelerates its presence in new territories, including Turkey, Ukraine and Mexico, and strengthens its presence in China, thereby increasing, in six years, the developing economies share of Gas & Services from 15% to 24% in 2013.

In a weaker growth environment in the advanced economies, and particularly in Western Europe, Air Liquide intensifies its acquisitions. At the end of 2012, two major home healthcare players joined the Group: LVL Médical in France and Gasmedi in Spain. Other acquisitions were completed in 2013 to strengthen the Group's positions in Healthcare in Poland, Scandinavia and Canada and in Industrial Merchant in Brazil, Russia, the Middle East and China.

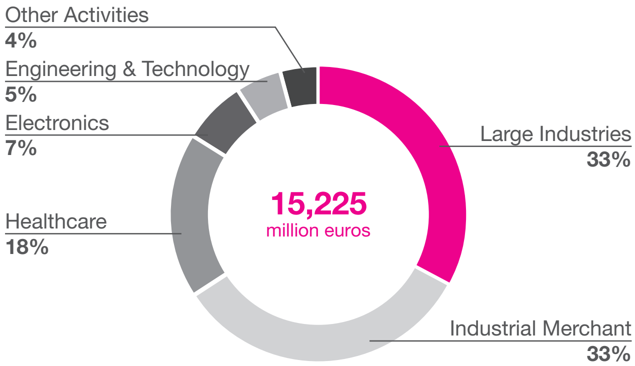
The hydrogen fuel cell is gradually being perceived as a viable alternative to electric vehicles. Air Liquide confirms its commitment to a more environmentally friendly energy source, with the creation of its **Blue Hydrogen** label accompanied by ambitious objectives. The first consumer hydrogen filling stations open.

> ACTIVITIES AND RISK FACTORS

Activities

The Group classifies its activities as follows: Gas & Services, Engineering & Technology and Other activities. Additional information is available in the "2013 Performance" section of this report.

2013 Group revenue



GAS & SERVICES

The supply of gas requires local production in order to avoid disproportionate transport costs. Air Liquide gas production units are therefore located throughout the world and can supply several types of customers and industries, with the relevant volumes and services required. The operational management of the Gas & Services activity is organized by four geographical regions (Europe, Americas, Asia-Pacific and the Middle-East and Africa) and coordinated at World Business Line level to better adapt to the changes in the different customer markets:

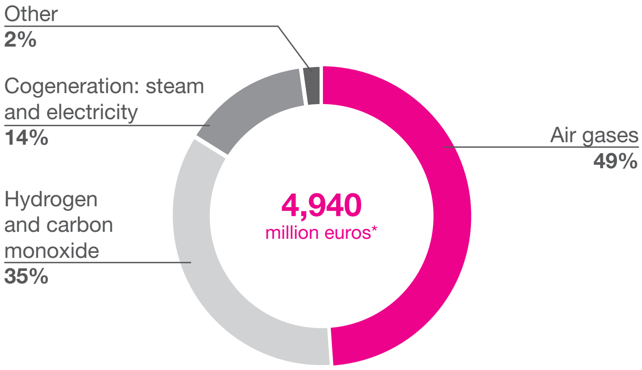
- **Large Industries** supply industrial gases by operating major production units to serve customers in the metals, chemicals, refining and energy sectors with high gas consumption, requiring delivery through a pipeline. Large Industries also supplies the Group's other business lines.
- **Industrial Merchant** supplies a wide range of different gases, application equipment and services to industries of all sizes requiring variable quantities, distributed in bulk (liquid form) or in cylinders (gaseous form).
- **Healthcare** supplies medical gases, hygiene products, medical devices and services to hospitals and patients in their homes. It also produces and distributes healthcare specialty ingredients for the personal care, pharmaceutical and vaccine markets.
- **Electronics** supplies gas and services for the production of semi-conductors, flat panels and photovoltaic panels.

Depending on their end use, gases are distributed in different states and using various means: in gaseous form through a pipeline network, in liquid form in cryogenic trailers, and in gaseous form in high pressure cylinders for small quantities or specialty gases. The Gas & Services activities represent 91% of the Group's total revenue.

LARGE INDUSTRIES

The Large Industries business line proposes gas and energy solutions to its customers, essential for their own production, to improve process efficiency and to help them better respect the environment. The world leader in this sector, Air Liquide benefits from dedicated in-house development and engineering teams, differentiating proprietary technologies and rigorous processes for selecting investments and carrying out major projects, which often include pipeline networks, reaching out over several hundreds of kilometers.

2013 Large Industries revenue by activity



* 36% of Gas & Services revenue.

Large Industries processes

Separation of air gases (ASU: Air Separation Unit)
An ASU compresses, liquefies and distills air in order to separate it into its different components: 78% nitrogen, 21% oxygen, and 1% rare gases (argon, neon, krypton and xenon). Only certain extremely large ASUs can produce rare gases. Electricity consumption is significant.

Hydrogen and carbon monoxide production (SMR: Steam Methane Reformer)
By steam reforming natural gas, an SMR produces hydrogen and carbon monoxide. The most common raw material is natural gas; electricity consumption is modest.

Cogeneration
Cogeneration consists of simultaneously and efficiently producing electricity and steam generally by consuming natural gas and water. The electricity is supplied to the local network while the steam is required for certain industrial processes.

This business line provides oxygen, nitrogen, argon, hydrogen and carbon monoxide to the metals, chemicals, energy and refining sectors through a network of plants and pipelines. At December 31, 2013, these included 342 large Air Separation Units (ASUs) producing nitrogen, oxygen and argon, 47 Steam Methane Reformers (SMRs) producing hydrogen and carbon monoxide and 17 co-generation plants producing energy and steam around the world.

In the **metals** industry, oxygen is used to produce steel to improve energy performance and reduce emissions. The majority of new projects are currently located in developing economies.

The **chemicals** industry uses mainly oxygen, hydrogen and carbon monoxide in its manufacturing processes, and nitrogen for the inerting of installations.

The **refining** industry requires hydrogen to desulfurize fuels and break up heavy hydrocarbons. The demand for hydrogen is growing due to the combination of increasingly stringent emissions legislation and use of heavier hydrocarbons.

Numerous firms in the **energy** or **chemicals** industries use oxygen to transform large quantities of coal and natural gas into syngas (raw materials in the production of chemical products) or electricity. To meet customer requirements, the supply of large quantities of gas is indispensable. Air Liquide supplies gas directly by pipeline from dedicated plants or through a pipeline network. Air Liquide has built its own pipeline networks progressively over the last 40 years. With a total length of more than 9,000 km, these networks stretch, for example, across northern Europe, from Rotterdam through to Dunkirk, and along the Gulf of Mexico in the United Sates from Lake Charles to Corpus Christi. Many other mid-sized local networks have also been built in other significant and fast developing industrial basins in Germany, Italy, Singapore and more recently, South Korea and China.

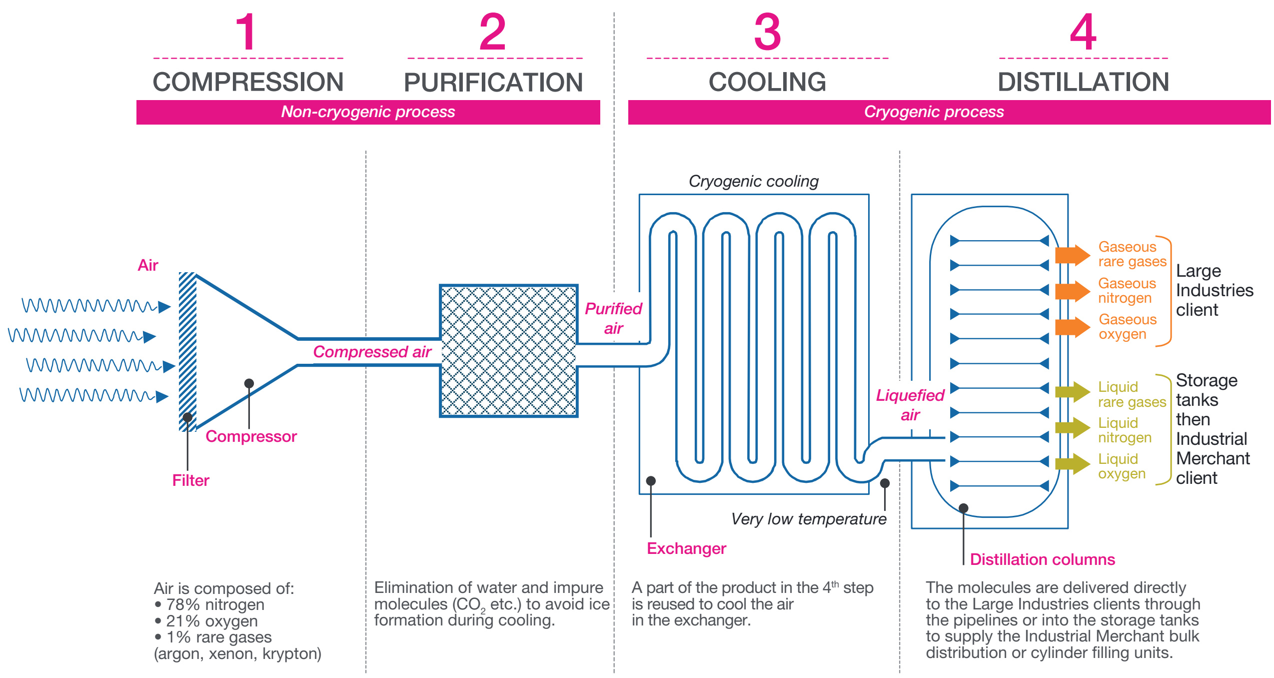
The use of industrial gases is indispensable for these various industrial processes. As any discontinuity in the supply necessitates a stoppage of the customer's production operations, supply reliability is crucial. However, although vital, gas supply generally represents a very small part of total production cost for the customer.

The raw materials necessary for the production of industrial gases vary according to the type of unit and the region. The production of oxygen and nitrogen requires air and a large quantity of electricity. Hydrogen and carbon monoxide production units mainly consume natural gas and little electricity. Cogeneration units consume natural gas and water. The energy and capital intensity of these industrial processes is generally significant.

The supply of gas is generally contracted for 15 years. For certain specific projects this can be extended to 20 years. Within these contracts, the Group guarantees long-term service continuity and availability with respect to gas supply via a high-performing industrial solution. In return, the contracts include the indexation of input costs, mainly electricity and natural gas, and guaranteed payment levels through take-or-pay clauses.

Air gas production

Simplified diagram of an air separation unit's operation



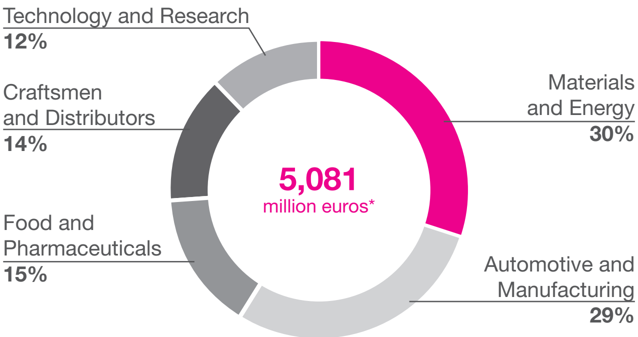
The Large Industries business line operates under long-term contracts, including indexation of energy costs and take-or-pay clauses. These contracts offer considerable visibility of future revenue and protection in the event of a significant fall in customer volume demand (below the minimum take-or-pay level). The investment cycle is long and the high capital intensity of this business line requires a solid balance sheet. The signature of new contracts is a guarantee of future growth.

Air Liquide is developing a network strategy in the industrial basins in order to provide customers with greater supply reliability while optimizing operating costs.

INDUSTRIAL MERCHANT

The Industrial Merchant business line serves a wide range of markets and customers – craftsmen, SMEs, large multinational industrial groups – offering comprehensive gas solutions for the implementation and optimization of their industrial processes. Supported by a global network of business experts and extensive geographical coverage, Air Liquide provides its customers with innovative solutions including industrial gases, application equipment and related services.

2013 Industrial Merchant revenue by end market



* *37% of Gas & Services revenue.*

The Industrial Merchant activity serves five primary markets:

- **Materials and energy:** Oxygen is used to reduce energy consumption in glass and metal manufacturing processes and to treat wastewater. Nitrogen is used to create inert atmospheres for the conservation of oxygen-sensitive products. Carbon dioxide is used in drinking water treatment, helium for professional diving and magnetic resonance imaging. Nitrogen and carbon dioxide can be used for the enhanced recovery of oil and gas and, in certain cases, the reduction of water and solvent consumption.
- **Automotive and manufacturing:** Argon and argon mixtures are used for metal parts welding in manufacturing industries, hydrogen and nitrogen for thermal treatment, specialty gases for waste gas analysis, helium for airbags and specialty gases (krypton, xenon) for lighthouses and thermal insulation. Oxygen and acetylene are used in metal heating and cutting operations. Air Liquide therefore enables customers to improve their manufacturing processes and preserve the working environment.
- **Food and pharmaceuticals:** The Group's technologies help improve shelf-life and food and pharmaceutical manufacturing and cooling processes. The three major activities in this market are the supply of carbon dioxide for beverages, gas mixtures for modified atmosphere packaging and nitrogen for process inerting and cold production. Air Liquide ensures these products comply with prevailing market regulations and in particular the complete traceability of its gases.
- **Technology and research:** Industrial gases are used in the assembly and encapsulation of electronic components in optoelectronics processes – particularly LED manufacturing and optic fiber and silicon cylinder drawing. Special gases required, in particular, for the calibration of analysis instruments are widely used in research centers and analytical laboratories. Specific, highly technical gases and equipment have been developed for these various applications.
- Finally, Air Liquide provides the **Craftsmen and Distributors** sector with a wide range of gases for use in plumbing, heating, ventilation, air conditioning, industrial maintenance and auto repair, with special-purpose cylinders tailored to customer utilization requirements.

Such gases can be supplied to the customer's site in liquid form using dedicated cryogenic trailers, by means of on-site equipment, and, in gaseous form, in high pressure cylinders. Historically, distribution remains local, with deliveries rarely exceeding 250 km from the production site. To support this local presence, the Industrial Merchant activity mainly relies on the gas production capacities of the Large Industries activity and develops its own distribution logistics. Furthermore, Air Liquide leases out tanks and cylinders to ensure a reliable and optimized gas supply and quality equipment. Increasingly, the installation of telemeters and tracking systems enables distribution logistics to be optimized.

The **Industrial Merchant** activity is characterized by a wide range of customers, end markets and solutions or services. Contract terms vary and are less than five years. A portion of revenue comes from the lease of tanks and cylinders. It is an expert service business with a high technology and innovation content, extremely local, with geographical density of coverage being a key factor. Competition can vary between areas.

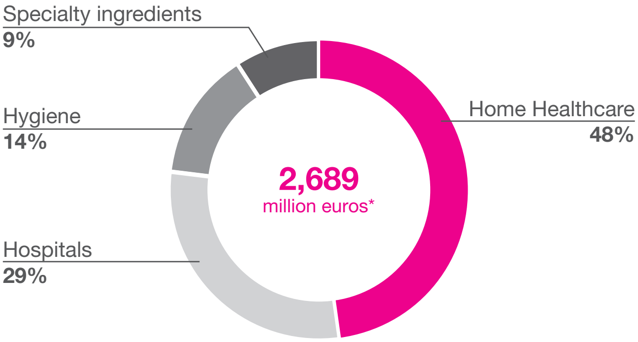
Innovation with regards to markets, products and applications is a major growth driver. Business growth is generally a function of local industrial production growth.

HEALTHCARE

The Healthcare business line provides gases, services, medical devices, equipment and hygiene products to more than 7,500 hospitals and clinics and 1.1 million homecare patients around the world. Since the first quarter of 2012, the business line includes the specialty ingredients activities of its subsidiary Seppic, serving the personal care, pharmaceutical and vaccine markets.

Air Liquide is one of the world leaders in this business segment, which is subject to stringent regulatory requirements relating to the drug designation status of several gases and multiple stakeholders (patients, doctors and payers).

2013 Healthcare revenue by activity



* 19% of Gas & Services revenue.

In Hospitals, Air Liquide provides medical gases, such as oxygen and nitrous oxide, for operating theatres, intensive care, emergency care and, more generally, medical wards.

The Group also innovates and develops therapeutic gases used particularly for resuscitation in cases of pulmonary arterial hypertension (VasoKinox™), and pain relief (Kalinox™). Several therapeutic gases are still in the research and development phase and the Group is in the process of extending its existing market authorizations.

Air Liquide also supplies hospitals with a large range of medical hygiene products (for hands, skin, instruments, surfaces, etc.) to fight in particular nosocomial infections. Air Liquide thus contributes to patient safety, particularly in operating rooms and intensive care units. Some hygiene products are also supplied to manufacturers, whose processes require impeccable cleanliness.

In Home Healthcare, Air Liquide has extended its services beyond oxygen therapy. Air Liquide looks after more 1.1 million patients at home suffering from chronic obstructive lung disease, sleep apnea, diabetes, or Parkinson's disease by providing them with long-term medico-technical services and follow-up care. By closely monitoring patient prescriptions and by enhancing patient observance of treatments, Air Liquide is now a key player in patient/doctor/payer relations and contributes to improving patient health and quality of life on a daily basis, as well as enhancing efficiency of public health systems.

The Healthcare activity has been growing worldwide through the implementation of healthcare infrastructures and systems in many developing economies. The Home Healthcare activity, which allows a patient with a chronic disease to stay at home is developing due to high prevalence of chronic diseases and longer life. This activity also helps to meet the growing constraints on health spending in developed countries.

Through its subsidiary Seppic, Air Liquide supplies specialty ingredients such as excipients and active ingredients for cosmetology, adjuvants for vaccines, film-coating systems for medication, etc.

Over the last 20 years, Air Liquide has become a leading healthcare player in Europe (France, Germany, Italy, the United Kingdom, Spain, and the Netherlands), Canada and Australia. The Group also has businesses in the United States (medical gases only), South America, Africa and Japan and has recently expanded in Eastern Europe, South Korea and China, as the local healthcare reimbursement systems develop.

The Healthcare activity is organized around two major businesses: the production and distribution of medical gases to hospitals and the provision of home healthcare services to patients. It operates in a strict regulatory framework. Density, quality of support services and efficiency are essential to offset the pressure on prices exercised by healthcare systems, particularly in developed economies.

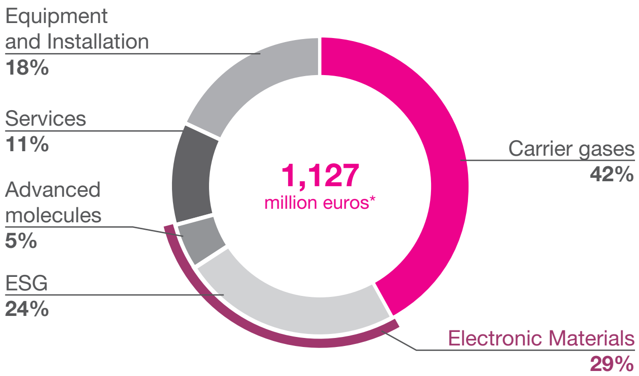
Air Liquide is present throughout the healthcare chain: from the treatment of acute diseases, with medical gases, in hospitals, to the treatment of chronic diseases, with home healthcare, and prevention/wellbeing with the hygiene and specialty ingredients activities.

With ageing populations, the greater need for care services due to an increase in chronic illnesses and the development of healthcare systems in developing countries, the Healthcare sector represents a solid growth driver for the Group.

ELECTRONICS

Air Liquide serves major manufacturers of semi-conductors, flat panel displays and solar cells, leveraging its expertise, global infrastructure and strategic proximity to manufacturers worldwide. Its innovative Electronic Materials respond to increasingly challenging customer demands for improved mobility, connectivity, computing power and energy consumption. The Group offers include ultra-pure carrier gases, a wide range of specialty gases and advanced precursor molecules, enabling equipment for safe distribution, purification and on-line purity control. The most sophisticated of these molecules are essential for the continuous miniaturization of the new microchips. On site, manufacturers can rely on the Group's expertise in the total management of these gases, advanced molecules and equipment as well as on its cutting-edge analytical services used to improve continuously their production processes.

2013 Electronics revenue by product



* 8% of Gas & Services revenue.

The Electronics Business Line provides carrier gases (primarily ultra-pure nitrogen) from on-site plants used to carry molecules, inert and protect electronic devices and purge customer manufacturing tools. The need for a regular and constant supply of carrier gases requires long-term commitments from customers and the building of production units near their premises.

The Group also provides materials for Electronics such as specialty gases and advanced precursors used in semi-conductor, flat panel display and solar cell manufacturing. Air Liquide develops and markets a significant value-added range of advanced precursors known as ALOHA™. The 2013 acquisition of Voltaix has extended the Group's range of advanced precursors, strengthened its relations with key customers, and created new synergies in the research and industrialization of Advanced Electronics Materials.

The Electronics business line also supplies equipment and installs ultra-pure gas and chemicals distribution networks at new customer manufacturing facilities.

Finally, given its expertise and its desire to offer customers a comprehensive service, Air Liquide also provides just-in-time, on-site fluid management and quality control services.

The Electronics business model is based on long-term carrier gas supply agreements, market volume-driven growth for electronics specialty gases and constant technological innovation to satisfy customer requirements by designing new precursor molecules. The combination of carrier gas, specialty gases, new molecule and equipment and installation activities enables Air Liquide to limit revenue volatility in this cyclical sector that offers strong growth potential.

The Electronics activities are situated for 65% in Asia, 21% in America and 14% in Europe.

The Group's **Electronics** activity covers three different activities:

- Carrier gases have a business model based on long-term agreements with the indexation of energy costs and take-or-pay-type clauses. Growth is dependent upon the signing of new contracts and investment in customer dedicated on-site production units.
- Specialty gases are distributed worldwide. Demand varies with electronics goods consumption and production cycles. These gases are high purity products requiring a high level of technical expertise.
- Finally, equipment and installation sales depend on the Electronics sector investment cycle.

In the Electronics sector, where long-term growth is accompanied by short-cycles, the mix of activities, specific to Air Liquide, offers a real advantage.

INDUSTRIAL SYNERGIES

The four business lines comprising the Gas & Services activity are closely tied by a strong industrial logic where proximity is key. The diagram below illustrates the mutualization of both production and distribution assets, between the different business lines, for a given geographical area. Leveraging this efficient industrial network, Air Liquide capitalizes on its proximity to its customers to anticipate their needs, understand market changes and offer innovative solutions.

In its search for improved performance, the Group favors synergies in a number of areas:

- Industry: local investment in new assets, followed by mutualization of these assets between the different business lines; globalization of energy supply and specifically energy (electricity and natural gas) purchasing;
- Engineering and Technology: sharing of global Group expertise, knowledge transfer, support to the regions;
- Research & Development: constant efforts to develop new applications;
- Human Resources: common managerial culture across a range of regions and businesses, aimed at selecting, training and developing the potential of the Group's men and women and favoring a unique sharing of competencies.

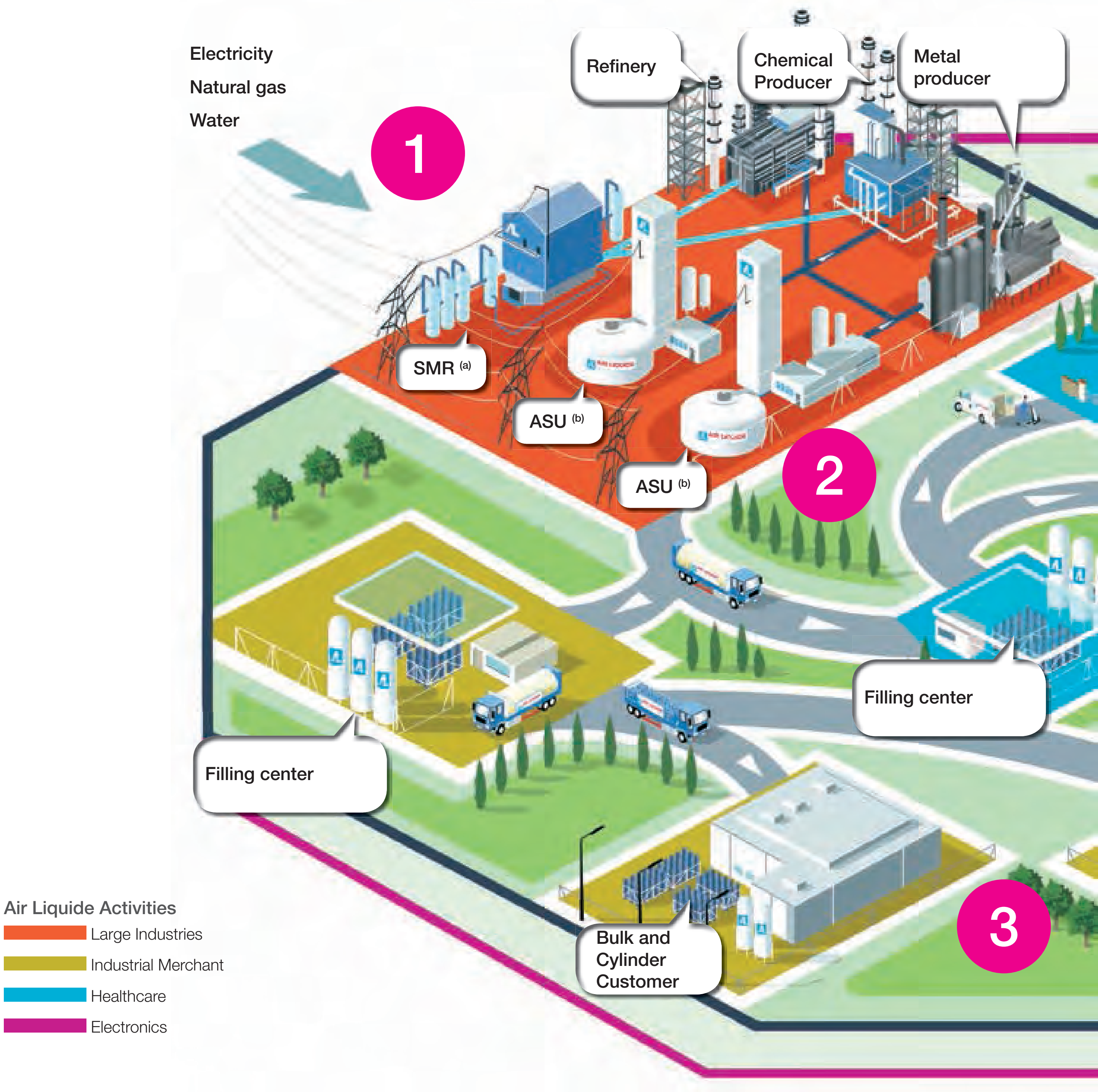
The combination of all these synergies represents a true ecosystem and allows Air Liquide to grow and continue to create long-term value.

Standard development model

1

- Identification of industrial basins and their potential in terms of growth and mutualization
- Signing of various Large Industries contracts
- Mutualization of production assets (construction of a pipeline network) in order to strengthen guaranteed supply and optimize operating costs

Industrial Synergies



(a) SMR: Hydrogen and carbon monoxide production unit (Steam Methane Reformer)

(b) ASU: Air gases production unit (Air Separation Unit)

(c) On-site: Small local production unit

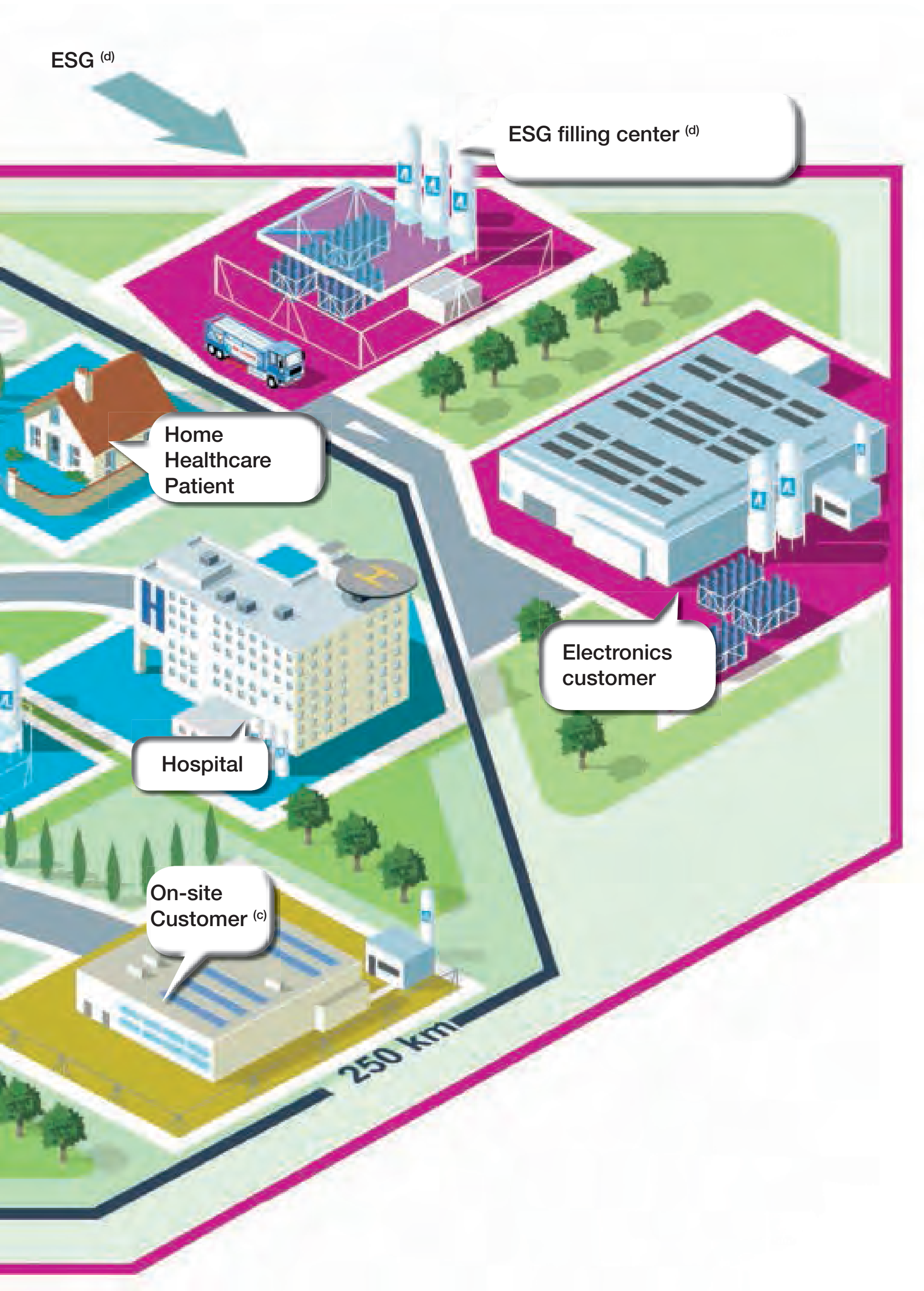
(d) ESG: Electronic Specialty Gases

2

- Liquefaction of gas sourced from Large Industries to supply Industrial Merchant, Healthcare and Electronics (piggyback principle)

3

- Acquisition of local distributors to accelerate roll-out in the area



ENGINEERING & TECHNOLOGY

Air Liquide was founded upon innovation: a new industrial process to separate air gases. In 2013, due to the ramp-up of the aB&T network, the Group combined the financial reporting of its Engineering & Construction and advanced Business and Technologies activities under the heading E&T (Engineering & Technology).

Engineering & Construction

To provide customers with the gases required for their industrial production, Air Liquide engineers have developed proprietary technologies. For over a century, the Group has therefore designed and produced units for its own use or for sale to customers who prefer to produce their gas requirements internally. Today, Air Liquide is still recognized for its ability to constantly improve ASU productivity based on its mastery of its proprietary technologies.

The whole range of proprietary technologies enables Air Liquide customers to optimize use of natural resources in order to provide clean and sustainable energy. The Global E&C Solution activity contributes to the transformation of the energy industry and helps to preserve & protect the atmosphere.

Indeed, since the acquisition of Lurgi in 2007, the Group has expanded its range of expertise. It now possesses its own proprietary technologies, developed by Lurgi for over 50 years, to produce hydrogen and carbon monoxide through steam methane reforming. This acquisition also widened the Group's offering into coal and natural gas conversion technologies to produce syngas, synthetic natural gas, methanol, propylene, liquid fuels and biofuels. Given the very large quantity of gases required in all these activities, this expanded Engineering & Construction know-how has helped the Group to be associated, upstream of gas production projects, in the development of its customer processes and thus boosting its gas or equipment sales growth. Some of these processes, at varying stages of development, offer technical solutions to fight climate change by enabling the capture of a virtually pure CO2 flow emitted by industrial sites.

The Engineering & Construction activity of Air Liquide is primarily geared towards gas production technologies. Accordingly, in 2013, 67% of its orders in hand concerned the manufacture of air gas or hydrogen and carbon monoxide production units.

To cover all the Group's primary markets, the Engineering & Construction business has extensive geographical coverage with 15 major engineering centers worldwide, based in North America, Europe and Asia. Because of this coverage, the Group is able to meet global demand, while containing production costs.

The Group favors the development of its gas sales over equipment sales. However, Engineering & Construction has great strategic value for the Group, both internally and externally.

Internally, the Group is able to benefit from the relevant engineering resources for its Gas & Services investment projects. It provides a high level of expertise, which is crucial to the design of efficient units that specifically respond to the needs of the Group's industrial gas customers. It enables optimal operational management for units once they are up and running to reduce energy costs and limit technical disruptions. It also facilitates site takeovers for the Group, by ensuring the right assessment of the quality of assets purchased.

Engineering & Construction also acts for third party customers. Air Liquide designs and builds customized units that the customer will own and operate. First and foremost, this third-party activity allows the Group to permanently assess the competitiveness of its technologies and commercial offering. Air Liquide is also able to forge close relations with customers that produce their own gas and better understand their industrial processes and investment projects upstream of discussions. In certain cases, negotiations initially steered towards the sale of equipment were finalized by the signing of a long-term industrial gas supply contract. As part of this third-party activity, the strategy consists in favoring research and equipment supply contracts which are less risky than contracts that include construction. Accordingly, the contribution to consolidated revenue can vary significantly from year to year.

aB&T – advanced Business and Technologies network

In order to accelerate the development of opportunities in markets which require a different approach to that used on its traditional markets and business models, the Group decided in 2013 to set up the advanced Business and Technologies network (aB&T), composed of Group subsidiaries and activities driven by an entrepreneurial spirit, innovation and agility. This global network, present in Europe, the Americas and Asia, is organized around four main fields:

- new markets, for example hydrogen forklifts in Europe;
- leading-edge technologies for major scientific or aerospace projects, such as the LHC (Large Hadron Collider) of the CERN (European organization for nuclear research), the ITER project (International Thermonuclear Experimental Reactor) or the Ariane program;
- industrial information technology for programs targeting efficient manufacturing, management optimization, traceability, etc.;
- investments, with the ALIAD subsidiary.

In Advanced Business (new markets), Air Liquide provides its customers with the best of its technologies and solutions in sustainable energy using industrial gases such as hydrogen and nitrogen. Hydrogen energy is thus a strong growth activity for which the Group manages the whole industrial cycle (production, storage, distribution and use by the end-customer). Air Liquide actively contributes to the implementation of this activity and the development of hydrogen as a clean energy source.

The Group is dedicated to the challenges and momentum of new energy sources and is also working on global solutions dedicated to the development of biogas.

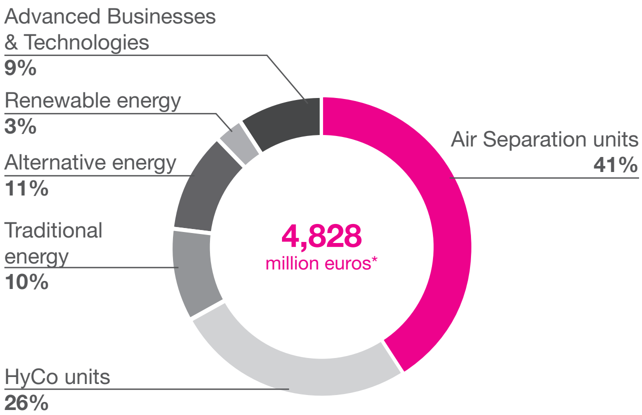
Air Liquid invests in technology start-ups through its ALIAD entity, created in 2013, and thus has rapid and privileged access to the technologies developed by these young and innovative companies. ALIAD will contribute to the Group's growth and competitiveness through the partnerships that accompany these investments.

The Engineering & Construction activity provides the Group with a genuine competitive edge, enabling it to strengthen its relations with customers and, for its own units, to engage in a procedure of continuous improvement of industrial processes and reduction in the cost of its assets.

The aB&T network, with its entrepreneurial culture, goes beyond the scientific, technological and sales frontiers to shape new markets and business models and thus contribute to the Group's future growth.

In 2013, consolidated third-party Engineering & Technology sales totaled 803 million euros and orders in hand 4.8 billion euros.

Engineering & Technology orders in hand (a) as at end-2013



* *Including 2.9 billion euros from third-party orders.*

OTHER ACTIVITIES

Over time, Air Liquide has developed other activities in addition to the sale of gas and equipment. The 2013 consolidated sales of Other activities amounted to 585 million euros, representing 4% of Group revenue.

In 2012, the Specialty Ingredients activity of Seppic, which develops and markets healthcare specialty ingredients, was integrated into the Healthcare business line of Gas & Services.

Welding

Air Liquide is a leading player in the development of welding and cutting technologies, offering a complete range of related equipment, consumables and services on the market, through internationally renowned brands. Established primarily in Western and Eastern Europe, Air Liquide Welding covers a wide range of markets: naval shipyards, automotive, transportation, infrastructures, boilers, distributors, machinery and equipment, energy, etc.

Air Liquide Welding pursues continuous innovation, constantly striving to improve the performance, productivity, safety and comfort of operators.

Diving

The Diving business markets, through the Aqua Lung trademark, deep-sea diving and swimming equipment to professionals and private individuals. It has a worldwide presence.

(a) Orders in hand represent the contractual value of all Group and third-party contracts managed by the Engineering & Construction and aB&T entities, excluding projects under warranty, from the signature date.

Competition

On a worldwide scale, the **Industrial Gases** sector comprises four global companies: Air Liquide, the German Linde Group, and two American players, Air Products and Praxair.

There are also a number of regional players, such as Taiyo Nippon Sanso (Japan), Airgas (in the US) and Messer (Germany). Several competitors, based in China, are emerging such as Yindge and Hangzhou Oxygen Plant Group Co.

Numerous medium-sized players are also present in local markets.

In **Large Industries,** the customer can choose between self-production and over-the-fence supply. Self-production is estimated to account for 80% of hydrogen production and 65% of oxygen production, although with significant geographical disparities. Self-producers of gas thus remain the Group's greatest competition. Nevertheless, the potential to convert self-production into over-the-fence supply represents a major growth opportunity for the Large Industries business line. The level of self-production varies strongly depending upon the customer's geographical area, sector and culture. In advanced economies, the supply of oxygen is largely over-the-fence, while the supply of hydrogen for refining remains essentially in-house. In developing economies, while relatively new, over-the-fence supply is accelerating significantly. Air Liquide, the worldwide leader in over-the-fence supply, is in competition with the three other major global players and local players, particularly in China.

Industrial Merchant is a local business, as transport costs limit a player's operating area to within 250 km of its production unit except for a few high value added gases. This market, which is highly diversified due to the size and activity of its customers, thus includes numerous small and medium-sized local competitors, either ensuring gas production and distribution or simply playing the role of a gas distributor.

In **Electronics,** three companies are playing a major role: Air Liquide, Air Products and Taiyo Nippon Sanso.

Finally, in **Healthcare,** most of the gas industry players also provide hospitals with oxygen, but few are present on the promising therapeutic gas market. The Home Healthcare segment grew in 2012, with the ramp-up of Linde following the purchases of activities in Europe and the United States. Air Liquide has consolidated its number one position in Europe. Nevertheless, the market remains fragmented in all global zones with a multitude of small companies and associations. This fragmentation provides acquisition opportunities for the Group. Finally, Air Liquide is the only industrial and medical gas producer to have developed a Hygiene and Specialty Ingredients activity. Air Liquide is positioned as a fully-fledged player in the Health sector, which represents a significant differentiating factor.

In **Engineering & Technology,** Air Liquide also competes with industrial gas players such as Linde or Air Products in cold technologies that separate gas from air. In the "hot" technologies used for producing hydrogen, in coal gasification and the chemical conversion of syngas, the most widely known competitors are Technip (France), Foster Wheeler (UK), CB&I (US), and ThyssenKrupp Uhde (Germany).

Competition is also coming from developing economies and particularly China. This is the case with the Chinese companies Hangzhou Oxygen Plant Group and Kaifeng in the area of air gases and Wison in the area of coal gasification and syngas conversion.

Risk factors

The Group identifies the risk factors to which it is exposed using a formal risk management approach. This approach involves the regular monitoring of risks and the implementation of necessary mitigation measures.

The Report from the Chairman of the Board (page 134) presents the main underlying internal control and risk management procedures put in place.

SPECIFIC BUSINESS-RELATED RISKS

The industrial gas business is characterized by a significant technology content (both in the design phase and the construction of production units), high capital intensity, local production capacity and substantial energy requirements.

The risks associated with these characteristics are mitigated by various factors, which include primarily the diversity of customers, industries served, applications and countries in which the Group operates, as well as the significant share of business that is subject to specific contracts, a strict authorization and project management process and a customized energy policy.

Innovation and intellectual property-related risks

The Group's activities are not dependent on third-party patents. They are mainly based on technology, processes and designs developed by its Research & Development, Marketing and Engineering teams, which are mostly protected by patents, drawings and models as well as by brands. There is nonetheless a risk of third-party rights being infringed, in particular when several market players are developing similar technologies. The Group is also developing innovative activities in collaboration with numerous partners: contractual risks may arise in terms of the division of rights between these partners of the results obtained.

Engineering & Construction-related risks

Air Liquide enters into major contracts to design and build gas production plants for its customers and itself worldwide. The primary role of the Group Engineering is to undertake internal investment projects. It also performs projects, including turnkey projects, for third-party customers, which are selected based on strict criteria aimed at limiting the risks associated with these Engineering & Construction activities.

Measures to limit commitments on the most complex projects are described in the Control Activities section of the Chairman's Report on page 136.

These projects generally extend over several years. Potential risks relating to design, purchasing, transport or construction may arise at different stages of the project, but are often more significant in the construction phase.

- Delivery times and costs for critical equipment may have an impact on project schedules and profitability.
- On-site construction costs and deadlines may vary depending on the environment, and may give rise to project start-up setbacks and impact project profitability.
- Unexpected technical problems may also arise as a result of new innovative processes being implemented. Preliminary tests on pilot plants and demonstration units therefore help reduce such risks prior to commercial implementation.
- Certain projects are located in regions that may be a source of political risks. Constant monitoring of such projects over the long term limits such risks.

The impact of the risks described above depends also on the contractual commitments given to customers.

Industrial investment-related risks

The Group may be exposed to certain risks specific to its industrial investments. Each investment project may be affected by different factors linked primarily to project location, customer quality and the competitiveness of the site, as well as to design, cost estimates and the construction of gas production units. The investment authorization process is led by Resources and Investment Committees, which apply extremely strict appraisal criteria to projects. These Committees comprise regional, technical and financial managers that vary depending on the nature of the project considered, and are chaired by an Executive Committee member. The investment decision-making process is explained in the Investment cycle and financing strategy section on page 41.

Business-related risks

The primary business-related risk is the risk of customer bankruptcy or closure of a customer's production site. The diversity of the Group's geographic presence in 80 countries mitigates customer and market risks. The Group's subsidiaries serve a very large number of customers (more than one million worldwide) in a broad range of industries: chemicals, steel, refining, food, pharmaceuticals, metals, automobile, health, electronics, photovoltaic and research laboratories. The Group's top customer represents around 2% of revenue, the Group's top 10 customers represent around 13% of revenue and the top 50 customers represent around 28% of revenue.

A significant part of the Industrial Gases business is covered by customer contracts, with commitment periods specific to the relevant business line:

- the Large Industries business and a third of the Electronics business respectively rely on 15-year to 20-year and 10-year take-or-pay secured contracts, ensuring a guaranteed minimum revenue. These contracts provide strong future cash flow predictability;
- in the Industrial Merchant business, contracts are for one to five years, including leases of storage and cylinders;
- in the Home Healthcare business, positions vary between health systems, with certain countries awarding one to five-year contracts on a regional and pathology basis following invitations to tender.

Risks of customer business interruption following major climatic or political events are limited by the wide diversity of countries in which the Group operates and the necessary recourse to gases in critical situations. Gases are needed to secure industrial or chemical installations (inert gases), maintain local industrial activity (essential to industrial processes) and even sustain life (medical gases). They are therefore often protected or prioritized depending on the situation.

Supply-related risks

Electricity and natural gas are the main raw materials used by production plants. Due to the geographical spread of its activities, Group supply contracts are diversified. Where the local market permits, Group subsidiaries secure these resources through medium to long-term supply commitments and competitive bidding scenarios with the objective of achieving the most reliable and competitive energy costs available in any particular market. The Group passes on cost variations to its customers via indexed invoicing integrated into medium and long-term contracts.

Commodity risk is described in note 29.2 to the Consolidated financial statements on page 257.

INDUSTRIAL RISKS

Industrial risks concern numerous sites and various industrial processes and distribution methods.

The Group's key priority is its safety policy, with a formal objective of "zero accidents, on every site, in every region, in every unit." The safety results for the past 20 years illustrate the long-term effectiveness of Group policy in this area.

Over and above the usual risks inherent in all industrial activities, Air Liquide's businesses entail more specific risks relating to:

- products: the intrinsic properties of certain products packaged by the Group classifies them in the dangerous materials category, for which tailored procedures and means of detection have been defined;
- processes and their operation: cryogenics is used to separate gases by distillation, stock them and transport them. This very low temperature technique requires specific means of control and protection. In addition, pressure is central to the Group's processes. Pressurized equipment is designed with security features restricting uncontrolled release;
- logistics and transportation: each year, delivery vehicles, sales staff and technicians travel many kilometers. Strict compliance with the highway code and the regular maintenance of vehicles contributes to the safety of drivers and third parties. Furthermore, industrial sites use several types of motorized lifting gear. Training in the use of such equipment and user permits are required;
- engineering and construction: industrial risks are factored in from the design phase of future installations. Subsequently, during the construction phase, prevention plans and rigorous organization enable the coordination of the various trades that interact to different degrees;
- delivery reliability: a variety of solutions ensure the supply of gas to customers: direct pipeline to a production plant, on-site storage with remote surveillance enabling the automatic trigger of resupply or bar-coded gas cylinders ensuring the traceability of products.

The Group has an Industrial Management System (IMS), which defines the management processes covering the above points. It is described in greater depth in the Chairman's Report on page 137.

ENVIRONMENTAL AND CLIMATE RISKS

The industrial and medical gas business presents few environmental risks. Some 85% of the Group's large production units separate the components of atmospheric air, that is oxygen, nitrogen, argon and rare gases. These plants "without chimneys" do not use any combustion processes and consume almost exclusively electrical energy. They are particularly environmentally friendly as they emit almost no CO_2, sulfur oxide or nitrogen oxide. Nonetheless, electricity consumption generates CO_2 emissions by the suppliers of this energy, known as indirect emissions. The Group's two other main activities are hydrogen production and cogeneration, which account for 15% of large production units and which use combustion processes emitting CO_2 and nitrogen oxide, as well as low quantities of sulfur oxide.

Water is a resource necessary to these three main Group processes. Air gas separation units use water exclusively for cooling purposes during the separation process. Hydrogen production units require water in the form of steam in the reaction producing hydrogen. Finally, the cogeneration plants produce steam, which is mainly supplied to customers.

Environmental risks primarily comprise the following components:

- the Environmental Footprint, involving the Group's activities worldwide, is closely monitored: sites under the European Seveso directive and equivalent sites worldwide, electrical and thermal energy consumption, annual water supply, emissions into water and the atmosphere, waste and by-products, the distance covered by delivery trucks and progress made towards quality (ISO9001) and environmental (ISO14001) certifications;
- Group direct and indirect greenhouse gas emissions are precisely measured at all production sites;
- the Group analyzes and monitors the environmental risk factors at the main stages of its product life cycles;
- a mapping of sites located in hydric stress areas enables the identification of water supply risks;
- the Group is in constant dialogue with stakeholders to assess the risk to its image associated with environmental issues.

Climatic risks are reviewed at both Group and site level:

- Air Liquide continuously monitors risks associated with changes in environmental protection legislation, particularly concerning the European Trading Scheme and other CO_2 allocation exchange systems existing or under development around the world, in order to assess the impact of any regulatory changes on the Group's activities;
- weather-related and climatic disasters risk disrupting the smooth running of operations. Preventive measures targeting extreme weather-related phenomena exist at the main sites located in high-risk areas.

A detailed energy and environment report is presented in the Sustainable Development report in this Reference Document on page 95.

FINANCIAL RISKS

Financial risk management is a priority for the Group.

The financial risk management process is detailed in the Chairman's Report on page 138, in accordance with a governance structure that defines the role of the Finance and Management Control Department, the various committees and the role of local entities.

The Finance and Management Control Department also analyzes country and customer risks and provides input on these risks at Investment Committee meetings.

Foreign exchange risk

Since industrial and medical gases are not transported over long distances, most products are manufactured in the country where they are sold. Thus, the exposure of the Group's activities to currency fluctuations is limited.

Foreign exchange transaction risk is marginal. It is related to cash flows arising from royalties, technical support and dividends, and foreign currency commercial cash flows from operating entities. These commercial cash flows in foreign currencies are not material when compared to consolidated revenues on an annual basis. This foreign exchange transaction risk is managed through the hedging policy implemented by the Finance and Operations Control Department.

Furthermore, the Group provides a natural hedge and reduces its exposure to exchange rate fluctuations by raising debt in the currency of the cash flows generated to repay debt. Thus, financing is raised either in local currency, or when contracts are indexed in euros or US dollars, in foreign currency (EUR or USD).

Foreign exchange translation risk (translation of local currency financial statements into euros) mainly corresponds to the sensitivity to the major foreign currencies: the US dollar (USD), the yen (JPY) and the renminbi (RMB).

Note 29.2 to the Consolidated financial statements describes the foreign exchange transaction risk management process and the derivative instruments used, as well as sensitivity to foreign currency exchange rates.

Interest rate risk

The Group's objective is to reduce the impact of interest rate fluctuations on its interest expenses and, guided by the principle of prudence, to finance long-term assets with shareholders' equity and fixed-rate long-term debt. Since most of Air Liquide's activities are based on long-term contracts (10 to 15 years), a policy promoting interest rate risk hedging ensures control over financing costs when deciding on long-term investments.

Group policy is to maintain, over a medium to long-term period, a majority of total debt at fixed rates, mainly by using firm or option hedges. This approach enables the Group to limit the impact of interest rate fluctuations on financial expenses.

Note 29.2 to the Consolidated financial statements describes the sensitivity of the Group's financial expenses to interest rate fluctuations and the interest rate repricing schedule for fixed-rate debt and interest rate hedging instruments.

Financial counterparty and liquidity risk

Financial counterparty risk primarily relates to outstanding amounts on short-term investments and derivative financial instruments for hedging, and to lines of credit contracted with each bank. To ensure its development and independence, the Group must have sufficient and permanent sources of liquidity, meaning adequate financing resources available at any time and at the lowest cost from banks and financial markets. In this area, the Group adopts a prudent approach to counterparties and their diversification, applying a strict limit on individual outstandings.

Note 29.2 to the Consolidated financial statements describes financial counterparty and liquidity risk for the year ended December 31, 2013. Notes 7, 19.1 and 19.2 to the Consolidated financial statements provide a breakdown of trade and other operating receivables and allowances for doubtful receivables.

DIGITAL RISKS

The Group's activities, expertise and, more generally, its relations with all the players in its social and economic environment, depend on increasingly dematerialized and digitalized operations, based on communications networks and information systems that have become ever more complex through their human and technical or functional interdependence.

This digital dependency accentuates the risks of data confidentiality, data processing integrity and information systems availability that may have important financial, operational or corporate image impacts for the Group.

A long-term plan launched in 2011 aims to strengthen the Group's prevention and monitoring mechanisms in a context of increasing cyber-attacks and digital risks. It is founded on a special-purpose structure and internal control procedures aimed at ensuring the protection of data and information systems, as described in the Chairman's Report on page 137.

HUMAN RESOURCE MANAGEMENT RISKS

The long-term performance of the Air Liquide Group is driven, in particular, by the quality of its employees, their expertise and their motivation.

The Group therefore encourages a performance-focused, motivating and involved professional environment, through a human resources policy aiming to identify, attract, retain and develop competent employees from all walks of life. The objectives of this policy are set out in the Chairman's Report on page 138.

LEGAL RISKS

The Group has a worldwide presence. Its companies operating industrial and medical gas production units must comply with the rules and regulations in force locally, particularly in the technical field.

Furthermore, in Healthcare, certain products may be subject to drug regulatory control.

As indicated in the Report from the Chairman of the Board of Directors on the internal control and risk management procedures implemented by the Company (page 138), the risks relating to contracts and competition law, as well as anticorruption issues, are specifically monitored.

To the Group's knowledge, there have been no governmental, judicial or arbitration proceedings, including any such proceedings which are pending or threatened of which we are aware which may have, or have had in the past 12 months, significant impacts on the financial position or profitability of the Company and/or Group.

Liabilities and contingent liabilities related to litigations are described in notes 24 and 32 to the Consolidated financial statements.

INSURANCE MANAGEMENT

The Group has adequate insurance coverage, underwritten by first-rate insurers, for civil liability, property damage and business interruption.

Property damage and business interruption

Group property and business interruption are covered by property and casualty insurance policies underwritten in each country in which the Group operates. Almost all of these policies are integrated into an international program.

These policies, which are generally of the "All Risks" form, cover fire, lightning, water damage, explosions, vandalism, impact, machinery breakdown, theft and, depending on the country and in limited amounts, natural disasters.

Business interruption is insured for most production sites under these same policies.

The coverage period for business interruption is 12 to 18 months.

Deductible amounts are proportional to the size of the sites.

The Group has retained a portion of property damage and business interruption risk through a captive reinsurance company in Luxembourg. This captive reinsurance company is fully integrated within the property damage and business interruption international program. This company covers losses of up to 5 million euros per loss over and above the deductibles to a maximum of 14 million euros per year. Beyond these amounts, risks are transferred to insurers. The captive reinsurance company is run by a captive manager approved by the Luxembourg Insurance Commission.

This reinsurance company is fully consolidated. Its balance sheet as of December 31, 2013 totaled 54 million euros.

Insurers conduct regular visits at the main industrial sites for risk prevention purposes.

Civil liability

In terms of civil liability, the Group maintains two separate covers, one for the North American zone and another for the rest of the world. The North American zone is covered by insurance underwritten in the United States. For the other zones, the Group has subscribed an umbrella policy, underwritten in France, which covers both the Company and its subsidiaries outside of the United States and Canada, beyond any local coverage provided for the subsidiaries.

These two policies cover liability of the Group companies for any damage they might cause to a third party in the course of doing business (operational risk) or arising from their products (product risk). Furthermore, with certain limitations, these policies cover "pollution" risk and product recall costs.

The coverage amounts underwritten exceed 500 million euros. Both policies are built on several overlapping insurance lines, and each line has been underwritten for a given amount with several insurers sharing the risk. Beyond the first line, the upper lines pick up the excess risk from the lower lines.

The policy underwritten by the Company in France serves as an umbrella for subsidiaries outside of North America. Under this umbrella, each foreign subsidiary has its own policy covering damages to third parties incurred through its activities or products. The amount insured for each subsidiary in its policy depends on the amount of its revenue. The coverage under the Group's umbrella policy is supplemental to any local amounts.

The main exclusions are deliberate acts, war, nuclear incidents and repair of defective products.

> 2013 PERFORMANCE

Robust activity in 2013 enabled the Group once again to achieve its objective of net profit growth. Group revenue reached 15,225 million euros, up +3.7% compared to 2012 on comparable exchange rates and natural gas prices. Reported growth was -0.7% impacted by a significant foreign currency impact, which remains for a large part reversible. The Gas & Services activity has continued to make progress in all business lines, especially in the Americas and developing economies. The latter continued to show sustained momentum, up +11% on a like-for-like basis. Advanced economies showed a more modest rise of +1% with Western Europe and Japan gradually stabilizing.

Greater efforts on costs and efficiency plans for a high 303 million euros contributed to increasing the operating margin by nearly +20 basis points to 16.9% despite negative pricing in Healthcare in Europe and in specialty gases in Electronics. Net profit (Group share) rose to 1,640 million euros, up +3.1% as published, or +5.5% excluding currency effect.

Total investment decisions and order intake for engineering were significant, reflecting a dynamic investment cycle. Net cash from operating activities after changes in working capital requirement was up +3.5%, financing the investments while strengthening the Group's financial structure. Standard & Poor's has recently revised the Group's rating up to A+.

The Board of Directors therefore proposes to increase the nominal dividend amount to be submitted to the Shareholders' Meeting on May 7, 2014 to 2.55 euros per share. This dividend will represent an increase of +2.0% for the shareholder and a pay-out ratio of 49.7%.

2013 key figures

(in millions of euros)	2012	2012 restated [(a)]	2013	2013/2012 published change	2013/2012 change excl. currency	2013/2012 comparable change [(b)]
Total revenue	15,326	15,326	15,225	-0.7%	+3.1%	+2.8%
of which Gas & Services	*13,912*	*13,912*	*13,837*	*-0.5%*	*+3.4%*	*+3.1%*
Operating income recurring	2,560	2,553	2,581	+1.1%	+4.3%	-
Operating income recurring *(as % of revenue)*	16.7%	16.7%	16.9%	+20bps	-	-
Net profit (Group share)	1,609	1,591	1,640	+3.1%	+5.5%	-
Earnings per share *(in euros)*	5.17	5.11	5.28	+3.3%	+5.7%	-
Adjusted dividend per share *(in euros)*	2.50	2.50	2.55 [(c)]	+2.0%	-	-
Cash flow from operating activities before change in working capital	2,913	2,886	2,949	+2.2%	-	-
Net capital expenditure [(d)]	2,848	2,848	2,240	-	-	-
Net debt	6,103	6,103	6,062	-	-	-
Debt-to-equity ratio	58.4%	58.5%	55.7%	-	-	-
Return On Capital Employed – ROCE after tax [(e)]	11.7%	11.6%	11.1%	-	-	-

(a) Restated for the effects of the IAS19 "Employee benefits" revision.

(b) Excluding natural gas, currency and significant scope impacts. Natural gas is an essential raw material for the production of hydrogen and the operation of cogeneration units. All Large Industries hydrogen and cogeneration contracts have clauses indexing sales to the price of natural gas. Hence, when the natural gas price varies, the price of hydrogen or steam for the customer is automatically adjusted proportionately, according to the price indexation clauses.

(c) Subject to the approval of the May 7, 2014 Shareholders' Meeting.

(d) Including transactions with minority shareholders.

(e) Return On Capital Employed – ROCE after tax: (net profit after tax before deduction of minority interests – net cost of debt after taxes)/(shareholders' equity + minority interests + net indebtedness) average over the fiscal year).

2013 highlights

2013 saw an upturn in activity over the quarters. During the period, Air Liquide signed more than 2.7 billion euros worth of investment decisions, ensuring future growth. These signatures reflect the outsourcing trend, increasing demand in large industrial basins, projects relating to the availability of local energy resources, in particular in China and the United States, as well as further targeted acquisitions in growth markets.

The Group has also continued developments in strong-growth sectors and in particular in hydrogen as an energy carrier.

DEVELOPMENT OF INDUSTRIAL ACTIVITY IN ALL REGIONS AND BUSINESS LINES

In 2013, Air Liquide pursued its growth strategy through industrial investments and acquisitions. Air Liquide has reinforced its positions in the major industrial basins along the Texas Gulf Coast and in the Benelux countries, accompanied customer developments thanks to its proprietary technologies and strengthened its range of services for the electronics industry.

- In **Texas,** Air Liquide strengthened its existing relations with LyondellBasell by renewing a long-term contract to provide steam, power, air gases and water. The Group will re-invest in a state of the art cogeneration unit, and also in Air Gas Separation Unit upgrading, capacity expansion and additional infrastructure at the facility. The overall investment for this facility will be approximately 180 million euros.
- Air Liquide signed a long-term supply contract with Huntsman of carbon monoxide for its two MDI production factories in the port of **Rotterdam.** The 65 million euro investment will double the Group's carbon monoxide production capacity in the basin and meet customers increased requirements, on its Northern European pipeline network.

  Air Liquide has also signed a long-term contract with BASF to supply carbon monoxide to a factory in the **Antwerp basin,** the leading European hub for chemicals and petrochemicals. This factory, which represents an investment of 50 million euros, will double the Group's carbon monoxide production capacity in this basin.
- Air Liquide won a long-term contract in South East **China** with Fujian Shenyuan to supply industrial gases for its new caprolactam production plant, which will in turn supply a nylon production facility for textiles. Air Liquide will invest in an industrial gases complex of eight units including an air gas separation unit, a gasification unit, a syngas purification unit and an ammonia plant. Six of these units use proprietary technologies of the Group. This project offers the Group the opportunity to operate a complete gasification chain from coal and oxygen to pure hydrogen.
- In **Mexico,** Air Liquide's rapid development in the north of the country has continued with the takeover of an existing air separation unit and the construction of a new unit for Altos Hornos de Mexico.
- In the **Electronics** World Business Line, the Group strengthened its position in innovative molecules with the acquisition of Voltaix, a leader in the production of strategic materials. This acquisition will reinforce the Group's leadership in the development of **new materials** through its ALOHA™ brand and boost growth and cost synergies thanks to economies of scale. These molecules and advanced precursors are used for semiconductors and high tech solar cells.

  Air Liquide won three major long-term contracts in **ultra-pure carrier gases:** the first two with BOE Technology Group in China to supply its two new cutting-edge plants dedicated to manufacturing advanced-technology flat panel displays; and the third with SMIC, the largest semiconductors foundry in China, for its new plant in Beijing.
- In Qatar, Air Liquide has also started up the biggest **helium** purification and liquefaction unit in the world. This unit was built by the Group's engineering and aB&T teams thanks to their leading-edge and patented technologies and is operated by RasGas. Air Liquide has positioned itself as one of the main global market players in this rare commodity by contracting for distribution 50% of helium volumes produced at the site. With this new facility, combined with an existing unit on site, Qatar will become the second-largest producer of helium in the world.

HEALTHCARE: GROWTH DRIVER IN EUROPE

Healthcare revenue continues to grow and now represents 19% of Gas & Services revenue for the year 2013. This is due to several factors.

Actively focused on seeking out bolt-on opportunities, the Group has made a significant number of small-sized acquisitions during the year:

- In Europe, the acquisition of NordicInfu Care provides the Group with the opportunity to develop its Home Healthcare activities in Scandinavia, with 4,600 new patients in Sweden, Norway, Denmark and Finland. NordicInfu Care is recognized for its expertise in the treatment by subcutaneous infusion at home of chronic diseases such as Parkinson's and diabetes.

  The Group has also strengthened its presence in the home healthcare segment through two acquisitions in Poland, HELP! and Ventamed, both specializing in the treatment of respiratory failure at home. Thanks to these acquisitions, Air Liquide has become one of the main players in the home healthcare market in Poland.

In the Southern hemisphere, Air Liquide acquired 73.3% of the Australian company Healthy Sleep Solution, a leading player in the field of sleep disorders, with over 10,000 Australian patients in 2012.

- At the same time, the Group has disposed of its 66% stake in Laboratoires Anios, specializing in disinfection and antiseptic products, to a consortium made up of the Letartre family, the founding family of Laboratoires Anios and ongoing minority shareholder, and the investment company Ardian (formerly AXA Private Equity). This will allow the Group to refocus the development of its Hygiene activities on its fully-owned subsidiary Schülke & Mayr.

HYDROGEN: THE ENERGY CARRIER OF TODAY AND THE FUTURE

Significant progress has been achieved in the promising development of hydrogen energy. Today, this technology is already used for targeted applications: back-up electric generators, supply of electricity to remote locations, bus or forklift captive fleets, etc. Recently, in the automobile sector, several manufacturers have announced the planned sale of electrical vehicles powered by hydrogen fuel cells by 2015-2017. In **France,** Air Liquide registered the first two hydrogen-fueled electric cars.

Air Liquide and its joint-venture subsidiary Hypulsion signed a contract to provide IKEA with a hydrogen filling station at a logistics platform in France. This station will supply around 20 **forklift trucks** powered by hydrogen fuel cells. The use of **hydrogen as a clean energy carrier** provides greater flexibility and productivity thanks to an extended run time.

Air Liquide announced an equity investment in Hydrexia, a spin-off from the University of Queensland, Australia. Founded in 2006, this company has developed an effective and reliable **hydrogen storage** technology using an alloy called hydride. This breakthrough should enable Air Liquide to deliver hydrogen stored in the form of hydride to its customers rather than in cylinders or bulk, combining competitive pricing and higher storage density.

As part of a European project to develop the use of hydrogen-fueled vehicles, Air Liquide will design and install three new **filling stations** in Germany, Belgium and the United Kingdom in the next two years.

In cooperation with its “H2 mobility” partners, Air Liquide has signed in 2013 an agreement in principle for the implementation of a large program to construct a **network of 400 hydrogen filling stations in Germany.** The Group is also part of similar initiatives in other European countries, in Japan and California.

REFINANCING AT ATTRACTIVE RATES

To refinance issues reaching maturity and fund its development while benefiting from very favorable market conditions, in 2013, Air Liquide issued bonds for a total amount of 1 billion euros. The notes were issued in four series with maturities of between two and 10 years (see note 26 to the Consolidated financial statements).

2013 Income Statement

REVENUE

Revenue *(in millions of euros)*	2012	2013	2013/2012 change	2013/2012 change excl. FX & nat. gas	2013/2012 comparable change [a]
Gas & Services	13,912	13,837	-0.5%	+4.0%	+3.1%
Engineering & Technology	785	803	+2.3%	+4.3%	+4.3%
Other activities	629	585	-7.0%	-5.9%	-5.9%
TOTAL REVENUE	**15,326**	**15,225**	**-0.7%**	**+3.7%**	**+2.8%**

(a) Excluding currency, natural gas and significant scope impacts.

Group

The **Group's 2013 revenue** reached **15,225 million euros,** a reported decrease of -0.7% compared to 2012, penalized by a negative currency impact of -3.8% and a natural gas impact of -0.6%. **Excluding the currency and natural gas price impact,** revenue was up +3.7% over 2012.

After a first quarter impacted by a high comparison basis, comparable sales growth improved during the following three quarters.

Revenue by quarter *(in millions of euros)*	Q1 13	Q2 13	Q3 13	Q4 13
Gas & Services	3,406	3,479	3,444	3,508
Engineering & Technology	147	225	184	247
Other activities	145	159	137	144
TOTAL REVENUE	**3,698**	**3,863**	**3,765**	**3,899**
2013/2012 published change	**-2.1%**	**+2.9%**	**-1.0%**	**-2.3%**
2013/2012 change excl. currency & nat. gas	**+0.2%**	**+5.8%**	**+5.1%**	**+3.5%**
2013/2012 comparable change [a]	**-1.1%**	**+4.3%**	**+4.0%**	**+3.8%**

(a) Excluding currency, natural gas and significant scope impacts.

Currency, natural gas and significant scope impacts

In addition to the comparison of published figures, financial information is given excluding currency, natural gas price fluctuation and significant scope impacts.

Since industrial and medical gases are rarely exported, the impact of currency fluctuations on activity levels and results is limited to euro translation impacts with respect to the financial statements of subsidiaries located outside the euro zone. Fluctuations in natural gas prices are generally passed on to customers through price indexation clauses.

(in millions of euros)	Group	Gas & Services
2013 revenue	**15,225**	**13,837**
2013/2012 published change *(in %)*	-0.7%	-0.5%
Currency impact	-573	-550
Natural gas impact	-88	-88
Significant scope impact	+133	+133
2013/2012 change excl. currency and natural. gas *(in %)*	**+3.7%**	**+4.0%**
2013/2012 comparable change [a] *(in %)*	**+2.8%**	**+3.1%**

(a) Excluding currency, natural gas and significant scope impacts.

Gas & Services

Unless otherwise stated, all the changes in revenue outlined below are on a comparable basis (excluding currency, natural gas and significant scope impacts).

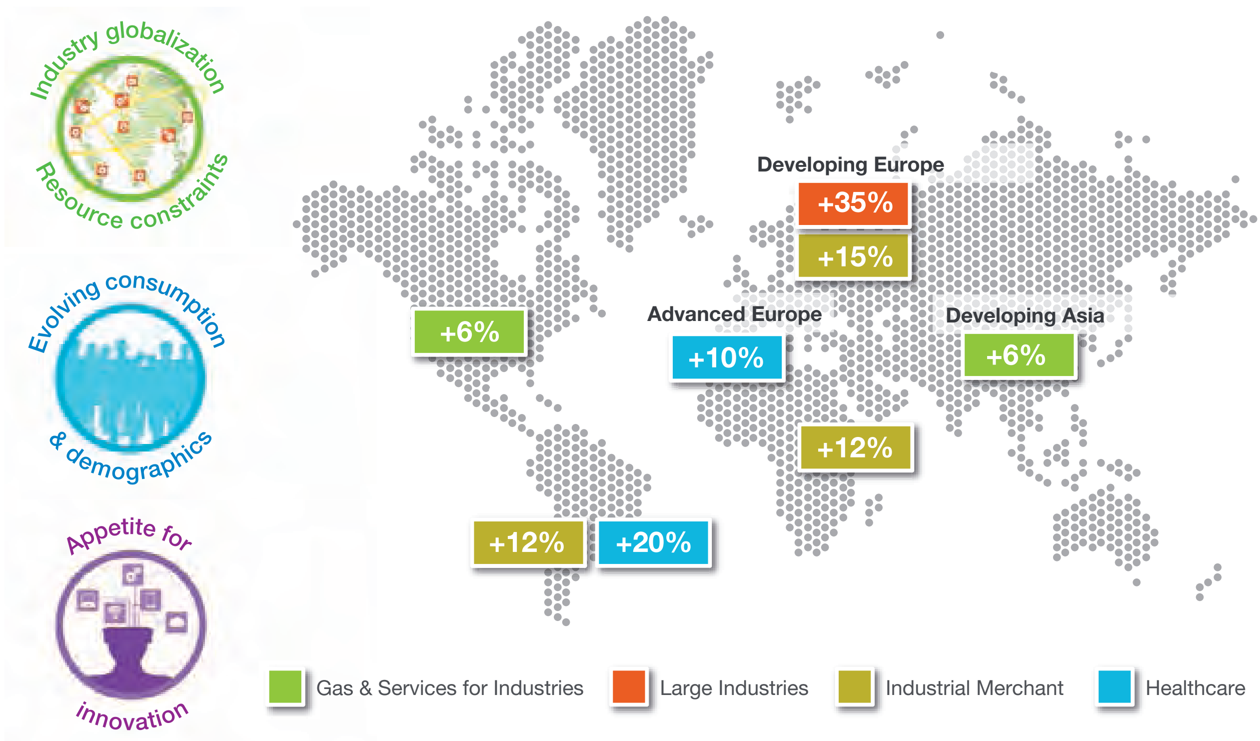
Gas & Services revenue reached **13,837 million euros,** showing comparable growth of +3.1%, with all regions and business lines posting growth. The net contribution of the acquisitions in 2012 of LVL Médical and Gasmedi and the sale of Anios in 2013 amounted to +0.9%, which helped to generate growth of +4% at constant exchange rates and natural gas prices. The overall effect of the reduction in the natural gas price was limited this year to a decline of -0.6%, the increase in prices in the Americas not totally offsetting lower prices in Europe and Asia-Pacific. On a reported basis, revenue was very slightly down by -0.5% compared to 2012, heavily penalized by a negative currency impact of -4.0%.

Revenue *(in millions of euros)*	2012	2013	2013/2012 change	2013/2012 change excl. currency & nat. gas	2013/2012 comparable change [(a)]
Europe	7,025	7,058	+0.5%	+2.9%	+1.0%
Americas	3,108	3,225	+3.8%	+7.0%	+7.0%
Asia-Pacific	3,416	3,184	-6.8%	+2.9%	+2.9%
Middle-East and Africa	363	370	+1.9%	+12.3%	+12.3%
Gas & Services	**13,912**	**13,837**	**-0.5%**	**+4.0%**	**+3.1%**
Industrial Merchant	5,193	5,081	-2.2%	+3.1%	+3.1%
Large Industries	5,015	4,940	-1.5%	+2.5%	+2.5%
Healthcare	2,482	2,689	+8.3%	+10.8%	+5.4%
Electronics	1,222	1,127	-7.7%	+0.8%	+0.8%

(a) Excluding currency, natural gas, and significant scope impacts.

The number of start-ups increased significantly in 2013, from 17 to 23, and the contribution of start-ups, ramp-ups, site takeovers and small acquisitions to Gas & Services sales was +3.3%, or +4.2% including the significant scope impact. Base business was back to growth from the second quarter.

Major trends, growth drivers for the business lines [(a)] (2013/2012)



(a) Excluding currency and natural gas impacts.

Three major trends are shaping Air Liquide's markets. In 2013, the evolution of Gas & Services sales reflects the presence of the Group in its growth markets driven by:

- dynamic industrial activity in North America benefiting from competitive energy;
- coal conversion in China;
- industrial infrastructure developments requiring more industrial gases in Eastern Europe, Latin America and Middle-East & Africa;
- growing demand for medical treatment, in particular in Europe and Latin America;
- recovery of the Electronics sector and growing appetite for innovation and new technologies.

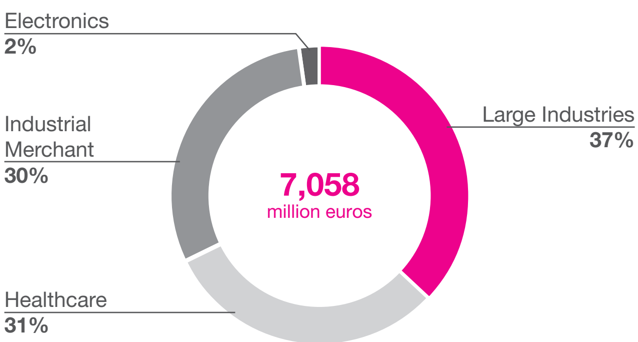
Gas & Services sales share in developing economies

Due to a higher growth rate, the contribution of developing economies to Gas & Services revenue increased further to 24% of sales in 2013. This contribution was even higher for industrial activities at 27%.

Europe

Revenue in Europe totaled **7,058 million euros**, up **+1.0%**. Oxygen volumes increased throughout the region, particularly in Northern and Eastern Europe, while demand for hydrogen remained stable. The region continues to benefit from the momentum of developing economies, which were up +28% thanks to ramp-ups and site takeovers in Russia, Turkey and Ukraine, and to a steadily growing Healthcare business, boosted by bolt-on acquisitions in Poland and Scandinavia. Activity was almost stable in Western Europe.

Europe Gas & Services 2013 revenue



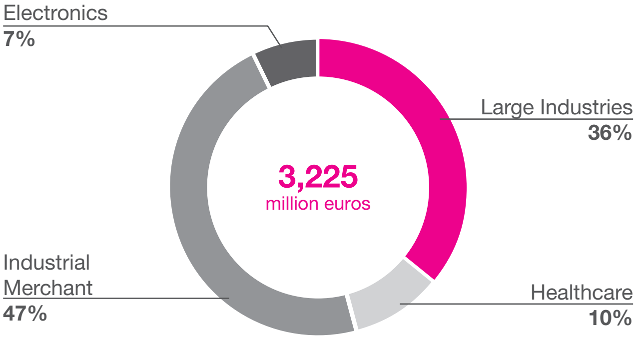
Large Industries revenue was virtually stable at **-0.1%.** Sustained demand in the chemicals and refining sectors, from north to south of the region, and improved demand from the metals sector at the end of the year offset the decline in volumes of steam and electricity delivered by cogeneration plants. Expansion in the major industrial countries of Eastern Europe has produced results: Large Industries revenue rose by over +30% due to start-ups in Russia and site takeovers in Turkey and Ukraine.

- **Industrial Merchant** sales were up **+0.3%.** Double-digit growth continued in developing economies due to new facilities, local acquisitions of distributors and strong demand. However, in advanced economies, business suffered from the continuing difficult economic environment, particularly in Southern Europe where activity is continuing to fall, albeit at a slower rate towards the end of the year. The price impact was positive over the year, up +0.5%, with an improvement in the last quarter.
- **Healthcare** is continuing to expand with growth of **+4.2%,** or +11.1% integrating the ongoing effect of the acquisitions in 2012 of LVL Médical in France and Gasmedi in Spain, and from December 2013 the sale of Anios. Excluding the acquisitions of LVL Médical and Gasmedi, Home Healthcare grew by +7.8%, driven by continuous growth in demand, small acquisitions in Poland, Germany and Scandinavia and expansion of the portfolio of therapies treated. Tariff pressure remained strong, especially in Spain. In hospitals, this budgetary pressure also affected medical gas volumes in France and Southern Europe. In prevention and well-being, the Hygiene activity continued to develop regularly due to strong demand, resulting in growth of +7.8%. Specialty ingredients posted revenue growth of +2.7%, and grew particularly in the fourth quarter.
- **Electronics** revenue was down **-8.7%,** marked by a sharp downturn in Equipment and Installations sales. Carrier and specialty gas sales were also down due to the weakness of activity in Europe and the progressive transfer to Asia.

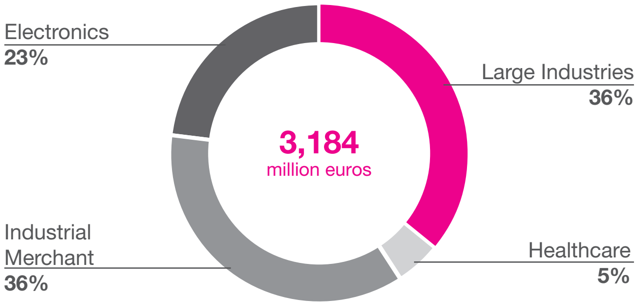
Americas

Gas & Services revenue in the Americas totaled **3,225 million euros,** up **+7.0%.** Industrial activity remained sustained in North America, with strong demand in hydrogen for refining and good Industrial Merchant price elasticity. In South America, regular growth of more than 15% was achieved during the year, in both the industrial activities and Healthcare.

Americas Gas & Services 2013 Revenue



Asia-Pacific Gas & Services 2013 Revenue



- **Large Industries** achieved solid sales growth of **+7.0%** benefiting from the ramping up of hydrogen production units in Texas, Louisiana and California and site takeovers in Mexico and the United States. Demand was particularly solid in the chemicals sector which is benefitting from a competitive natural gas price. Demand in the metals sector continued to have momentum in South America, offsetting a slight decline in volumes in Canada.
- The **Industrial Merchant** activity was up **+7.0%,** driven by very strong growth in bulk sales. Momentum was sustained by solid industrial demand across the whole region, acquisitions of distributors in Canada and Brazil, and the development of bulk gas sales for oil exploration. Cylinder activity also improved over the entire region and particularly in South America. Pricing campaigns continued all year long, with an average effect of +3.6% in 2013.
- **Healthcare** revenue rose by **+9.1%** driven by the performance of Home Healthcare in Latin America (Argentina, Brazil and Chile) and new hospital contracts in Brazil. Growth in North America was more modest, with Canada benefiting from a small acquisition in Home Healthcare.
- **Electronics** activity was up **+4.3%** benefiting particularly from the acquisition of Voltaix, a company specializing in molecules and advanced precursors. Specialty gas sales in the United States were also very dynamic with growth of nearly +30% while the **Aloha range** grew strongly by more than **+40%.** Carrier gases were slightly up, evidence of the sector's gradual recovery in the region.

Asia-Pacific

Revenue in the Asia-Pacific region increased by **+2.9%** to **3,184 million euros.** Performance remained very mixed, between Japan, down -1.1% and a +6.3% rise in developing economies. There was strong momentum in China, up +10.9% thanks to solid demand in all business lines, especially in the fourth quarter, and the contribution of three start-ups at the very end of the year.

- **Large Industries** sales increased by **+4.5%.** The rate of growth was less sustained than in previous years due to fewer start-ups. However, growth improved in the fourth quarter thanks to the start-up of three new units in China and an increase in hydrogen volumes throughout the region.
- **Industrial Merchant** posted **+1.3%** growth during the year. The situation was contrasted from country to country. Activity in Japan was down overall despite a slight recovery in growth in the second half, while sales were up in all the other countries in the region. Sales growth in China improved throughout the year, driven by bulk and specialty gas sales, posting a +13% increase in the fourth quarter. The price impact added +1.1% over the year.
- **Electronics** saw a return to growth, especially in China, up **+1.8%** for the year. Sales of Equipment & Installations returned to growth, confirming an upturn in activity. Carrier gases posted growth of +3% in the region while sales of the Aloha range saw strong growth of nearly +15%. Recovery is not yet evident in Japan.

Middle-East and Africa

Middle-East and Africa revenue totaled **370 million euros,** up **+12.3%.** Large Industries posted strong growth in the Middle-East and South Africa due to a ramp-up of new units. The mechanical completion of the large hydrogen unit in Yanbu was achieved and the project rollout continued according to schedule. Growth in the Industrial Merchant activity held up well, both in bulk and cylinders despite ongoing political tension in some countries. Healthcare continued its development.

Engineering & Technology

Engineering & Technology revenue totaled **803 million euros**, up **+4.3%** compared to 2012, reflecting third-party project progress.

In 2013, total order intake was stable at the same high level of 2012 of 1.9 billion euros. The vast majority of projects concerned air gas and hydrogen production units. This strong order intake includes a large number of projects for third-party customers, in particular in North America, and a slightly higher total amount for Group projects than in 2012.

Orders in hand reached 4.8 billion euros as at December 31, 2013, as a result of the high order intake during the year.

Other activities

Revenue *(in millions of euros)*	2012	2013	2013/2012 change	2013/2012 change excl. currency & nat. gas
Welding	450	404	-10.2%	-10.1%
Diving	179	181	+0.9%	+4.6%
TOTAL	**629**	**585**	**-7.0%**	**-5.9%**

The -5.9% decline in revenue for **Other activities** in 2013 is linked to the weakness of the Welding activity, down -10.1% over the year.

This reflects the difficulties of the European economy, especially in the metals, automotive and construction sectors.

Diving (Aqua Lung) was up +4.6% for 2013, up strongly in the second half, thanks to sustained demand, the launch of new products and a small acquisition in Italy improving the Diving offer in the leisure segment.

OPERATING INCOME RECURRING

Operating income recurring before depreciation and amortization totaled 3,817 million euros, up +0.8% in reported figures and **+4.2% excluding the currency impact.** Depreciation and amortization amounted to 1,236 million euros, slightly up by +0.4% (or +3.9% excluding currency), reflecting in particular the impact of unit start-ups and acquisitions.

The Group's operating income recurring (OIR) reached **2,581 million euros** in 2013, an increase of +1.1% over 2012, or **+4.3% excluding the currency impact.** The operating margin (OIR to revenue) was **up +20 basis points at 16.9%,** resulting in particular from a significant level of **efficiencies.** Excluding the effect of energy indexation, the pricing impact was positive over the period, and partially compensated for cost inflation on constant volume of +2.3%.

For the full year, efficiencies amounted to **303 million euros,** exceeding the annual target of more than 250 million euros. These efficiencies represent a 2.6% cost saving. More than 50% of this efficiency stems from purchasing and the realignment in structures where activity has suffered from falling demand, particularly in Japan, Western Europe and Welding. In the industrial domain, other projects designed to reduce energy consumption, optimize the logistics chain and roll out global or regional purchasing platforms were continued.

Explanation of the natural gas impact

Natural gas is an essential raw material for the production of hydrogen and the operation of 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 is automatically adjusted proportionately, according to the index.

When the price of natural gas increases, revenue and costs rise by the same euro amount, without significantly impacting operating income recurring. This mechanism has a negative effect on the operating margin.

Conversely, when the price of natural gas decreases, revenue and costs decrease and operating income recurring is maintained, which has a positive effect on the operating margin.

In both cases, natural gas price fluctuations do not change the intrinsic profitability of the activity.

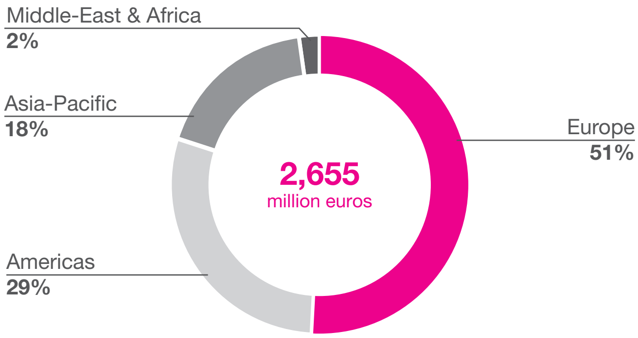
In 2013, considering the minimal fluctuations in the average price of natural gas. The Gas & Services operating margin was slightly impacted. At the regional level, the increase in prices in North America led to a slight increase in revenue and automatically decreased the operating margin. Conversely, in the rest of the world, principally in Europe, the drop in the price of natural gas reduced revenue, thus leading to an increase in the operating margin.

Gas & Services

Gas & Services activity operating income recurring totaled **2,655 million euros,** up **+1.3%.** The operating margin amounted to 19.2%, compared to 18.8% in 2012. Excluding the natural gas impact, this ratio was up +30 basis points.

Cost inflation, excluding the impact of energy indexation, rose progressively in the second half resulting in an increase of +2.3% for the year. Prices continued to rise by +0.3% due to persistent efforts in Industrial Merchant (+1.8%) and despite continuous price decreases in Electronics and Healthcare. Efficiencies totaled 291 million euros. A portion of these efficiencies was absorbed to offset the difference between cost inflation and rising prices. The remaining efficiencies, i.e. retention, helped improve the margin. The retention rate was 33% in 2013.

Gas & Services 2013 operating income recurring



Gas & Services Operating margin [(a)]	2011 [(b)]	2012	2013
Europe	18.8%	18.3%	19.1%
Americas	22.0%	24.0%	23.6%
Asia-Pacific	16.3%	15.1%	15.1%
Middle-East and Africa	20.8%	21.2%	17.9%
TOTAL	**18.9%**	**18.8%**	**19.2%**

(a) Operating income recurring/revenue.

(b) Revised for integration of Seppic in Gas & Services.

Operating income recurring in **Europe** totaled **1,346 million euros,** up **+4.8%.** Excluding the natural gas impact, the operating margin was significantly higher, up **+40 basis points.** In Industrial Merchant, the steady quarter-on-quarter price increase and significant efficiencies helped improve the margin despite still sluggish activity in Western Europe. The Large Industries margin was penalized by a cogeneration effect while the Healthcare margin was resilient despite the pressure on tariffs.

Operating income recurring in the **Americas** amounted to **761 million euros,** up **+2.2%.** Excluding the natural gas effect, the operating margin was up **+20 basis points,** buoyed by a significant increase in the margin in Industrial Merchant and Healthcare, offsetting an unfavorable mix in Large Industries related to the increase in hydrogen volumes.

In **Asia-Pacific,** operating income recurring amounted to **482 million euros,** a fall of **-6.6%.** The operating margin, excluding natural gas, was down **-10 basis points,** penalized by the weakness in the Electronics activity at the beginning of the year.

Operating income recurring for **Middle East and Africa** amounted to **66 million euros,** a decline of **-13.7%.** The operating margin was down **-330 basis points,** impacted by the geopolitical situation in the Middle East and by argon supply difficulties in South Africa.

Engineering & Technology

Operating income recurring for Engineering & Technology amounted to **87 million euros.** The operating margin reached 10.8%, up on the previous year at 10.0%.

Other activities

The Group's Other Activities reported operating income recurring of **32 million euros,** down **-12.5%,** while the operating margin totaled 5.5%, a decrease of -30 basis points. This change is due to the ongoing difficult context in Welding. Conversely, Diving achieved higher OIR and a slightly improved operating margin.

Research & Development and Corporate Costs

Research & Development and Corporate Costs include intersector consolidation adjustments and amounted to **193 million euros**, up **+9.1%.** This increase reflects the Group's intention to strengthen its innovation structures.

NET PROFIT

Other operating income and expenses showed a **positive balance of 26 million euros** compared to a negative balance of -27 million euros in 2012. They included 128 million euros of expenses incurred principally for the realignment programs mainly in Western Europe and Japan, and at the same time 221 million euros of capital gains on disposals, particularly on the sale of the 66% stake in Anios. Other expenses include charges covering litigation-related risks, and certain one-off costs.

The **net financial expense of -305 million euros** was -8.0% lower than the -331 million euros in 2012. The **net finance costs,** down -11.4%, (down -7.2% excluding the currency impact), reflects a significant decrease in the cost of net debt from 4.6% to 4.0%, due notably to the new bonds issued with favorable conditions.

Other financial income and expenses increased by +2.0%.

Taxes totaled 612 million euros, up +9.7%. The **effective tax rate** was **26.6%** compared to 25.4% in 2012. This rate is due to positive effects, in particular from the reduced tax rate applied on the capital gain generated by the disposal of Anios. Excluding these effects, the effective tax rate would have been 29.3%.

The **share of profit of associates** contributed **14.5 million euros** to income compared to 20 million euros in 2012. **Minority interests** decreased by **-2.9%,** amounting to 64 million euros.

Overall, **net profit (Group share)** amounted to **1,640 million euros** in 2013, up +3.1% in reported terms and **+5.5% excluding the currency impact.**

Earnings per share were 5.28 euros, up **+3.3%** compared to 5.11 euros (restated) in 2012. The average number of outstanding shares used for the earnings per share calculation on December 31, 2013 was 310,734,410.

Change in the number of shares

	2012	2013
Average number of outstanding shares [a]	311,147,191	310,734,410

(a) Used to calculate earnings per share.

Number of shares as of December 31, 2012	312,281,159
Options exercised during the year	801,245
Cancellation of treasury shares	(1,000,000)
Capital increase reserved for employees	749,272
NUMBER OF SHARES AS OF DECEMBER 31, 2013	**312,831,676**

DIVIDEND

At the Shareholders' Meeting on May 7, 2014, the payment of a dividend of 2.55 euros per share will be proposed to shareholders for fiscal year 2013. This represents an increase of +2.0% and an estimated amount distributed of 821 million euros, up 1.9% and a pay-out ratio of 49.7%.

The ex-dividend date has been set for May 16, 2014 and the dividend will be paid from May 21, 2014.

2013 cash flow and balance sheet

(in millions of euros)	2012 published	2012 restated [a]	2013
Cash flow from operating activities before change in working capital	**2,913**	**2,886**	**2,949**
Change in working capital requirement	(67)	(67)	(19)
Other	(137)	(110)	(127)
Net cash flow from operating activities	**2,709**	**2,709**	**2,803**
Dividends	(781)	(781)	(877)
Purchases of property, plant and equipment and intangible assets, net of disposals [b]	(2,848)	(2,848)	(2,240)
Increase in share capital	37	37	126
Purchase of treasury shares	(104)	(104)	(115)
Other	132	132	344
Change in net indebtedness	**(855)**	**(855)**	**41**
Net indebtedness as of December 31	(6,103)	(6,103)	(6,062)
Debt-to-equity ratio as of December 31	**58%**	**58%**	**56%**

(a) Restated for the effects of changes to IAS19 "Employee benefits".

(b) Including minority interest transactions.

NET CASH FLOW FROM OPERATING ACTIVITIES

Cash flow from operating activities after changes in the working capital requirement amounted to 2,803 million euros, up +3.5% versus 2,709 million euros in 2012, compared with a +3.1% increase in net profit. This performance mainly reflects the quality of operating results since depreciation and amortization was almost stable.

CHANGE IN WORKING CAPITAL REQUIREMENT

The working capital requirement (WCR) increased marginally by +19 million euros in 2013. Excluding tax, the WCR declined by **-32 million euros** due to better customer collection and a high level of customer prepayments in Engineering & Technology and represented 6.6% of revenue, an improvement compared to the ratio of 7.1% in 2012.

CAPITAL EXPENDITURE

Following the significant level of investment decisions in previous years, total gross industrial capital expenditure reached 2.2 billion euros in 2013, an increase compared to 2012. Acquisitions, in Electronics (Voltaix), Home Healthcare and Industrial Merchant, totaled nearly 401 million euros, including minority interest buyouts. The total net capital expenditure amounted to 2,240 million euros.

Group gross capital expenditure

(in millions of euros)	Industrial investments	Financial investments [a]	Total capex
2008	1,908	242	2,150
2009	1,411	109	1,520
2010	1,450	332	1,782
2011	1,755	103	1,858
2012	2,008	890	2,898
2013	**2,156**	**401**	**2,557**

(a) Including transactions with minority shareholders.

Industrial investments

Industrial investments amounted to 2.2 billion euros in 2013, up +7.4% compared to 2012. The amount of Gas & Services investment by region was as follows:

Gross Industrial investments by geographical region

	Gas & Services				
(in millions of euros)	Europe	Americas	Asia-Pacific	Middle-East and Africa	Total
2012	691	467	570	224	1,952
2013	**771**	**610**	**512**	**171**	**2,064**

Industrial disposals reached 313 million euros and in particular included the disposal of the stake in Anios.

Financial investments

Financial investments amounted to 401 million euros. These included the acquisition of Voltaix in Electronics and numerous bolt-on acquisitions in Healthcare and Industrial Merchant. Disposals of financial investments totaled 4 million euros.

NET INDEBTEDNESS

Net debt at December 31, 2013 at **6,062 million euros,** was down 41 million euros compared to the end of 2012, reflecting solid cash flow and efforts made to contain the working capital requirement and control capital expenditure. The year-end debt also benefited from a favorable currency impact and consolidation scope for a total amount of 344 million euros. The **debt-to-equity ratio was 56%, a significant decrease** compared to December 31, 2012. The Group's financial structure remains extremely solid.

ROCE

The return on capital employed after tax was **11.1%** versus 11.6% at the end of 2012, adjusted for the effects of changes to IAS19. This change reflects a significant proportion of current industrial investments, which will contribute to growth in the medium term.

> INVESTMENT CYCLE AND FINANCING STRATEGY

The Group's steady long-term growth is largely due to its ability to invest in new projects each year. Industrial gas investment projects are widespread throughout the world, highly capital intensive and supported by long-term contracts, particularly for Large Industries. Air Liquide has thus tailored its financing strategy to the nature of its projects, based on the diversification of funding sources, the prudent management of the balance sheet and innovative financing sourcing. This financing strategy is fundamental for the Group's continued development.

Investments

OVERVIEW

The Group's investments reflect its growth strategy.

They can be classified into two categories:

- Industrial investments, which bolster organic growth or guarantee the efficiency, maintenance or safety of installations;
- Financial investments, which strengthen existing positions, or accelerate penetration into a new region or business segment through the acquisition of existing companies or assets already in operation.

The nature of the industrial investment differs from one World Business Line to the next: from gas production units for Large Industries, to filling centers, logistics equipment, storage facilities and management systems for Industrial Merchant, Electronics and Healthcare. Capital intensity varies greatly from one activity to another.

Capital intensity

Capital intensity is the ratio of capital required to generate one euro of supplementary revenue, when projects or activities reach maturity. This capital is either invested into industrial assets (production units, storage facilities, logistics equipment, 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:

- in Large Industries:
  - **air gases** production has a capital intensity of **between 2 and 3.** It varies with the trend in electricity prices,
  - **hydrogen and cogeneration** have a lower capital intensity of **between 1 and 1.5,** due to a relatively high proportion of natural gas in the cost of sales. This capital intensity varies with the trend in natural gas prices;
- **Industrial Merchant** capital intensity to launch the activity in a new market is **between 1.5 and 2**;
- **Electronics** has an average capital intensity **close to 1**;
- **Healthcare** has a capital intensity, excluding acquisitions, of **around 1,** depending on the product mix.

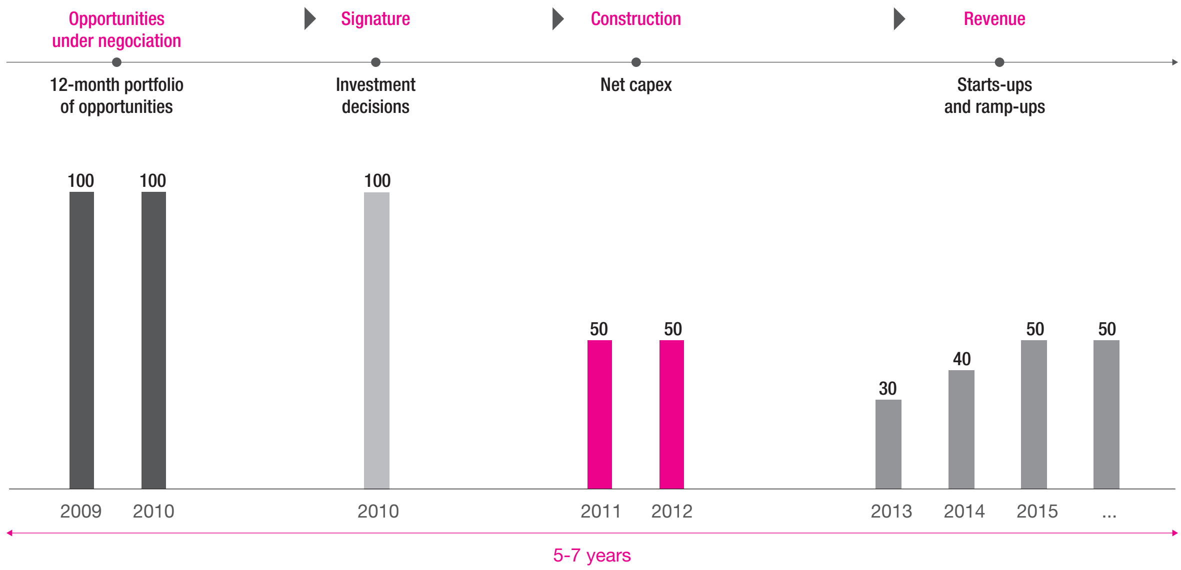
Whatever the capital intensity, any project must enable the Group to achieve its return on capital employed (ROCE) objective over the long term.

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

The Group's capital intensity varies depending on the activity mix, project type and the price of raw materials.

The theoretical lifespan of a contract in Large Industries

Long-term development is one of the key characteristics of the industrial gases business. It is particularly evident in the investment cycle, where there is approximately a five-year span between the study of a new construction project for a Large Industries customer and the first corresponding industrial gas sales. **Monitoring this cycle is essential to anticipating the Group's future growth.** The following chart sets out each stage in this process.

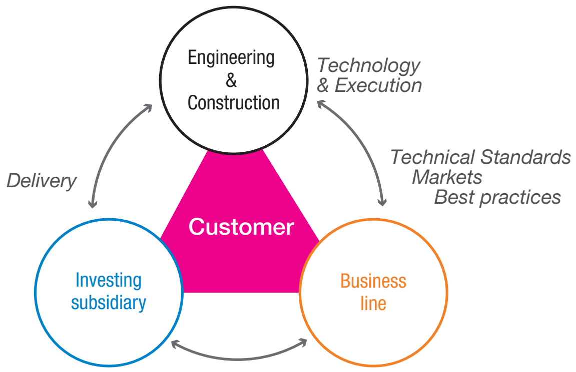


Applying a theoretical capital intensity of two, an investment of 100 million euros in a new project should generate 50 million euros of sales per annum, fully ramped-up.

- **Identification and Negotiation** phase. The project is registered in the portfolio of opportunities and enters into the development process. Projects exceeding 5 million euros of investment are monitored within the portfolio of potential opportunities and split between those for which a decision is expected within 12 months and those for which the investment decision will take more than one year. Projects are then discussed and negotiated with the client. Contracts can be removed from the portfolio for several reasons: 1. The contract is signed and becomes an investment decision. 2. The project is abandoned by the client. 3. The client decides not to outsource its gas supply, or the project is awarded to a competitor. 4. The project is delayed beyond 12 months; it is removed from the 12-month portfolio but remains in the long-term portfolio.
- **Signature** phase: the two parties reach an agreement. The signing of a long-term contract represents the business entity's commitment to an investment decision, once validated by the internal governance bodies. The project is removed from the portfolio of opportunities.
- **Construction** phase: the construction of the unit by the entity takes between 12 and 24 months and sometimes up to three years depending on the size of the project. This is the period in which the investments are expensed.
- **Sales** phase:
  1. **Commissioning:** the unit starts up. Sales begin at the **take-or-pay** level, guaranteeing minimum profitability from the beginning of the contract.
  2. **Ramp-up:** this is the unit's ramp-up phase. Over the course of the contract term, volumes increase above the **take-or-pay** level to the nominal amount defined in the contract. Nominal capital intensity is achieved at the end of this phase.

Governance for a Large Industries project

Three entities are at the heart of a Large Industries project, from development through to its execution.



The Large Industries World Business Line ensures the global client relationship, provides the required know-how and ensures the overall consistency of the project, in terms of both contract and technical standards. It is also responsible for good internal governance practices.

The local subsidiary proposes the development project and, once the contract has been signed, carries the investment on its balance sheet. It is then responsible for operations, customer relations and the project's financial profitability.

Engineering & Construction provides the technologies and guarantees that they are competitive, both overall and specifically for each project, thanks to a good industrial architecture solution. Engineering & Construction is responsible for the vast majority of the execution of the project.

Potential projects are identified well in advance, thanks to good market knowledge and a local presence. The first stage includes selecting the opportunities in which the Group would like to invest both commercial and engineering resources, in line with its global strategy. This is followed by a series of **validation stages.**

During the **development** stage, the project is submitted for the approval of the geographical region on which it depends. At the Group level, two major bodies validate the relevance of the project: the RIC (Resources and Investment Committee – see the relevant section), and the ERC (Engineering Risk Committee) which is responsible for assessing technical and execution risk.

Once the project has been through the decision process, approved by Air Liquide and signed with the customer, it is **executed** by a team composed of representatives of the investing subsidiary and of Engineering & Construction, under the supervision of the geographical region.

For very large scale projects, a specific EMI (Executing Major Investments) team of experts supports the subsidiary for the development and execution stages.

During the start-up of a unit, responsibility for the project is transferred to the local operational teams, under strict standards to ensure the site's security and integrity. The management of the unit is carried out by the local subsidiary, and the zone and Group's Operations Control monitor its financial performance.

The Resources and Investment Committee

An investment decision amounting to over 2 million euros is subject to a precise evaluation and authorization 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 activity and regions affected by the investment, the Chief Financial Officer or the Finance and Operations Control Director, as well as the Group Human Resources Director (when HR subjects are examined).

Decisions are based on a rigorous assessment of individual projects. The following criteria are systematically reviewed:

- the **location of the project:** the analysis will take into account whether the project is based in an industrial basin with high potential, whether it is connected to an existing pipeline network, or whether it is in an isolated location;
- the **competitiveness of the customer's site:** based on size, production process, cost of raw materials and access to markets;
- **customer risk**;
- **contract clauses**;
- **end products and the stability of future demand** for these products;
- **quality of the technical solution**;
- **country risk:** evaluated on a case-by-case basis and can lead to specific financing policies and supplementary insurance cover.

PORTFOLIO OF OPPORTUNITIES

As at December 31, 2013, the 12-month portfolio of opportunities totaled 3.6 billion euros, down 400 million euros compared to end-2012. This change is mainly due to a high level of investment decisions; the removal from the portfolio of abandoned or late projects was in line with the usual changes observed. This level of opportunities remains high. Project reviews activity remained dynamic.

At end-December 2013, 69% of projects in the portfolio were located in developing economies, following the signing of several projects in North America, which then exited the portfolio. What remains in advanced economies, are renewals and decisions of new capacities in the world's most competitive industrial basins in Northern Europe, United States, etc.

Projects in the portfolio are still balanced between the Group's four geographical regions. Compared to end-December 2012, the share of European projects increased to about a third with large projects in Eastern Europe. The shares of projects in China, the Middle East and Africa, and South America remained stable. Projects in North America dropped slightly as signed projects were removed from the portfolio.

The trend towards outsourcing of industrial gas production continues, both in advanced economies when replacing old plants, and in developing economies for new facilities. The Group carried out five site takeovers in 2013, and the 12-month portfolio of opportunities includes 12 site takeovers that are currently operated by the customers themselves.

The majority of the portfolio's value comes from the Large Industries activity. For the other Business Lines, only projects worth an individual investment amount of more than 3 million euros are accounted for in the portfolio. The share of Large Industries projects relating to metals and chemicals has decreased, whereas those relating to energy or Industrial Merchant projects have increased.

INVESTMENT DECISIONS

Current targeted investments are the Group's future. The investment decision process is thus at the heart of implementing the Group's growth strategy and covers:

- development of activities through industrial and financial growth projects;
- equipment renewals;
- investments contributing to efficiency and reliability;
- industrial safety improvement.

Strict discipline drives investment decisions, as they commit the Group over the long term (see "The Resources and Investment Committee" on the previous page). A dedicated process is in place to ensure that selected projects comply with the Group's rules and sustain long-term growth with a required minimum return on capital employed.

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 four to five years, due to the ramp-up in client demand, compared to a straight-line depreciation over time. Return on capital employed increases rapidly thereafter. The Group's ROCE is calculated using net profit, after depreciation, amortization, impairment and taxes—see definition page 30.

Investment decisions

(in billions of euros)	Industrial investment decisions	Financial investment decisions (acquisitions)	Total investment decisions
2009	1.0	0.1	1.1
2010	1.8	0.4	2.2
2011	1.9	0.1	2.0
2012	2.0	0.9	2.9
2013	**2.2**	**0.5**	**2.7**

In 2013, industrial and financial investment decisions, representing Group commitments to invest, reached 2.7 billion euros. This amount was down by 200 million euros compared to 2012 which was a particularly strong year due in particular to a significant number of acquisitions. 2013 Industrial investment decisions were up 10%, whereas financial investment decisions were down 46% over the period.

Large Industries represented around half of investment decisions, with Industrial Merchant accounting for a quarter. The other quarter included Health, Electronics and Other activities.

This year, acquisitions represented 17% of decisions (versus 30% in 2012), industrial investments in developing economies 36% and industrial decisions in advanced economies 47%.

- In geographical terms, **industrial decisions** were spread across all regions. The share of the Americas doubled since last year, with a number of projects in the United States—a sign of renewed competitiveness thanks to shale gas, and also in South America. Europe's share decreased to 30% with a few major projects in large basins, in Benelux and Germany. Asia's share is up slightly, at close to 30%, mainly thanks to the signing of a large gasification project in China.
- **Financial investment decisions** reached 476 million euros in 2013 and included the acquisition of Voltaix in the United States in Electronics, numerous bolt-on acquisitions in Home Healthcare in Scandinavia, Poland and Australia, and local Industrial Merchant players in Australia, Brazil, Canada, Singapore and Taiwan. The Group also sold its stake in the company Anios to refocus its efforts in the Hygiene activity on fully-owned Schülke & Mayr. The contribution of all acquisitions, less the impact of disposals, to Gas & Services sales was about +1.6% during the fiscal year.

With four consecutive years amounting to more than 2 billion euros, investment decisions are in line with the Group's medium-term objectives and will guarantee part of its future growth. The substantial level of decisions illustrates the momentum of the industrial gases sector and customer confidence for their medium-term prospects.

CAPITAL EXPENDITURE

In 2013, gross capital expenditure totaled 2,557 million euros, including transactions with minority shareholders. This amount comprised several acquisitions totaling 401 million euros, in Electronics, Health and Industrial Merchant.

Asset disposals amounting to 317 million euros mainly concerned the disposal of the 66% stake in the hygiene company Anios.

Net capital expenditure therefore totaled 2,240 million euros. Gross capital expenditure in the Gas & Services activity represented 17.6% of sales, compared to 20.3% in 2012.

START-UPS

In 2013, 23 units were commissioned, a similar level to that seen in 2010. Some start-ups, initially planned for 2012, were finally carried out in 2013.

Start-ups were mainly located in developing economies in 2013. In China, many of the start-ups were air gas production units for the chemicals and energy conversion markets. In Eastern Europe and Latin America, the start-ups were mainly units for the steel market. The majority of start-ups in advanced economies were located in North America.

The number of start-ups in 2014 should be slightly higher.

Financing strategy

The Group's financing strategy is regularly reviewed to provide support to the Group's growth strategy and take into account changes in financial market conditions, while respecting a credit profile in line with Standard & Poor's long term “A” rating, or above. This credit profile depends on key ratios such as net debt to equity and funds from operations to net debt. Air Liquide's rating was upgraded to “A+”, following the application of new company rating criteria published by Standard & Poor's on November 19, 2013. This change in rating does not have an impact on the Group's financial policy.

In 2013, the existing prudential principles were maintained:

- diversifying funding sources and debt maturities in order to minimize refinancing risk;
- backing commercial paper issues with confirmed lines of credit;
- hedging interest rate risk to ensure visibility of funding costs, in line with long-term investment decisions;
- funding of investments in the currency of the operating cash flows, to ensure a natural foreign exchange hedge;
- centralizing excess cash through Air Liquide Finance, a wholly owned entity of Air Liquide S.A.

Notes 26 and 29 to the Consolidated financial statements for the year ended December 31, 2013 describe in detail the characteristics of the financial instruments used by the Group as well as the debt structure.

DIVERSIFYING FUNDING SOURCES

Air Liquide diversifies its funding sources by accessing various debt markets: commercial paper, bonds and banks.

Air Liquide uses the short-term commercial paper market, in France through two French Commercial Paper programs of up to an outstanding maximum of 3 billion euros, and in the United States through a US Commercial Paper program (USCP) of up to an outstanding maximum of 1.5 billion US dollars.

Air Liquide also has a Euro Medium Term Note (EMTN) program to issue long-term bonds of up to an outstanding maximum amount of 9 billion euros. The outstanding maximum amount was increased to 9 billion euros from 6 billion euros following approval by Air Liquide S.A.'s May 7, 2013 Shareholders' Meeting of the resolution to renew the authorization to issue bonds and increase the outstanding maximum allowed. At the end of 2013, outstanding bonds issued under this program amounted to 4.2 billion euros (nominal amount). The Group's EMTN program allows, in particular, for bonds to be issued in the main currencies (euro, US dollar, Japanese yen) as well as in other emerging currencies (rouble and Chinese renminbi).

In 2013, the Group conducted two bond issues in euros under its EMTN program for a nominal amount of one billion euros, in order to finance its acquisitions and investments.

As of December 31, 2013, funding through capital markets still accounts for more than two thirds of the Group's gross debt, for an amount of bonds outstanding of 5.1 billion euros (nominal amount).

The Group also obtains funding through bank debt (loans and lines of credit).

To avoid liquidity risk relating to the renewal of funding at maturity, and in accordance with the Group's internal policy, the Group aims to limit its short-term debt maturities to 2.6 billion euros, an amount which is covered by committed credit lines. At December 31, 2013, the amount of debt maturing in 2014 was equal to 1.2 billion euros.

The Group has, in particular, a 1.3 billion euro five-year syndicated credit facility (with two one-year extension options) that was renegotiated with the Group's core banks in November 2013. Air Liquide took advantage of the very liquid market to extend the initial two-year maturity, while increasing total outstandings and aligning loan conditions with market conditions prevailing at the time of negotiations.

Moreover, in 2013, the bilateral credit lines have, also, been increased, from 1.10 billion euros to 1.27 billion euros, to reach a total amount of undrawn committed credit lines of 2.57 billion euros.

Note 26 to the Consolidated financial statements describes in detail the Group's indebtedness, in particular by instrument type and currency.

Net indebtedness by currency

	2012	2013
Euro	35%	31%
US dollar	27%	32%
Japanese yen	16%	13%
Chinese renminbi	12%	14%
Other	10%	10%
TOTAL	**100%**	**100%**

Investments are essentially funded in the currency in which the cash flows are generated, thus creating a natural foreign exchange hedge. Air Liquide's debt is thus mainly in euro, US dollar, Japanese yen and Chinese renminbi, which reflects the significant weight of these currencies in the Group's investments and cash flow.

The share of the Group net indebtedness denominated in euros decreased because of the financing of an acquisition in electronics in the USA (in US dollars) and of industrial investments in China (in renminbi).

For additional information, refer to note 26 to the Consolidated financial statements.

CENTRALIZATION OF FUNDING AND EXCESS CASH

To benefit from economies of scale and facilitate capital markets funding (bonds and commercial paper), the Group uses a dedicated subsidiary, Air Liquide Finance. At December 31, 2013, this subsidiary centralizes the vast majority of the Group's funding transactions, an activity which it continued to develop in 2013 in emerging markets in Asia and the Americas. It also hedges foreign exchange and interest rate risk for the Group's subsidiaries in those countries where it is permissible under law.

In the countries where it is permissible under law, Air Liquide Finance also centralizes cash flow balances through direct or indirect cashpooling of these outstandings or through loans-borrowings at maturity. When this is not possible, there are nonetheless domestic cashpoolings, allowing periodic intercompany loans to Air Liquide Finance.

As of December 31, 2013, Air Liquide Finance had granted, directly or indirectly, the equivalent of 6.8 billion euros in loans and received 3.5 billion euros in cash surpluses as deposits. These transactions were denominated in 22 currencies (primarily the euro, US dollar, Japanese yen, Chinese renminbi, British pound sterling, Swiss franc, Singapore dollar and Brazilian real) and extended to approximately 220 subsidiaries.

The matching positions per currency within Air Liquide Finance, resulting from the currency hedging of intra-group loans and borrowings, ensure that these intra-group funding operations do not generate foreign exchange risk for the Group.

Furthermore, in certain specific cases (e.g.: regulatory constraints, high country risk, partnerships, etc.), the Group limits its risk by setting up specific funding for these subsidiaries in the local banking market, and by using credit-risk insurance.

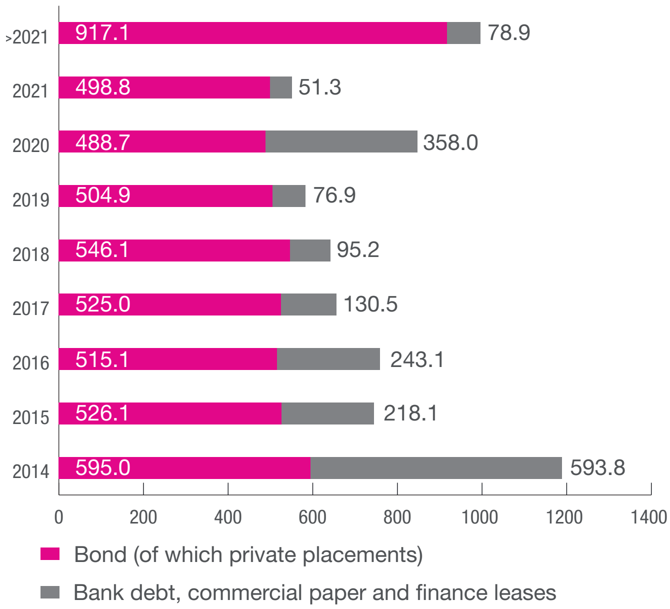
DEBT MATURITY AND SCHEDULE

To minimize the refinancing risk related to debt repayment schedules, the Group diversifies funding sources and spreads maturities over several years. This refinancing risk is also reduced by the regularity of the cash flow generated from Group operations.

In 2013, the two bond issues have helped to stabilize the average maturity of the Group's debt, which is now 5.2 years (compared to 5.1 years at the end of 2012 and 4.6 years at the end of 2011).

The following chart represents the debt maturity schedule. The single largest annual maturity represents approximately 17% of gross debt.

Debt maturity schedule *(in millions of euros)*



Commercial paper is reclassified under the maturities of the credit facilities serving as guarantees.

A detailed debt maturity schedule is presented in note 26 to the Consolidated financial statements.

CHANGE IN NET INDEBTEDNESS

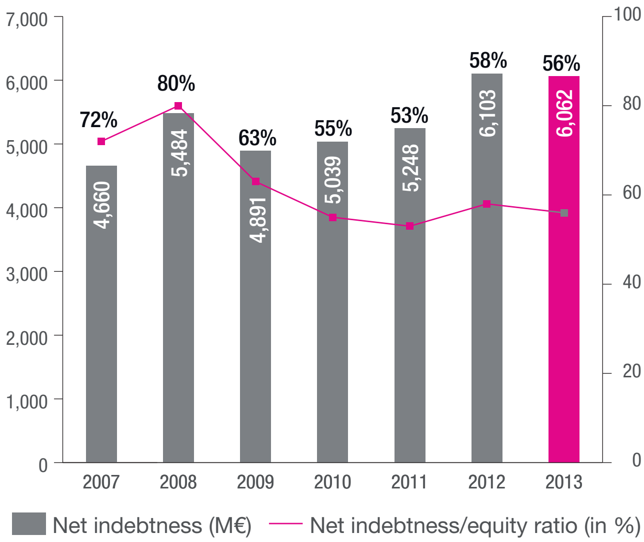
Net indebtedness stood at 6,062 million euros as of December 31, 2013, compared to 6,103 million euros as of December 31, 2012, a decrease of 41 million euros.

This slight decrease mainly reflects the near matching of the funding of industrial investments and dividends, and cash flow generated by the business. Acquisitions, in particular in the United States and Europe, in Electronics and Healthcare, are almost entirely offset by the disposal of the stake in Laboratoires Anios. The change in the exchange rates has a positive impact, on the euro valuation of the debt.

The statement of changes in net debt is presented on page 201.

Net indebtedness as of December 31

(in millions of euros and percentage)



The net debt to equity ratio stood at 56% at the end of 2013 (compared to 58% at the end of 2012). This reduction is due to the stability of net debt in 2013. The equivalent ratio calculated using the US method of net indebtedness/(net indebtedness + shareholder's equity) reached 36% at the end of 2013, compared to 37% at the end of 2012. The financial expenses coverage ratio (operating income + share of profit of associates)/net finance costs stood at 11.9 in 2013 compared to 10.3 in 2012.

The average cost of net indebtedness was at 4.0% in 2013, a decrease compared to 2012 (4.6%). Cost of net indebtedness is calculated by dividing net finance costs for the fiscal year (264.6 million euros in 2013, excluding capitalized interest) by the year's average outstanding net indebtedness.

The average cost of gross indebtedness also declined significantly in 2013.

The reduction in the average cost of net indebtedness arises primarily from significantly lower fixed rates on the new bond issues compared to those that matured in 2012 and 2013 and lower interest rates on the portion of the variable debt.

The breakdown of indebtedness is presented in note 26 to the Consolidated financial statements.

BANK GUARANTEES

In connection with its Engineering & Construction activity, the subsidiaries of the Group sometimes grant bank guarantees to customers, during tendering period (bid bond), and after contract award, during contract execution until the end of the warranty period (advance payment bond, retention bond, performance bond, and warranty bond).

The most common bank guarantees extended to clients to secure the contractual performance are advance payment guarantees and performance guarantees.

The projects for which these guarantees are granted are regularly reviewed by Management and, accordingly, when guarantee payment calls become probable, the necessary provisions are recorded in the Consolidated financial statements.

The breakdown of indebtedness is presented in note 26 to the Consolidated financial statements.

> INNOVATION

Innovation is **at the heart of the Group's strategy.** Innovating enables Air Liquide to open up new markets and to create new growth opportunities.

Boosting innovation

The Group's innovation expenses amounted to 265 million euros in 2013, representing 1.7% of revenues. This ratio has remained stable over the past five years. Innovation expenses correspond to the OECD definition, namely research and development, market launch and marketing expenses for new offers and products.

The number of patented new inventions reflects the Group's innovation capacity. 321 new patent applications were filed in 2013. Air Liquide has a portfolio of 3,288 inventions protected by 10,418 patents.

Almost 6,200 employees contribute to the Group's innovation process; these employees are divided between the following entities:

- technology: 10 Research & Development sites in Europe, the United States, and Asia, the advanced Business & Technologies network, and 15 main centers for Engineering & Construction;
- marketing and market launch: 11 ALTEC technical centers, which develop gas application technologies for customers, and form a network of applications experts.

The operational teams in countries where the Group operates are responsible for rolling out innovations on a local basis as soon as they come on to the market.

The Group innovates in **three areas:**

- its **core business,** based on team **expertise.** This means that the Group improves its oxygen or hydrogen production technologies every year, in order to reduce energy consumption and polluting emissions; in the healthcare field, where it is including digital tools to bring higher value-added offers to the market;
- in **adjacent businesses:** the teams require **audacity** in order to go beyond the traditional frontiers. They are opening up new markets such as biogas and refrigerated transport for fresh produce, or are rolling out a new offer for oil platforms;
- the **transformational businesses: intuition** of employees enables the Group to explore these markets, which have the potential to transform people's lives. For instance, Air Liquide is one of the most active players in the hydrogen energy market, which is currently seeing the emergence of early markets following a decade of effort.

Air Liquide's innovation approach combines **science and entrepreneurial spirit.** Air Liquide boosted this innovation approach in 2013: from **science and technology** (role of Research & Development, of the Engineering business and the ALTEC centers), the Group built its **advanced Business & Technologies** network in order to **develop the spirit of enterprise,** and founded two new entities, namely **i-Lab** (innovation lab), in order to boost innovation, and **ALIAD,** an investment vehicle.

i-Lab is the laboratory for new ideas, which helps accelerate the pace of the Group's innovation and explore new markets. This laboratory is both a think-tank and a venue for experimentation (the "Corporate Garage") in new ideas for Air Liquide. It will support the various Innovation entities and the Group's World Business Lines in the development of new offerings, products and technologies. Based in Paris, France, i-Lab gets support from all of the Group's R&D sites, notably in Europe, the United States, and Asia. Its work is focused on both long-term and short-term issues.

i-Lab's think-tank team is tasked with identifying and mapping new growth opportunities for the Group. Thanks to a multidisciplinary team, the think-tank helps to analyze trends, such as industry globalization and resource constraints, evolving consumption and demographics, urbanization and new technologies, to better understand their impact on consumer usages.

The objective of i-Lab Corporate Garage is to rapidly test ideas on end-users. Its work is based on innovation methodologies centered on end-consumer practices while also ensuring the technical feasibility of the ideas and a preliminary approach to their economic viability. Within its *i-fab,* the team can quickly produce proofs of concept, for example in the form of prototypes, using state-of-the-art equipment (3D printers and scanners, laser cutting, and digital modeling) that can materialize the ideas and enable testing. Connected to the global innovation ecosystem, i-Lab's primary vocation is to forge partnerships with start-ups.

The **advanced Business & Technologies** network, which was formally established in 2013, includes a dozen subsidiaries focused on four areas, namely Business, Technologies, Information Technologies and Investment via ALIAD. This network strengthens the Group's entrepreneurial spirit.

ALIAD's role is to invest in **minority stakes in start-ups**, in order to promote the Group's access to **technological innovations** developed outside the Group. ALIAD is based in the same premises as the i-Lab. It encourages the setting up of R&D and/or business agreements between the start-ups in its portfolio and the Group's entities. The target sectors for these investments are energy transition, management of natural resources, healthcare technologies, digital technologies, electronics, and information technologies.

ALIAD has made five investments during its first year in operation, including investments in **Demeter Partners,** a European leading private investor in the clean technology sector, which is dedicated to SMEs, in **Quadrille Capital,** a private investment fund that specializes in technology, and in conventional and renewable energy, in **Terrajoule Technology,** a company that focuses on energy storage based on heat recovery, in **Hydrexia,** an Australian company that is developing a hydrogen storage technology using a new magnesium alloy in solid form, and lastly in **Plug Power,** the global leader in fuel cells for forklifts.

2013 was also characterized by the **roll-out of the new Research & Development organizational structure.** A **R&D Scientific Direction** was set up. This department guarantees the scientific quality of R&D projects, maps the global innovation eco-system by identifying the main centers of excellence, determines the organizations with which R&D should connect and collaborate, and develops projects aimed at enabling new skills to emerge, and at exploring innovative scientific and technical approaches.

Eight **Global Labs** have been set up within the Scientific Direction. The Global Lab Directors manage the skills required, determine the technological roadmaps, and develop strategic partnerships with universities and companies, in order to enable the successful outcome of R&D projects.

In the Healthcare activity, the **World Business Line Healthcare** is innovation-oriented. It identifies and analyses the latest trends in order to adapt and develop its business model and ensure its implementation.

Encouraging and recognizing the contribution to innovation

The inventiveness of the teams that interact with customers and patients on an ongoing basis enables the Air Liquide Group to constantly reinvent its business, and to anticipate the challenges of its markets.

The Group has implemented programs to encourage and recognize the talent and skills of its employees and experts who contribute to innovation.

The recognition of technical expertise is a key factor for innovation. In 2003, Air Liquide launched Technical Community Leaders (TCL), a promotion and recognition program for the technical field and for the expertise of Group employees. Since TCL was created, 2,300 experts have been recognized, thus playing a key role in sharing expertise, knowledge and technical excellence. In 2013, to mark TCL's 10th anniversary, 82 new international experts, including five Fellows and 17 senior experts, were named within technological and operating Group entities, based in very diverse regions (Europe, Asia-Pacific, North and South America). This community for the Group's technology experts contributes to the transfer of technical know-how, to the sharing of best practices, and to the long-term development of the skills that Air Liquide will need in the future. The initiative is conducted in close collaboration with the World Business Lines and Units.

#invent, the new version of the program aimed at recognizing the Group's inventors, was launched in 2013. This recognition program rewards the inventors responsible for patents that are successfully marketed, or that give Air Liquide a competitive advantage. A trophy is awarded for the best invention of the year, selected among the patent registrations filed within each World Business Line in the past two years, and a bonus to inventors as soon as a patent is delivered. This new program ensures greater responsiveness for rewarding inventors, and better monitoring of inventions. Almost 2,000 rewards have been awarded to inventors employed by Air Liquide since 1997. Air Liquide's patent portfolio contains over 10,000 patents, and the Group applies for registration of over 300 new patents every year.

These patents are not only invented by the Group's R&D employees, but also by the Engineering & Construction teams, the advanced Business & Technologies network and the operations. aB&T has a portfolio of over 600 patents and copyrighted solutions.

Innovating within the global ecosystem

In a world where things are moving increasingly quickly, dynamic management of interactions with the innovation system, which is known as "open innovation" has become a key innovation factor.

Thanks to the development of a large number of collaborative processes between its operating entities and customers, between Research & Development and academic partners, and between the advanced Business & Technologies network and young innovative companies and institutional and private partners, this "open innovation" has enabled Air Liquide to explore new growth opportunities. 60% of Research & Development projects were conducted as part of public-private partnerships in 2013. In the hydrogen energy field, Air Liquide signed a new agreement as part of the H_2 Mobility consortium in Germany, and founded a joint-venture with Toyota Tsusho in Japan, aimed at developing hydrogen filling stations.

The innovation ecosystem is global, and involves a new distribution of clusters that are active in the innovation field. The Group's organizational structure, which includes its base in France and three hubs in Frankfurt, Houston and Shanghai, provides it with better connections to trends in local markets, and enables it to improve the way in which it anticipates its customers and patients' requirements, and to imagine new ideas and solutions, whether they involve technologies or new business models. This organization enables the Group to test the market, to allocate the resources required, and to take the right decisions more rapidly and at the right level.

Some initiatives launched in 2013

Air Liquide is exploring new areas by developing technologies or by building new business models, in order to meet its customers' and patients' needs, and pursue its profitable growth over the long term. The Group innovates for the benefit of society.

HEALTHCARE: NEW TECHNOLOGIES TO SERVE PATIENTS

Air Liquide is developing and rolling out **new technologies** dedicated to home healthcare, in order to improve the way patients follow their treatment. In fact, Air Liquide has developed **NOWAPI™, a remote monitoring solution** for the transfer of compliance data for patients suffering from sleep apnea. This solution enables healthcare authorities to link the way the treatment is provided to the correct following of the treatment by patients. This remote transmission system for medical data relating to patients' sleep patterns and to how they follow their treatment was rolled out in France in 2013. 80,000 patients who suffer from sleep apnea have now been equipped with the NOWAPI™ system, which makes it one of the largest remote data transmission experiments in the healthcare field in the world.

During the first quarter of 2013, Air Liquide brought to market a **new medical oxygen cylinder,** called **TAKEO™;** this cylinder has a digital interface that enables medical staff to know the remaining oxygen usage time, and emits a warning when the oxygen level is low. The cylinder's user-friendly design also makes it easier and more comfortable to use. This medical oxygen bottle is therefore safer to use, and enables the medical staff to optimize the oxygen consumption. This **innovative offer, which was launched in 15 countries at the same time** (Western European and Latin American countries, Canada, China, Australia and South Africa) makes Air Liquide stand out from its competitors and raises market standards.

ELECTRONICS: DEVELOPMENT OF ADVANCED PRECURSORS

Air Liquide is recognized as **one of the leaders in the advanced precursor field** thanks to its ALOHA™ product line. Precursors are molecules with specific physical and chemical properties, which are used to deposit critical layers when manufacturing electronic components. Air Liquide relies on a comprehensive process that includes the design, screening and industrialization of advanced precursors, by working closely with leading companies in the semi-conductor industry, and process tool makers.

ZyALD™, TORuS™, SAM.24™ and TSA™ are high value-added molecules that are recognized on the market, and which have been successfully designed and marketed by the ALOHA™ teams over the past few years.

Air Liquide reached **a new stage** in 2013, **when it strengthened its position on the advanced precursor market with the acquisition of Voltaix**, a company based in the United States that specializes in molecules for the electronics industry. Voltaix, which was founded in 1986, manufactures materials used for the production of semi-conductor devices and advanced solar cells; the company has a unique expertise in specialty silicon, boron and germanium components. Voltaix has manufacturing facilities in Branchburg (New Jersey), High Springs (Florida) and Portland (Pennsylvania) in the United States, as well as in Sejong-si (South Chungcheong) in South Korea. It employs 185 employees worldwide.

This acquisition enables Air Liquide to complement its ALOHA™ product line, and to create new synergies in the **research and industrialization process for innovative molecules.** It adds new high value-added molecules intended for semi-conductor manufacturers throughout the world to the Air Liquide portfolio, thereby contributing to the greater connectivity and computing power of new electronic equipment. Ongoing innovation in new molecules enables Air Liquide to meet growing consumer demand for increasingly powerful flat screens, tablets and smartphones.

DEVELOPMENT WITHIN THE PARIS-SACLAY INNOVATION CLUSTER IN FRANCE

Air Liquide became a founding member and partner of **two innovative research and training institutes** in 2013, namely PS2E, *Paris-Saclay Efficacité Energétique* and IPVF, *Institut Photovoltaïque d'Île-de-France.* Both institutes will be based within the **Paris-Saclay Innovation cluster,** a French project that aims to form a scientific, business and urban cluster with a global reach.

The PS2E research and training institute will devote its research to **improving the energy efficiency of industrial facilities linked to urban areas.** PS2E will develop an energy model that includes new technological solutions that consume less energy and emit less CO_2.

The Air Liquide Group's Paris-Saclay research center, which is based in Loges-en-Josas, might house the PS2E Institute on its premises. In addition to its financial support, Air Liquide will provide the expertise of its research teams in the industrial process optimization and energy storage areas, and its modeling skills. Improving the energy efficiency of its production units and those of its customers is a permanent innovation priority for the Group; it also contributes to reducing the environmental footprint of its operations.

The *Institut Photovoltaïque d'Île-de-France* (IPVF) will be one of the world's largest research centers for **new-generation photovoltaic solar systems.** Air Liquide will provide its expertise in **specialty gases and advanced molecules** in order to manufacture the new-generation photovoltaic cells, will contribute to the Institute's funding, and will make its R&D photovoltaic cell production line available to the IPVF researchers.

These research and development collaborations with academic and industrial partners, and start-ups, are in keeping with the Group's "open innovation" approach.

RESEARCH ON CLEANER ENERGY

In April 2013, Air Liquide signed a partnership agreement with the CEA (Commission for atomic energy and alternative energies in France), with a view to developing a **second-generation biofuel production pilot unit** in France.

As part of this partnership, the CEA will develop a process chain that enables solid biomass (primarily wood) to be crushed, in order to feed it into a burner, with a view to minimizing energy expenditure at the Bure-Saudron (Meuse and Haute-Marne) facility and at the CEA-Grenoble center. Air Liquide will develop a **new combustion technology** for this project, which uses a **burner that runs on oxygen** instead of air. This pressurized, high-temperature oxygen combustion will enable the solid biomass to be turned directly into syngas. The syngas generated by this process can then be treated, in order to ultimately produce a very pure synthetic fuel with superior energy properties.

All the R&D work relating to pressurized oxygen combustion will be performed at the Air Liquide research centers at Paris-Saclay (France), Frankfurt (Germany), and Newark (Delaware, United States), as well as in partnership with international research institutes. This work will contribute to the eventual emergence of a new sector for **creating value from this biomass** through second-generation biofuels.

As part of its policy to reduce greenhouse gas emissions in Europe, the European Union has set a goal of 20% for the percentage of renewable energies used within the European Community by 2020, and 40% by 2030. Unlike first-generation biofuels, second-generation biofuels use agricultural or forestry waste, without competing against food uses.

ROLL-OUT OF A NEW ALUMINUM RECYCLING OFFER

Air Liquide rolled out its **new BOOSTAL™ aluminum recycling offer** in 2013, in order to meet the challenge posed by the market. In fact, the proportion of recycled aluminum has increased significantly in advanced economies over the past five years, driven by the growth in consumption and industrial companies' determination to use the planet's resources in a better way.

Air Liquide's offer is based on **oxy-combustion technology,** which consists in replacing the air in the furnaces by pure oxygen. In addition to supplying oxygen and Air Liquide patented burners, the solution includes a clever combustion management system. This system enables the **energy generated by burning the impurities** contained in the metal (paper, plastic, and grease, etc.) to help heat the furnace.

This means that the offer enables **industrial recycling companies** to increase their output by 50%, while reducing their energy consumption by up to 50%, and polluting nitrous oxide emissions by 90%.

Air Liquide has signed **20 contracts** over two years in advanced economies like Germany and France, as well as in developing economies like Morocco, the Philippines, India and China.

START-UP OF THE WORLD'S LARGEST HELIUM UNIT

In the second half of 2013, Air Liquide commissioned the largest **helium purification and liquefaction unit** in the world, in **the Ras Laffan industrial city in Qatar.** This new unit's production capacity is approximately 38 million cubic meters of helium per year. The technologies used to purify and liquefy helium at a very low temperature (-269°C) are **technologies patented** by Air Liquide. The liquefaction unit is **the largest in the world,** measuring 20 meters long and more than 8 meters high. **The helium liquefaction unit is operated by RasGas.**

The combined production capacity of the new unit and of the unit that is already operating at this facility is over **50 million cubic meters per year,** which makes Qatar the second largest helium producer in the world, with 25% of current global production. Moreover, Air Liquide **buys 50% of the amount of helium produced** by this new unit and the existing unit under a long-term contract with RasGas and Qatargas. Access to this major source of helium therefore positions the Group as **one of the main players on the global helium market.**

World demand for helium has remained robust in the last 10 years, while helium is scarce worldwide. Helium plays a critical role in a large number of applications, including magnetic resonance imaging (MRI), semi-conductors, fiber-optic cables, space exploration, scientific research, the manufacturing of airbags and professional scuba diving.

ROLL-OUT OF THE BIOGAS OFFER

Air Liquide is designing solutions dedicated to the enhancement of biogas, with a view to extracting methane that can either be used as fuel, or be fed into cities' natural gas supply networks.

Biogas is a renewable energy that is produced during the methanization of biomass or household waste. Biogas primarily consists of methane and CO_2. Air Liquide uses a process that extracts methane from biogas, via a **patented gas separation technology that uses membranes** designed and manufactured by the Group.

Air Liquide is therefore offering recovery solutions that cover all of its customers' requirements, including: cleaning, injection, cryogenic distillation, and biomethane liquefaction. Air Liquide is the global leader in the biogas cleaning market, with a capacity of 100,000 m^3 per hour.

Air Liquide continued to roll out its offer in 2013. Over the past two years, **12 biogas recovery units** have been sold world-wide by the Group, and Air Liquide now has more than **30 customers** in this market.

START OF A HYDROGEN FILLING STATION INFRASTRUCTURE

Air Liquide masters the entire hydrogen supply chain, from production to storage, including distribution and use by the end-customer. Over the past 10 years, the Group has built over **60 hydrogen filling stations worldwide.** The Air Liquide filling stations enable vehicles to fill up with hydrogen in less than five minutes. 2013 was characterized by several major advances in the development of hydrogen as an energy carrier.

The use of **hydrogen as an energy carrier** for logistics platforms has increased in the United States and Canada, where **4,000 forklifts** that run on hydrogen have been rolled out to date. In 2013, Air Liquide signed an initial contract in Europe (France) to supply a **hydrogen filling station to IKEA,** the leading specialized retailer, in order to supply part of the IKEA logistics platform near Lyon. As part of the project, the hydrogen filling station will supply around 20 forklifts equipped with hydrogen fuel cells manufactured by HyPulsion (a joint-venture owned by Axane, an Air Liquide subsidiary, and Plug Power).

These electric forklifts that run on hydrogen only discharge water, and can operate without recharging for eight hours. The Air Liquide filling station supplies gaseous hydrogen and enables the forklifts **to fill up in three minutes.** By replacing electric batteries, the fuel cells provide **increased flexibility and productivity** due to longer operating use and shorter recharging times. This project, which is a first in Europe, shows the competitiveness and the technical maturity of the "hydrogen energy" solution for electric forklifts.

To encourage the development of a **hydrogen filling station infrastructure for fuel cell electric vehicles,** Air Liquide signed a term-sheet agreement in September 2013 involving the implementation of a major action plan to build a network of **hydrogen filling stations in Germany,** together with its partners in the H_2 Mobility initiative. The objective between now and 2023 is to extend the current German network, which includes 15 filling stations, to around 400 hydrogen filling stations, which will cover the entire country. The total investment by all the partners will amount to over 350 million euros. This network will therefore meet the requirements of the fuel cell electric vehicles that will be available on the market between 2015 and 2017, as announced by the various car manufacturers. The first stage will be the deployment of 100 hydrogen filling stations in Germany over the next four years.

This agreement represents a significant step forward in the roll-out of a hydrogen filling station infrastructure in Germany, and in Europe more generally. Hydrogen helps **protect the environment,** by providing an answer to the challenges posed by sustainable transport, namely reducing greenhouse gas emissions and local pollution in urban areas. The project also reflects the Air Liquide Group's commitment to developing and promoting innovative technologies for the **deployment of a hydrogen energy infrastructure** throughout the world.

Air Liquide has been a partner in the H_2 Mobility initiative since 2010; this initiative is contributing to developing a hydrogen infrastructure in Germany, in order to support the mass production of fuel cell electric vehicles. Air Liquide opened its first hydrogen filling station for the general public in Düsseldorf, Germany in 2012. The Group is also partnering initiatives of the same kind in the United Kingdom, France, the Netherlands, Denmark, Sweden, Switzerland and Japan.

The Blue Hydrogen® initiative

Blue Hydrogen is an Air Liquide initiative that aims to gradually lower the carbon content of its hydrogen production dedicated to energy applications. 95% of the hydrogen that the Group produces is currently made from natural gas. Air Liquide is committing to increasing by 2020 the percentage of hydrogen produced for these applications from carbon-free processes, i.e. sources that emit no CO_2. The Group's objective is to produce at least 50% of the hydrogen required by hydrogen energy applications from carbon-free energy sources, by combining:

- **the use of renewable energies, water electrolysis and the reforming of biogas;**
- **the use of carbon capture and storage technologies for the CO_2 emitted during the production of hydrogen from natural gas.**

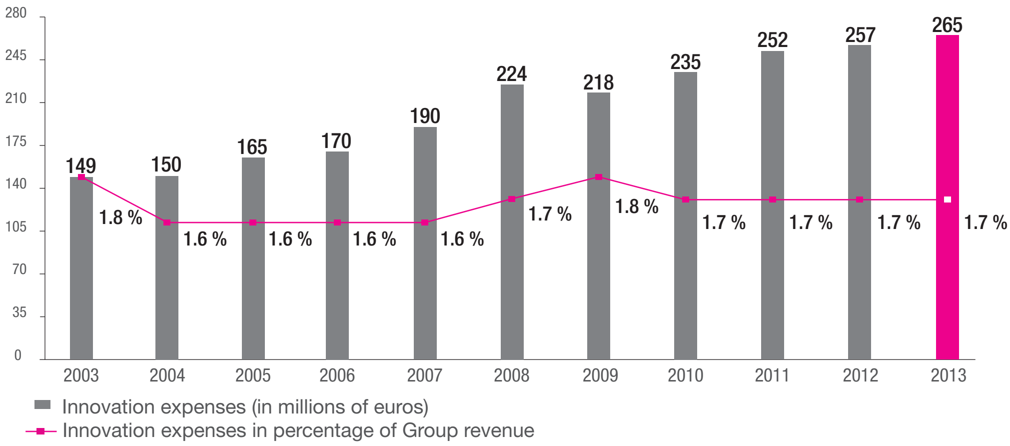
INNOVATION INDICATORS CONCERNING THE GROUP AS A WHOLE

	As at December 31, 2013
Number of employees working in entities contributing to innovation	**6,200**
Number of researchers	**1,100 researchers with 35 nationalities**
Number of R&D sites	10
R&D industrial partnerships	100
R&D academic partnerships with universities and research institutes	126
Number of advanced Business & Technologies employees	**1,100 employees in 10 countries**
Number of patents and copyrighted solutions owned by advanced Business & Technologies	600
Number of Engineering & Construction employees	**4,000**
Engineering centers	15

	2008	2009	2010	2011	2012	2013
Innovation expenses [(a)] *(in millions of euros)*	224	218	235	252	257	265
Group revenue *(in millions of euros)*	13,103	11,976	13,488	14,457	15,326	15,225
Innovation expenses as a % of revenue	**1.7%**	**1.8%**	**1.7%**	**1.7%**	**1.7%**	**1.7%**

(a) Amount of research and development, market launch and marketing expenses for new offers and products (within the OECD meaning).

Innovation expenses



Patents	2008	2009	2010	2011	2012	2013
Number of patented inventions	2,640	2,508	2,830	3,109	3,215	3,288
New patent applications filed during the year	257	280	301	332	316	321
Patent applications filed directly in the Group's four main zones of operations [(a)]	129	156	145	144	160	159

(a) Europe, United States, Japan and China.

> STRATEGY AND OUTLOOK

Strategy

For many years, Air Liquide's growth strategy has been founded on creating long-term value. To do so, the Group relies on its operational competitiveness, its targeted investments in growth markets and innovation to open new markets and create new opportunities.

The Group is committed to delivering a regular and sustained performance for its shareholders and maintaining its strong pay-out policy year after year. This long-term performance is based on continuous growth of the industrial gases market worldwide, a solid business model and a managerial culture founded on consistent performance.

Compound Annual Growth Rate (CAGR) over 30 years

- Revenue: +6.1%
- Cash flow from operating activities before change in working capital: +7.4%
- Net profit: +9.0%
- Earnings per share [(a)]: +8.4%
- Dividend per share [(a) (b)]: +9.4%

(a) Adjusted for previous two-for-one share splits and free share attributions.
(b) To be approved by Shareholders Meeting on May 7, 2014.

The industrial gases industry has enjoyed steady growth over the last 100 years due to the ever increasing needs of new and growing economies, the emergence of new applications supported by innovation and technological research, and increased customer outsourcing of gas production. Historically, the demand for industrial gas has risen faster than industrial production.

The growth rates during the rebound from the 2008-2009 financial crisis varied greatly between advanced and developing economies. The gap between the growth rates in these economies has varied from 9 points in 2005 to 18 points in 2010 and is now below 5 points.

Against this backdrop, the Group's strategic approach has shifted from a geographical viewpoint, where industrial growth came mainly from increased capacity in developing economies, to **a market viewpoint,** where each country aims to attract new investments in growth sectors.

As a result of this new approach, the Group has outlined three major trends which shape its markets.

THREE MAJOR TRENDS, SOURCES OF GROWTH

Industry globalization and resource constraints

Countries, industrial basins and companies all compete on a global scale. They are constrained by resources (energy, raw materials, expertise and human resources) availability and are required to adapt to market demand.

This major trend is due to three main factors:

- a need for industrial customers to globalize and modernize their production facilities, which is leading to an increase in outsourcing (mainly in developing economies) and in the industrial gas intensity in industrial processes;
- a decorrelation in energy prices in different parts of the world which is leading to a wave of re-industrialization in certain countries, such as the United States with the exploitation of shale gas;
- a general willingness of countries and companies for energy independence or enhanced competitiveness, which leads to the use of local energy resources, such as coal in China. These new energy conversion projects, to transform coal and natural gas, are appearing in both advanced and developing economies and represent significant opportunities for the Group.

Thus, new industrial investments are more evenly divided between developing economies and advanced economies, reflecting industrial globalization. In the latter, these investments are mainly in networks based in large traditional industrial basins (the Gulf Coast and Northern Europe). The Large Industries and Industrial Merchant business lines are at the heart of this major trend.

The Group has an extremely wide portfolio of technologies at hand which allows it to provide its customers with different industrial gas production processes (air separation units, steam reforming, gasification, etc.). Combined with the project implementation capacities of its Engineering & Construction business line, operational excellence and presence in more than 60% of the major industrial basins, these technologies allow the Large Industries business line to capture future market growth through its classic Over the Fence (OTF) business model (customer outsourcing).

The Group also owns industrial gas separation (e.g. membranes), purification (e.g. Rectisol) and transformation (e.g. methanol, Fischer Tropsch, MTP, etc.) technologies. These technologies can be offered to customers via the sale of licenses, services or proprietary equipment.

The Industrial Merchant business line also benefits from this major trend through the sale of nitrogen and carbon dioxide. Their use minimizes the environmental impact (in particular water and chemical solvent consumption) of oil and shale gas extraction.

More generally, the development of manufacturing industries driven by this reindustrialization is a source of growth for the Industrial Merchant business line.

Evolving consumption and demography

Urbanization, the growth in middle classes, increasing demand for mobility and communication, climate-change concerns, the increasing importance of health and wellbeing, longer life expectancy and more chronic diseases are all factors in the Group's development.

Each country's healthcare spending is strongly correlated to the maturity of their health system. There are three main stages of evolution:

- the development of hospital infrastructure aimed at treating acute diseases, such as in China;
- then the development of home healthcare aimed at treating chronic diseases, currently underway for example in Brazil;
- finally, the development of prevention and wellbeing while, at the same time, containing healthcare spending, where Germany and the United States are today.

Air Liquide provides solutions for patient needs throughout the healthcare system. The Group's strategy is to target both regions and markets.

In the domain of acute disease management, Air Liquide has continued its growth by structuring a dedicated health activity in China, Taiwan, Chile, Egypt and Russia over the past three years. At the same time, the Group is constantly renewing its offering with innovative products, such as its new oxygen bottle for the Takeo™ hospitals.

In home healthcare, the Group continued its acquisitions in 2013 in Scandinavia and Poland to strengthen its position as European leader. Its offering is also backed by innovative solutions aimed at improving the quality of life of patients with diabetes or Parkinson's disease.

Finally, in prevention and healthcare cost management, Air Liquide provides innovative solutions such as remote observation, as well as hygiene products and specialty ingredients used in pharmaceuticals and cosmetics.

The Industrial Merchant Business line also benefits from these changes in consumption and demography. To offset the scarcity of natural resources and the increase in pollution, industry and urban areas are looking for environmentally friendly long-term solutions. Industrial gas solutions exist for water treatment, waste management, recycling, low-energy consumption infrastructures and connectivity.

For many years, the Industrial Merchant Business line has been helping its customers to improve their productivity and the quality of their products, optimize their procedures and make more efficient use of resources. This includes launching new reliable, simple and cost-effective offers to meet the needs of the manufacturing industry, such as welding or oxycombustion for recycling aluminum.

Finally, population growth, changes in lifestyles and the emergence of middle classes in developing economies increase demand for industrial gases in sectors such as food, pharmaceuticals, technology and research. For example, Air Liquide is currently developing a certified pure CO_2 offer for fizzy drinks and is installing new production facilities.

The Group has the necessary strengths to transform these opportunities into future growth thanks to its renowned expertise in numerous industrial gas applications and customer processes, its global and local presence in more than 80 countries and its efficiency programs.

An appetite for innovation

The third major trend is based on an appetite for innovation among individuals but also companies and society as a whole.

The significant development in the high technology market is driven by numerous consumer product innovations and, more generally, by the increasing complexity of our industries. Hence, demand for high purity industrial gases has risen substantially to meet the needs of semiconductor, flat screen or solar panel manufacturers, particularly in Asia.

Increased needs in mobile telecommunications and power, coupled with a decrease in the energy consumption of new equipment, drives innovation. These needs require new molecules, or precursors, to develop increasingly sophisticated chips. The Group has specifically reinforced its offering in this field of advanced molecules (designer molecules) offering high value-added for customers through the acquisition of Voltaix, which strengthens its existing ALOHA brand.

Scientific and technological innovations are generated by dedicated traditional structures, Research & Development, Engineering & Construction. Additionally, the Group has organized its innovation process to include an entrepreneurial dimension (advanced Business & Technology network), one of disruptive innovation (i-Lab) and strategic investment (ALIAD).

The Group continues to develop in fields with strong growth prospects, such as hydrogen as a clean energy carrier, as demonstrated by the development of captive fleets (forklifts and buses). Converting one percent of the global autos fleet to hydrogen would represent a worldwide market of 15 billion euros.

Air Liquide is extremely well placed to benefit from the growth opportunities generated by these three major trends.

A SOLID BUSINESS MODEL

The Large Industries activity, which benefits from long-term contracts with take-or-pay clauses, and the Healthcare activity, which is enjoying steady growth independently of the economic cycle, provide security. They now account for over half of Gas & Services revenue. In addition, through its four World Business Lines, the Group serves a wide range of customers and industries, with an extensive regional diversity and a growing market share in developing economies, another guarantee of solidity.

Air Liquide confirmed the resilience of its business model in 2009. In an economic crisis of exceptional scale, Air Liquide, the global sector leader, reported a slight decline in sales and stable net profit.

In 2013, in a context of a contrasted recovery in the global economy, Air Liquide again relied on the solidity of its model to improve its performance. The Group's debt is stable. The balance sheet strength facilitates the financing of its development projects, site takeovers and acquisitions in all business lines. Each of these characteristics represents an asset that supports the Group's long-term growth.

PERFORMANCE AND RESPONSIBILITY

The search for economic performance and the attention paid to society's major issues, notably the protection of the environment, are closely linked. Companies are no longer evaluated on their financial performance alone. They are also judged on their commitment to and efforts in terms of Responsibility. The Group has confirmed its ambition to be the leader in its industry, by demonstrating its long-term performance and behaving responsibly. The Group thus creates a **virtuous dynamic where Responsibility is an integral part of Performance.**

Performance

The Group's 2010 sales growth targets were based on estimated growth in the industrial gases market of between +7% and +8% per year between 2010 and 2015. The global economic recovery having been slower than expected, these estimates have been updated. The new forecasts expect market growth of between +4% and +5% annually between 2010 and 2015. As a result, Air Liquide's average annual sales growth target, which had been for +8% to +10% in a normal context, was thus rephrased at the end of 2013 as sales growth relative to the market of +1% to +2%.

The initial 12 billion euros investment budget for the 2011-2015 period has been confirmed and net capital expenditure between 2011 and 2013 is in line at 7.0 billion euros.

The operational efficiencies target, initially set at more than 200 million euros per annum for the five-year period, has been increased by 30% to a total target of 1.3 billion euros for the 2010-2015 period.

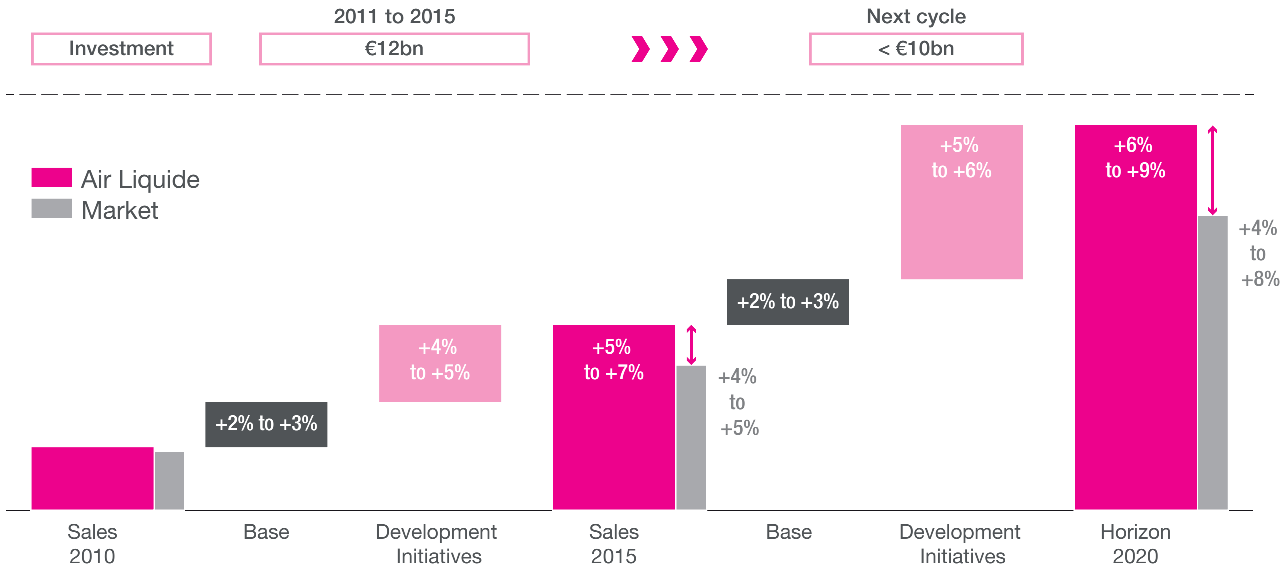
Finally, the initial ROCE target of 12-13% is now between 11% and 13% by 2015, taking into account the longer investment cycle.

By the end of 2013, in the context of lower-than-expected market growth, the compound annual average growth for the 2010-2013 period was +4.1% for the Group and +4.4% for Gas and Services.

For the third consecutive year, efficiency significantly exceeded the annual target and reached 303 million euros in 2013. This brings cumulated efficiency to 857 million euros for the 2011-2013 period.

The 2013 ROCE stood at 11.1%, within the revised target range against a backdrop of moderate and greatly contrasting economic recovery.

The Group also set a growth forecast out to 2020, based on an estimated growth in its markets.



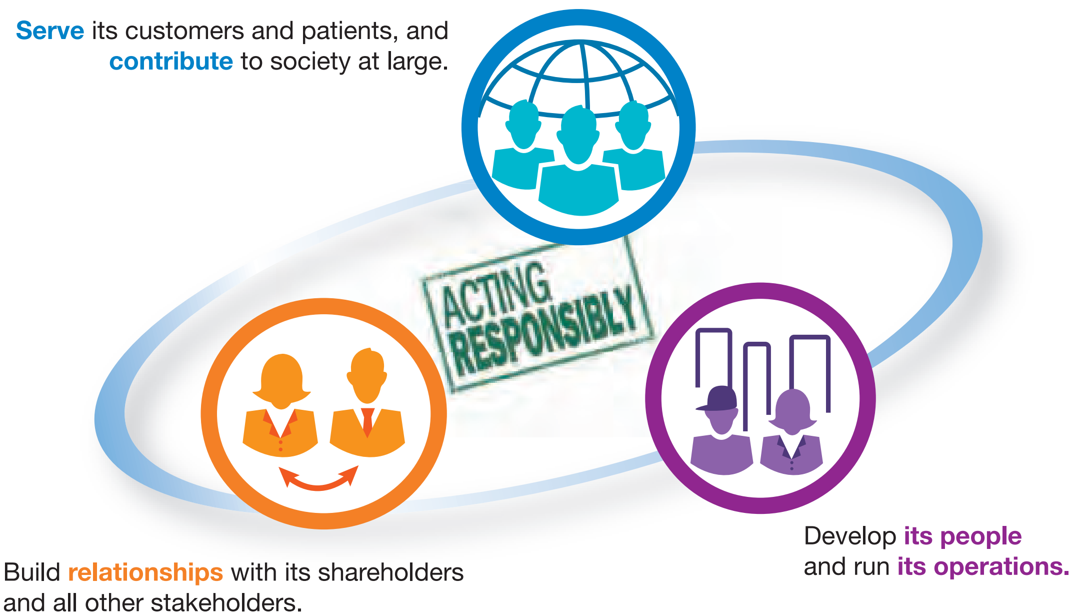
Development initiatives = start-ups + ramp-ups + acquisitions
Estimate based on normal market conditions

Responsibility

As an integral part of Air Liquide's strategy, Responsibility creates new opportunities and constitutes a sustainable performance driver while at the same time providing solutions that respond to society's major issues.

At end-2013, the Group confirmed its ambition to be the leader in its industry, delivering long-term performance and acting responsibly. The objective of *embedding Responsibility in the way we act and manage our operations and initiatives* represents another step in ensuring that Responsibility is at the heart of the way the Group runs its operations and initiatives, to ensure that the Group fulfills its ambition.

For Air Liquide, Acting responsibly captures how the Group:



This Responsibility approach is widely adopted within the Group. Relevant measurement indicators and improvements applied are part of management targets and are listed in the Sustainable Development Report in Chapter 2 of this Reference Document.

Outlook

The progress the Group made during 2013 reflects the return to a more supportive economic climate during the year and an increase in the pace of growth in the United States and China.

Air Liquide delivered another improvement in its operating income through a combination of global presence, initiatives in growth markets and reinforced efficiency programs. This performance demonstrates that the Group is aligned with its goals of regular improvement in its margin and of net profit growth.

Throughout 2013, the Group continued to adapt its structures to the dynamics of its markets, to ensure that it has the best possible positioning for ensuring both its competitiveness and long-term development.

In addition, investment decisions totaling 2.7 billion euros, the conclusion of new contracts, and the commissioning of 23 production units will contribute to Air Liquide's growth in the years to come, as will the innovations and technologies being developed.

In this context, and barring a degradation of the environment, Air Liquide is confident in its ability to deliver another year of net profit growth in 2014.

2 2013 Sustainable Development Report

> INTRODUCTION

"Creative Oxygen"

In combining a molecule of oxygen, the foundation of the Group's development, with the power of the inventiveness of its employees, which enable it to constantly enhance its products and operations, Air Liquide reaffirmed in 2013 its ambition to be the leader of its industry delivering long term performance and acting responsibly.

The Group is focusing on long term profitable growth for its businesses by contributing, with its partners, to the challenges of our planet's energy transition, to better use fossil fuels and to renewable energy. It must also take up the challenges of an ever-increasing urbanization of the global population and the fundamental demographic changes that advanced economies as well as developing economies are undergoing.

The 2013 Sustainable Development Report illustrates this ambition. It is based on over 170 indicators which demonstrate the Group's contribution to its customers' performance and its patients' quality of life, its relationship of trust with its shareholders and partners, the commitment of its teams and the high standards of its industrial operations.

It highlights record performance in safety. The Group has developed a Code of Conduct for its suppliers. It has maintained and often improved the efficiency of its industrial operations in a contrasting economic context, and pursued a sustained policy of investment. It has improved the performance of its customers and the quality of life of its patients. It draws on its unique base of institutional shareholders and more than 400,000 individual shareholders who enable it to develop a long-term strategy. The remit of the Air Liquide Foundation has been extended for a further five years, having already supported over 150 projects with the involvement of some 200 employees.

Just like financial reporting, this extra-financial reporting has been reviewed each year since 2003 by the Statutory Auditors. They conduct a mission of analysis and verification on a selection of indicators not only at corporate level but on industrial sites and Human Resources Departments of the subsidiaries. This year, 12 sites and departments were audited. Since 2003, 92 sites and departments have been verified. Air Liquide was one of the first CAC 40 companies to have this review done by the Statutory Auditors and to include the Sustainable Development Report in the Reference document. In 2012, this review became a legal obligation in France.

> IMPROVING THE PERFORMANCE OF CUSTOMERS AND THE QUALITY OF LIFE OF PATIENTS

Air Liquide contributes to the performance of its customers and to its patients' quality of life. The Group is attentive to the satisfaction of its customers and patients and puts action plans in place to continually improve on this satisfaction.

- Air Liquide allows its industrial customers to carry out their production in a generally safer, cleaner and more economical manner. The Group supports its customers in their national and international development.
- In hospitals, Air Liquide provides its patients with medical gases and contributes to the fight against nosocomial infections. The Group also allows patients suffering from chronic illnesses to live better at home, by facilitating their medical monitoring outside the hospital environment.

Revenue linked to life and the environment

Over 40 applications of industrial and medical gases preserve the environment for the Group's customers and the life of patients: these applications represent **43% of revenue** [(a)].

Air Liquide has consolidated these "blue" sales since 2005 [(b)]. The Group decided in 2010 to report annually on this indicator, originally calculated every two years. "Blue sales" are calculated **for each of the Group's activities:** Large Industries, Industrial Merchant, Healthcare, Electronics and Engineering & Technologies.

Some examples of applications which preserve the environment for customers and life for patients within the Group's different activities:

For customers of the **Large Industries** activity:

- using hydrogen in refineries to remove sulfur from hydrocarbons, thus reducing the emissions of sulfur oxide, which are responsible for acid rain;
- using oxygen in blast furnaces to reduce the consumption of coke, whose production and usage is very polluting.

For customers of the **Industrial Merchant** activity:

- packaging in a modified atmosphere to protect foods and reduce chemical additives;
- inerting with nitrogen for the safety of industrial installations;
- fusing glass by using pure oxygen, which considerably reduces emissions of nitrogen oxides, one of the gases that causes acid rain;
- treating water in purification stations;
- using rare gases like krypton to improve the insulation of double-glazed windows.

For patients of the **Healthcare** activity:

- using oxygen in hospitals and home healthcare;
- using hygiene products in the fight against nosocomial infections;
- manufacturing adjuvants for vaccines.

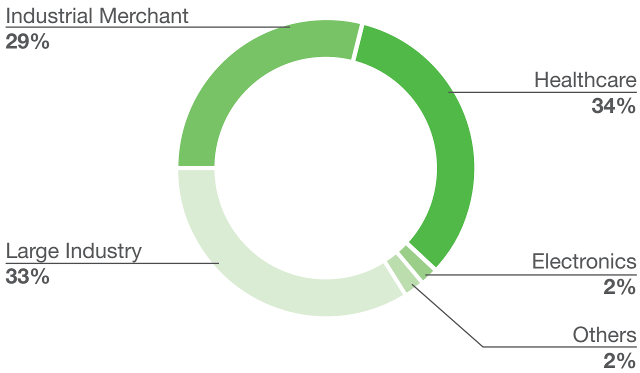
For customers of the **Electronics** activity:

- using industrial gases in the photovoltaic industry.

For customers of the **Engineering & Technologies** activity:

- selling hydrogen production units to third parties for refining, to limit sulfur emissions into the atmosphere;
- selling equipment for valorizing biogas.

Breakdown of 2012 blue sales by Business Line



(a) 2012 data. 2013 data will be available mid-2014.

(b) Air Liquide describes these specific sales as "blue" to evoke the color of the sky since air is the main raw material in the Group's production units and it is also the blue of the atmosphere that we must preserve.

The percentage of Air Liquide's "blue sales" noticeably increased between 2005 and 2012, going from 33% to 43% of the Group's total revenue. This growth illustrates the development of the applications linked to preserving life and the environment in Air Liquide's global revenue.

In addition, **over 60% of the Group's Research & Development budget is earmarked for work on preserving life and the environment** and is a "blue sales" growth driver for the future, **based on the following key themes:**

- **Environment:**
  - energy efficiency,
  - hydrogen, as a clean energy carrier,
  - development of the industrial gases range for the photovoltaic industry,
  - CO_2 capture and storage,
  - second-generation biofuels;
- **Healthcare and hygiene:**
  - new medical gases to relieve pain and for anesthesia,
  - products to avoid nosocomial infections,
  - home healthcare activity products and services for patients suffering from chronic illness.

Detailed information on these innovative initiatives for our customers and our patients is presented in the Innovation section of Chapter 1 of the Reference document.

Air Liquide and its customers: proximity and expertise

AN ORGANIZATION THAT SERVES A WIDE RANGE OF CUSTOMERS

Air Liquide serves a **wide variety of industrial customers, estimated at more than a million** who come from sectors ranging from steel to the food industry as well as electronics, pharmaceuticals and craftsmen. Their expectations are extremely varied and change constantly, with ever greater requirements. In each market sector, Air Liquide aims to support its customers by acquiring the deepest understanding possible of their business. This allows the Group to **offer its customers innovative services and solutions.**

The Group's organization enables each entity, in each geographic region, to meet the specific expectations of local customers, thus building a **close and trusting relationship** with individual customers. More than just a product, customers demand **flexibility, responsiveness, service, availability and a real partnership over the long term.**

CUSTOMER SAFETY IN PRODUCT USE

Air Liquide makes sure that its customers and subcontractors know how to use its products and equipment correctly and are aware of the related risks, especially through specific **training programs.**

In addition, the Group constantly updates safety information on its products through **product safety data sheets** and also responds to requirements of national and international directives (REACH – Registration, Evaluation, Authorization and Restriction of chemical substances; GHS – Globally Harmonized System of Classification and Labelling of Chemicals). This information is available from **the Air Liquide Gases Encyclopedia,** which can be accessed on the Group's website at the following address: http://www.airliquide.com/our-offer.html and also accessible from a cell phone via an Air Liquide app.

DIALOGUE WITH CUSTOMERS ON SUSTAINABLE DEVELOPMENT

Air Liquide also responds to its customers' growing requirements regarding its sustainable development approach. This allows the Group to contribute to its customers' own sustainable development approach. Over the last four years, in addition to many questions asked at a local level, over 60 customers have questioned the Group on this subject, including through detailed questionnaires. This has meant that the Group's Sustainable Development Department has provided support to local entities to respond to this new type of request from its customers. The data on the carbon content of Air Liquide's products in the main countries presented in this report respond to requests from customers on this subject.

Protecting vulnerable lives

Our society is faced with many healthcare challenges: people living longer, an increase in chronic illnesses, pandemics and nosocomial infections. Air Liquide responds to the requirements of patients and healthcare professionals worldwide, making every effort to anticipate their needs. Throughout the world, Air Liquide aims to protect vulnerable lives by offering effective products and services and providing considerate support for patients.

LOOKING AFTER THE PATIENT THROUGHOUT THE CARE PROCESS

Providing patients in hospital and at home with medical products and services that contribute to protecting vulnerable lives

Vulnerability may be a consequence of age, illness or loss of independence. In the course of its activities, Air Liquide is constantly faced with vulnerability: patients undergoing painful medical procedures in emergency units or operating theatres, patients exposed to the risk of nosocomial infections, patients with chronic illnesses and multiple pathologies, and elderly people.

Air Liquide aims to protect lives by developing products, services and patient support programs.

Protecting patients and supporting healthcare professionals: Air Liquide, a major player in medical gases for hospitals

Air Liquide is one of the world leaders in **medical gas production and distribution and related services for hospitals.** The Group supplies oxygen for operating theatres, intensive care units and patients' rooms, as well as therapeutic gases for anesthesia and pulmonary arterial hypertension. Air Liquide also provides a therapeutic gas for pain relief, used in some countries during childbirth (Portugal and Great Britain for example) and for procedures carried out at dental surgeries.

Air Liquide furthermore offers a range of **hygiene products used for disinfection and the fight against nosocomial infections.** Air Liquide supplies disinfectants for hospitals, medical instruments and hand-cleansing for medical staff. The Group also supplies skin cleansers for pre-operative preparation for patients and antiseptics for wound-healing.

Air Liquide currently supplies 7,500 hospitals and clinics worldwide.

Nosocomial infections worldwide

According to the World Health Organization, 5 to 10% of people hospitalized in advanced economies contract a nosocomial infection, and this proportion can exceed 25% in some developing economies.

Protecting patient autonomy: the human and social dimension of Air Liquide's Home Healthcare activity

Air Liquide's Home Healthcare activity cares for over 1 million patients around the world who have chronic illnesses which require medical respiratory equipment, perfusion or nutritional assistance for their treatment at home. It has a very strong human dimension because it focuses on having patients and their families accept a treatment that is sometimes long term and accompanied by constraints. Air Liquide's employees provide home support to patients suffering from chronic pathologies such as respiratory insufficiency, sleep apnea, diabetes or Parkinson's disease. Air Liquide's multidisciplinary teams of pharmacists, nurses, nutritionists and technicians are dedicated to providing these services as cost-effectively as possible. Innovative education and support programs aim at **improving the patients' quality of life** by helping reinforce **treatment follow-up** and **increasing their autonomy.**

The Home Healthcare activity sits at the heart of the healthcare system between the patient, hospital, doctors, nurses, health insurance organizations and pharmacists. The Group supplies products and medical equipment necessary to start treatment at the patient's home following the medical prescription, and trains the patients and their families in the proper use of devices (oxygen therapy, ventilator, insulin pump, etc.). Air Liquide therefore makes a **major contribution to the care chain by ensuring the patients' follow-up at home over the long run.** It is an activity that demands high quality service on a daily basis and is focused on the long term, with all the caregivers dedicated to improving the patient's quality of life at home.

Obstructive Sleep Apnea Syndrome (OSAS): a silent epidemic

OSAS is characterized by repeated pauses in breathing (apnea) whilst asleep that last more than 10 seconds due to an obstruction in the upper airways.

OSAS affects between 1% to over 6% of the adult population worldwide. eight patients out of ten are unaware of their condition. OSAS leads to drowsiness that can cause accidents and increases cardiovascular risk.

Continuous Positive Airway Pressure (CPAP) is the principal treatment for moderate and severe sleep apnea, using equipment provided to patients via Air Liquide Home Healthcare subsidiaries.

PARTNERSHIPS IN HEALTHCARE

Partnership with patient associations

The European leader in Home Healthcare, Air Liquide cares for some 800,000 patients in Europe suffering from sleep apnea or shortness of breath, notably those with severe chronic obstructive pulmonary disease (COPD), under long-term oxygen therapy.

COPD, one of the principal causes of death and disability worldwide

COPD is a lung infection characterized by a permanent bronchial obstruction which causes respiratory difficulties.

- Over 200 million people around the world suffer from COPD. It is currently the fourth-highest cause of death worldwide and could become the third-highest by 2030.
- Over a million patients suffering from severe COPD are treated by long-term oxygen therapy. It has been shown that the long-term administration of oxygen, which means more than 15 hours a day, significantly improves these patients' survival.

Since 2011, the Group's Healthcare World Business Line has worked in partnership with the EFA (European Federation of Allergy and Airways Diseases Patients Associations). This Brussels-based European organization brings together the national associations of patients with respiratory ailments, with 22 countries represented. In the framework of this partnership, Air Liquide supports the actions on information and raising awareness initiated by the EFA in public opinion and the European authorities.

As an example, in 2013, Air Liquide contributed to a publication establishing care standards for patients with COPD, incorporating the patients' viewpoint and distributing the publication to the European Commission and healthcare professionals. In 2013, Air Liquide also supported a study on patients with portable oxygen concentrators wishing to travel on a European airline.

A commitment to patient safety during anesthesia

Air Liquide is a signatory to the Helsinki Declaration, initiated by the EBA (European Board of Anesthesiology) and the ESA (European Society of Anesthesiology). The Helsinki Declaration plans to reduce complications following anesthesia during major surgery by reiterating good clinical practices, the anesthesiologist's key role in patient safety and the importance of cooperation between healthcare manufacturers and the medical community. The Declaration underlines the major role that industry plays in the development, manufacture and supply of drugs and equipment for patient care.

ISSUE OF SOCIALLY RESPONSIBLE BONDS

In 2012, Air Liquide issued its first SRI-labeled bonds [a] under its Euro Medium Term Notes (EMTN) program, for a total amount of 500 million euros. This operation, issued at a very competitive rate, allowed the acquisition of Gasmedi and LVL Médical to be financed for a total amount of about 650 million euros. This bond was mostly placed with investors having SRI management mandates and permitted the Group to diversify its financing sources. After numerous public authorities and supranational issuers, **Air Liquide became the first company to issue bonds meeting the criteria of SRI investors.**

Obtaining a rating from the extra-financial rating agency Vigeo about the Home Healthcare activity led to this issue being given an SRI label. This evaluation is based on the social, environmental and governance criteria of the Home Healthcare activity that concerns more than one million patients worldwide.

(a) Socially Responsible Investment: application of sustainable development principles to investment. Approach consisting in systematically considering the three dimensions – environment, social/societal, governance – in addition to the usual financial criteria.

Indicators concerning the Home Healthcare activity

In the framework of this SRI bond issue, Air Liquide made a commitment to publishing during the life of these bonds, i.e., nine years, indicators specific to the Home Healthcare activity in the area of the environment, safety and employee diversity.

Number of patients treated	**2010**	**2011**	**2012**	**2013**
Total number of patients treated by the Air Liquide Home Healthcare Division	600,000	700,000	1,000,000	1,100,000
Employees				
Home Healthcare business employees [a]	4,893	5,494	7,303	7,748
Safety				
Number of lost-time accidents of at least one day among employees	29 [b]	28 [b]	42 [b]	77 [b] [c]
Number of accidents of subcontractors and temporary workers [d]	15 [b]	7 [b]	10 [b]	13 [b]
Equality				
% of women among Managers and Professionals (M&P)	53%	55%	55%	56%
% of women among M&P hired during the year	62%	62%	40%	70%
Training				
Average number of days of training per employee and per year	2	2.1	1.6	2 [e]
Kilometers driven and CO_2 emissions related to transportation				
Kilometers driven per patient followed per year			155	147
CO_2 emissions related to transportation per patient *(kgCO_2/patient)* per year			39	35

(a) Employees under contract.

(b) No fatal work accidents.

(c) Including 39 work accidents involving activities acquired at the end of 2012 and In 2013.

(d) Personnel working in the framework of a contract with Air Liquide, on an Air Liquide site, or on a customer site, or as a delivery driver.

(e) 15 hours a year according to counting in hours (base: 1 day = 7.5 hr.).

Satisfying customers and patients

Objectives

Key Indicator

Percentage of Group sales related to units where a customer or patient satisfaction survey has been conducted in the last two years.

2015 objective

Increase customer satisfaction and loyalty and patient satisfaction. By 2015, customer and patient interviews and the related action plans will cover entities representing 85% of the Group's sales.

Achievement of the objective

In 2013, the percentage of Group sales related to units where a customer or patient satisfaction survey has been conducted with associated action plans was 76% compared to 66% in 2012.

A RESPONSIBLE COMPANY: FROM LISTENING TO ACTION

Air Liquide's relationship with industrial customers of very diverse sizes and sectors as well as with healthcare professionals, patients and their associations in the healthcare sector, are at the heart of the concerns of the Group's teams and guide the Company's development. The **quality of this relationship concerns each entity and employee.** It is based on the definition of precise commitments that its teams endeavor to respect in their daily activities, in a spirit of professionalism and service.

Customer and patient satisfaction is a priority for Air Liquide. In a context of a change in its customers and patients' expectations and a growing diversity of its customers and patients, the Group has set itself the following objectives:

- creating increased loyalty and satisfaction in customers and patients;
- understanding their expectations;
- winning new customers.

The Group has developed a **tool called "Action surveys"** for each of its Business Lines. This has been put in place at each subsidiary based on the following three stages:

- **Listening** to customers and patients: to better understand the customers' and patients' priorities, this takes the form of interviews conducted by specialized companies. After these interviews, the managers of the entities concerned meet certain unsatisfied customers. More than **9,000 interviews were conducted in 2013** in all subsidiaries. Altogether, since the first pilot surveys in 2011, over **24,000 interviews** and numerous visits have been conducted in **52 countries.**
- **Building** action plans and galvanizing the Group's employees: this listening phase helps identify improvement tracks and define related action plans. **To mobilize the organization, workshops to raise awareness on the customer experience** have been rolled out. These workshops, called "Inside Customer Shoes", bring together employees from procurement, sales, production, human resources, and other departments. In 2013, the "Inside Customer Shoes" workshop was implemented in **16 countries,** such as the UK, Russia and various countries in South-East Asia, and involved over 650 Group employees.
- **Implementing action plans:** the managers are responsible for implementing the action plans and measuring their progress. Certain action plans are shared with customers. Since 2011, over 250 action plans were launched locally and 30% of these plans have already been rolled out.

To include this approach in a **continuous improvement process** and measure progress in terms of satisfaction and loyalty, these surveys are conducted every two years. In 2013, the percentage of the Group's revenue concerning the units where customer satisfaction surveys and action plans were carried out was 76%, a sharp rise compared to 2012 where this figure stood at 66%. This percentage represents the Key Indicator for the Group's customers and patients and is monitored annually.

Percentage of the Group's revenue concerning the entities where customer satisfaction surveys were carried out

Year	2011	2012	2013	2014	2015 objective
Percentage of the Group's revenue concerning the entities where customer satisfaction surveys were carried out	39%	66%	76%		85%

CUSTOMER COMMITMENT

The results of the "Action surveys" are generally positive with most customers satisfied or very satisfied. Product and service quality, strict respect for safety rules, the teams' behavior in contact with the customers and their efficiency, notably in emergency situations, were particularly appreciated.

These surveys also brought out concerns and incidents encountered by the customers in their relations with the Group. Priority action plans are being created to respond to these dissatisfactions.

For example, after the "Action surveys" rolled out by **Air Liquide Electronics in China, it was decided to regionalize its organization to meet the demand for proximity from customers.** Having been the pilot country for the initiative in 2011, Air Liquide China surveyed its customers again in 2013. The results of the 2013 survey show that the action plans put in place based on the outcomes of the 2011 survey improved the satisfaction and loyalty of customers, especially as a result of the new organization.

The Australian subsidiary also defined action plans involving all its organization's functions. In 2013, it launched an **internal communication campaign** called "Customer satisfaction, My job" to raise awareness among employees and respond to the points for improvement identified in the survey.

A GROUP THAT LISTENS TO ITS PATIENTS AND HEALTHCARE PROFESSIONALS

The Group's determination to improve its listening capacities for its stakeholders includes the Healthcare World Business Line. **Air Liquide is particularly attentive to its patients' needs** in order to improve the quality of its service permanently.

The first **"Action surveys"** adapted to this business were rolled out in 2011. The subsidiaries that produce and distribute medical gases to **hospitals** conducted the surveys with the technical and procurement departments of the customer hospitals as well as with doctors who use the gases.

In the **Home Healthcare** activity, patients benefiting from Air Liquide's services as well as the doctors prescribing the treatments, but also the pharmacists distributing these products and the healthcare coverage authorities directly responded to these **satisfaction surveys.**

In 2013, surveys were conducted in countries including Brazil, Argentina, Spain and various countries in South-East Asia. A substantial survey was also organized in France, representing nearly 400 people questioned. **The results on satisfaction and loyalty were positive.** For the Healthcare sector, **nearly 4,000 patients, prescribers, pharmacists and regional healthcare authorities were surveyed in 2013 worldwide.**

> DEVELOPING LONG TERM RELATIONSHIPS WITH SHAREHOLDERS AND OTHER GROUP STAKEHOLDERS

Air Liquide conducts its business within the framework of the relationships with its stakeholders: its shareholders, who have supported the Group with commendable loyalty for over a century, its suppliers and the communities within which the Group's operations are based.

- The Group has established a relationship of trust with its shareholders by associating them with its continuous growth and its successful business model through a strong and steady distribution policy maintained over time.
- Air Liquide requires its suppliers to show a performance and attitude that is consistent with the Group's commitments. This starts with safety and applies to their manufacturing, transportation and supply practices.
- Regarding the national and local communities within which the Group operates, it expresses its opinions where necessary and reasonable, informs them on the actions it is undertaking, and contributes to local development, particularly via the Air Liquide Foundation.

Establishing a relationship of trust with all shareholders

Objectives

Key Indicators

- **Total Shareholder Return (TSR) [a]**
- **Percentage of shareholders with shares held in registered form (total number of shareholders with registered shares / total number of shareholders)**

Objective

Continue over the long-term with a comprehensive shareholder remuneration policy to ensure regular growth of their investment, within a relationship based on respect and consideration.

Achievement of the objective

- **At December 31, 2013, the Total Shareholder Return (TSR) was 10.8% per year over 20 years for a registered shareholder, compared to 11.4% in 2012.**
- **At December 31, 2013, the percentage of shareholders with shares held in registered form was 51%, compared to 50% in 2012.**

Being an Air Liquide shareholder means backing, over the long term, a responsible Group that shows its commitment to human, social and societal issues.

Air Liquide's Sustainable Development approach vis-à-vis shareholders is based on the following four principles:

- consideration and respect for all shareholders;
- remuneration and increased value of their investments in the long term;
- listening to and informing shareholders;
- specific services for registered shareholders.

CONSIDERATION AND RESPECT FOR ALL SHAREHOLDERS

Financial performance is not enough to sum up the relationship between Air Liquide and its shareholders. Air Liquide maintains a regular dialogue of proximity with shareholders: the intention is to respond to their requirements as far as possible since they are seen as long-term partners. Shareholders have underpinned and sustained the Group's growth since its origin and particularly since it was first listed on the Paris Stock Market in 1913, the 100th anniversary of which was celebrated in 2013.

To make sure that these expectations and their evolution are identified and understood, Air Liquide endeavors to get to know its shareholders in their diversity. To this end, it proposes in particular that they place their shares in registered form.

(a) Total Shareholder Return (TSR) is an annualized return rate for a shareholder who buys a share at the beginning of a period and sells it at the end of the period. This calculation takes into account the change in the share price, dividends paid, including loyalty bonuses, considering that they are also reinvested in shares, as well as free share attributions.

Stable and balanced share ownership

It is important for Air Liquide to preserve the balance between individual shareholders and institutional investors. The Group's strategy, focused on the long term, and the soundness of its business model offer shareholders a sustainable and regular return on their investment.

400,000 individual shareholders hold 36% of the capital. French and non-French institutional investors represent respectively 19% and 45% of the capital.

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Individual shareholders	39%	38%	38%	37%	38%	38%	36%	37%	37%	36%
French institutional investors	24%	25%	24%	30%	26%	26%	23%	21%	19%	19%
Non-French institutional investors	36%	36%	37%	32%	35%	36%	40%	42%	44%	45%
Treasury shares	1%	1%	1%	1%	1%	>0%	<1%	>0%	>0%	>0%
Registered capital	30%	31%	32%	37% [(a)]	33%	32%	34%	35%	36%	35%
Capital eligible for the loyalty bonus	24%	25%	26%	26%	26%	25%	25%	28%	29%	30%

(a) In 2007, the share of registered capital increased in particular following the entry of a large institutional investor who sold Its shares in 2008.

The Shareholders' Meeting, a privileged moment of exchange

Each year, all the Air Liquide shareholders **who hold at least one share** are invited to the Shareholders' Meeting. They are helped in their voting by all the relevant documents over a month before the Meeting, sent by mail and available on the Company's website: practical information on the voting procedure and clear explanations of the resolutions and their objectives.

For the first time, Air Liquide is proposing to invite its registered shareholders to the 2014 Shareholders' Meeting electronically. Through their personal space on the website, they will be able to apply to have all the background documentation relating to their vote sent in digital format to their email address.

Didactic animations detailing the voting procedure are also available online. Air Liquide endeavors to make all this material available in English to its non-French shareholders in similar time frames. In certain countries, systems have been set up with intermediary banks to facilitate and ensure a fluid transmission of the votes of the shareholders concerned.

Air Liquide centralizes its Shareholders' Meeting by collecting the votes of its shareholders directly. Since 2013, the Company has offered **voting by Internet** (through the Votaccess platform). By connecting to their personal space on the website, shareholders can consult all the background documentation relating to their vote, vote or request an admission card to the Shareholders' Meeting.

On the day of the Meeting, the bureau, composed of the Chairman of the Board of Directors, two polling officials and a secretary, ensure that the Meeting is held in compliance with the law. The polling officials are representatives of the two investors that hold the largest number of shares who have agreed to fulfill this function. They are asked about a month before the event and a vade mecum is given to them two weeks before the Meeting. This document describes their tasks as well as the welcome and voting procedures set up by the Company.

The Shareholder Services advisors and the Investor Relations team are also available to answer individual and institutional shareholders' questions on voting and participation in the Shareholders' Meeting, by telephone and at the Shareholders Lounge at corporate headquarters in Paris.

In 2013, some 4,000 people were welcomed at this Shareholders' Meeting.

The dates for the next Air Liquide Combined Shareholders' Meeting are:

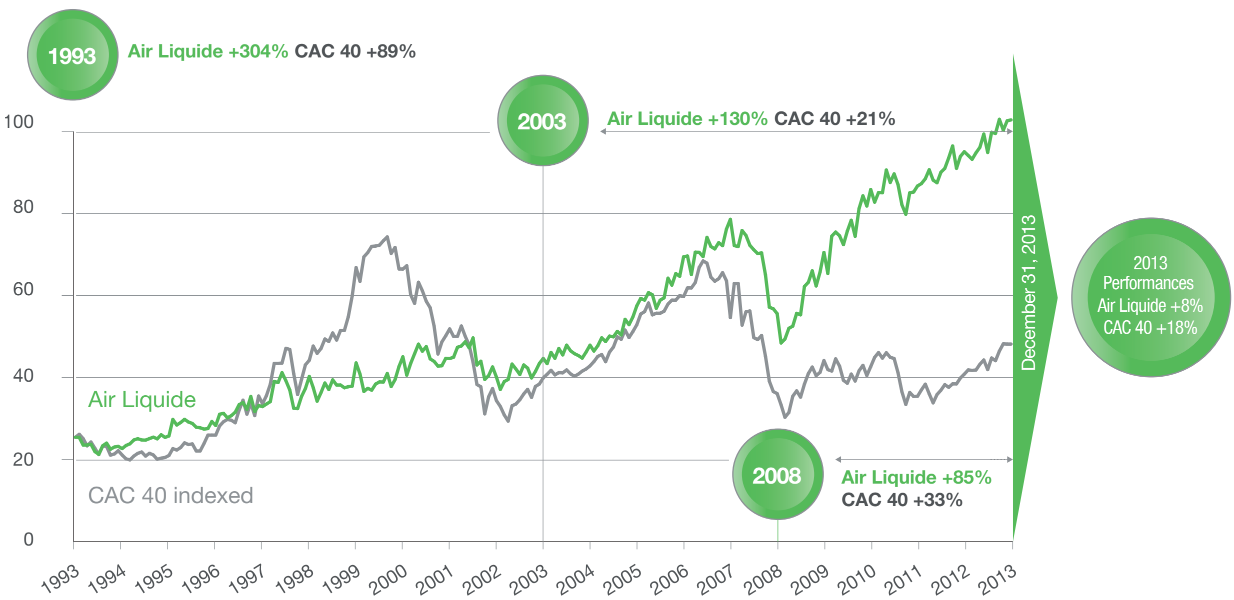
- Wednesday, May 7, 2014;
- Wednesday, May 6, 2015;
- Thursday, May 12, 2016.

REMUNERATION AND INCREASED VALUE OF THE SHAREHOLDERS' INVESTMENTS IN THE LONG TERM

Air Liquide, a continuous growth

The share's value is based on the rise in its stock market price over the long term and the distribution of dividends. Since its creation in 1902, Air Liquide has always shared the fruits of its growth and rewards its shareholders' confidence through a remuneration and loyalty policy that is based on regular dividend distribution, free share attribution and a loyalty bonus.

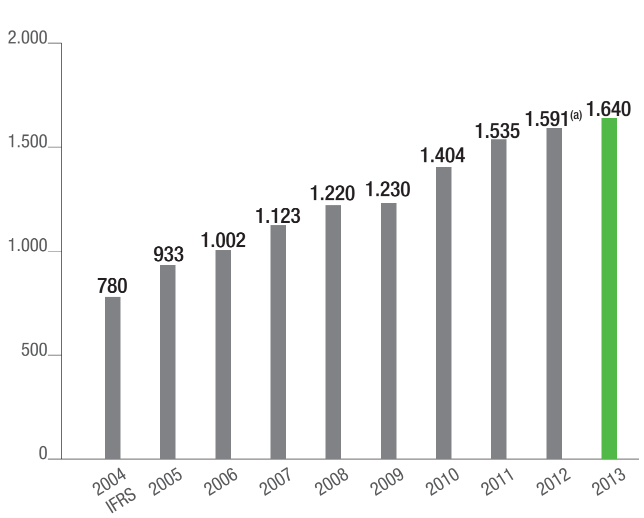
Stock market price over the last 20 years *(in euros)*



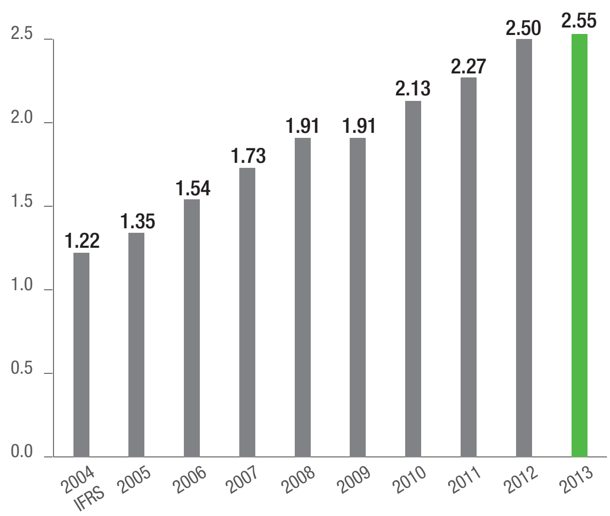
Since it was first listed on the French Stock Market in 1913, the Company has always shown a profit. The Group creates value by developing its activities and optimizing its performances over the long run. Over the last 20 years, Air Liquide's revenue has shown average annual growth of +6.1%. This growth has been profitable: the Group's net adjusted earnings per share have followed a similar trend with average annual growth of +8.2%. Over the same period, the dividend has seen average annual growth of +9.7%.

During the last 10 years, nearly 50% of earnings have been distributed to shareholders.

Net profit – Group share *(in millions of euros)*



Adjusted dividend per share *(in euros/share)*



(a) Corresponds to the amounts as of December 31, 2012 restated for the impacts of IAS19 revised "Employee Benefits".

Return on an investment in Air Liquide shares for the shareholder

To further increase the investment value of Air Liquide shares, subscribing to registered shares permits shareholders who choose this option to benefit from a loyalty bonus: +10% on the amount of the dividends received and +10% on the number of free shares granted. This loyalty bonus is granted to shareholders whose shares are held in direct registered or intermediary registered form and who have kept them for more than two calendar years.

To benefit from the loyalty bonus, shareholders must continue to hold their shares in registered form on the day of the dividend payment and of the free share attribution.

Total Shareholder Return (TSR) is an annualized rate of return for a shareholder who buys a share at the beginning of a period and sells it at the end of the period. This calculation takes into account the share price performance, dividends paid, including loyalty bonuses, considering that they are also reinvested in shares, as well as free share attributions.

Average annual growth of the portfolio as of December 31, 2013

For capital invested	Air Liquide – Registered shares [(a)]	Air Liquide – Bearer shares [(a)]	CAC 40 index – reinvested [(b)]
over 5 years (December 31, 2008)	+16.5%	+16.2%	+10.3%
over 10 years (December 31, 2003)	+12.1%	+11.6%	+5.6%
over 20 years (December 31, 1993)	+10.8%	+10.1%	+6.3%

(a) The TSR on registered shares is higher than the TSR on bearer shares because the registered shareholder benefits from loyalty bonuses.

(b) CAC 40 index with gross dividends reinvested.

During the last 10 years, the return rate for an Air Liquide shareholder has been on average 12.1% per year, with gross dividends reinvested in shares, free share attributions and loyalty bonuses to registered shareholders.

	2004 IFRS	2005	2006	2007	2008	2009	2010	2011	2012	2013
Earnings per share *(in euros)* [(a)]	2.52	3.03	3.22	3.62	3.99	3.99	4.52	4.93	5.11 [(c)]	5.28
Dividend per share *(in euros)* [(a)]	1.22	1.34	1.54	1.73	1.91	1.91	2.13	2.27	2.50	2.55 [(b)]

(a) Based on the average annual number of shares (excluding treasury shares) and adjusted to account for increases in capital via capitalization of reserves or additional paid-in capital, cash subscription and the two-for-one share split on June 13, 2007.

(b) Subject to the approval of the Combined Shareholders' Meeting of May 7, 2014.

(c) Corresponds to the amounts as of December 31, 2012 restated for the impacts of IAS19 revised "Employee Benefits".

The Air Liquide value codes

Air Liquide shares are divided into four categories, called "value codes" (or ISIN codes), according to when they were recorded as registered shares. There are two permanent value codes (FR0000120073, which is also Air Liquide's stock market ISIN code, and FR0000053951, which corresponds to shares already benefiting from the loyalty bonus) and two intermediate value codes (FR0011336254 and FR0011597350, which identify the shares that will benefit from the loyalty bonus in 2015 and 2016 respectively).

LISTENING TO AND INFORMING SHAREHOLDERS

Listening and proximity

Shareholder Services is specific to Air Liquide. Directly attached to Executive Management, this team manages the accounts of some 80,000 shareholders who hold direct registered shares and supports them by offering a broad range of personalized services, without intermediaries. It is also dedicated to listening to and informing all the 400,000 individual shareholders and they are sent information all year long through different means of communication. In addition, many events and meetings that are highlights between Air Liquide and its shareholders are organized, for example the Shareholders' Meeting, regional meetings and fairs dedicated to share ownership in France and Europe.

The **Shareholders' Communication Committee,** composed of 12 Air Liquide shareholders, is regularly consulted to improve the quality of information and services provided to shareholders. Apart from plenary meetings with the Chairman and CEO, the Committee is involved through the year in working groups on subjects that are essential to the shareholders' concerns. A Committee member is part of the Air Liquide Foundation's Project Selection Committee.

The Chairman and CEO, after the Shareholders' Meeting, continues his exchanges with **shareholders in the regions** by traveling to several cities in France to present the results, the Group's prospects and to answer their questions. Finally, to strengthen this dialogue, the Director of Shareholder Services regularly meets shareholders at meetings and fairs (about 10 events a year) held in France and in Europe: Denmark, Finland, Poland, Norway, Belgium and Switzerland. In 2013, 8,000 shareholders were met.

The **Investor Relations** Department, attached to the Finance and Operations Control Department, responds to specific questions from institutional investors and financial analysts of brokerage companies. The four annual announcements of revenue or results are of course privileged moments of exchange but throughout the year this dedicated team meets investors, either at its offices at corporate headquarters in Paris or during travel to the world's major financial centers. Air Liquide organizes roadshows or takes part in conferences to go before international investors and present them with the solidity of its business model, the dynamism of its growth levers and the soundness of its strategy. On average, the Investor Relations Department meets over 300 institutions each year. It also regularly organizes Investor Days, bringing together the international financial community and Air Liquide's management for targeted strategic discussions with a theme that varies according to economic issues and current events.

Investor Day 2013

At the Investor Day on December 11, 2013, Air Liquide presented an update on its ALMA 2015 plan to the international financial community and described its vision of the future for its markets and its strategy and growth prospects. The guests – around a hundred financial analysts, institutional investors and bondholders – were able to discuss issues with various Group directors, and take part in the Group's workshops on innovation, energy transition and the treatment of sleep apnea. They particularly appreciated the chance to drive a hydrogen-powered electric car in the Palais Brongniart (former French Stock Market) district of Paris. The Group also took this opportunity to celebrate the 100th anniversary of being listed on the stock market and launched its new strapline of "Creative Oxygen", in the presence of a wider public including many individual shareholders.

Transparent information

Air Liquide provides for its individual and institutional shareholders through various communication means, transparent information on the Group's activities, strategy, performances and prospects.

Pedagogy is one of the major concerns that takes priority in the design of information documents and media like the Annual Report, the Shareholder's Guide and the Invitation to the Shareholders' Meeting. The latter document presents the resolutions submitted to the shareholders' vote in an informative way and is sent to all the shareholders who hold at least one share. Air Liquide also publishes, in the month after the event, a report of its Shareholders' Meeting, presenting in a detailed manner all the participations and discussions. These publications are available in French and English. The minutes of the Shareholders' Meeting are established during the month following the Meeting.

Moreover, Shareholder Services has designed an educational and entertaining **learning module** to better understand the stock market. The first module, "The stock market today", available on the Company's website in the Shareholders section, sheds light on the role and history of the stock market, its different players and Air Liquide's history in the Paris Stock Market. Shareholder Services also offers a free **Air Liquide Shareholder App** for iPhone and Android to follow stock market prices, use simulators and keep up to date with Group news whenever they wish. In 2013, an iPad shareholder app was also published. It is available free from the App Store and enables shareholders of registered shares to connect directly to their share account. Their personal data can be relayed directly into fiscal simulators so they can make relevant calculations. It enables everyone to find out information about the Group easily and directly, and link them to Shareholder Services.

In addition, Air Liquide welcomes its shareholders in a dedicated venue, the **Shareholders Lounge,** at the Group's head office in Paris, so that they can obtain complete information on the Company's activities, the life of the share, and for those who hold direct registered shares, how to carry out operations on their accounts.

The Shareholders Lounge also offers temporary exhibitions that are simple, didactic and interactive: an additional opportunity for shareholders to find out more about the Group's activities and initiatives and to strengthen their connection with the Group. Shareholder Services organizes online conferences, live from the Shareholders Lounge, on share ownership topics such as "How free shares are allocated" and "Registered shares made easy".

For information

More information on Air Liquide and its share ownership is available in the **Shareholder's Guide,** available online on the website www.airliquide.com, Shareholders section.

SPECIFIC SERVICES FOR REGISTERED SHAREHOLDERS

Specifically organized to provide answers to shareholders, the Shareholder Services, composed of 26 people, offers its expertise in share account management: how to open an account, how to place orders on the stock market, how to determine taxation of securities and how to transfer shares. Throughout the year, Air Liquide advisors answer shareholders' questions via the toll-free number mentioned hereafter (also accessible from outside France) or directly at the Shareholders Lounge.

Air Liquide directly manages the accounts of its shareholders with direct registered shares. They pay no handling fees, and broker fees are reduced to 0.18% excluding tax of the gross amount of the transaction. Air Liquide endeavors to regularly communicate to its shareholders on the benefits of holding registered shares (privileged relationships with Air Liquide, loyalty bonus, etc.). Every year, an information campaign is organized for shareholders who have bearer shares: presentation of registered shareholding on all the communication documents and media for shareholders and a booth dedicated to registered shareholding during the Actionaria fair held every November in Paris.

Direct registered shareholders have access to a personal secure space on the Internet so that they can consult their share portfolio, modify their personal information or consult documents useful for managing their account. They can also place buy and sell orders on the stock market online and view, in real time, the operations conducted on their account and the amounts received (payment of the dividend, sale of shares, etc.).

Contacts

Shareholder Services:

Air Liquide – 75, quai d'Orsay 75007 Paris, France
N° Vert 0 800 166 179 FREE FROM A FRENCH LANDLINE or + 33 (0)1 57 05 02 26 from outside France

http://contact.shareholders.airliquide.com

Investor Relations:

Air Liquide – 75, quai d'Orsay 75007 Paris, France
+ 33 (0)1 40 62 51 50

IRteam@airliquide.com

Relying on responsible suppliers

Air Liquide's responsible procurement policy is an integral part of the Group's Sustainable Development approach.

Air Liquide's **responsible procurement policy** makes use of several tools:

- To start with, the **Buyers' Code of Conduct,** translated into 13 languages, sets out the ethical and sustainable development principles that govern the Group's procurement.
- In addition, sustainable development clauses are being gradually included in new Group **framework contracts.** These clauses allow for the possibility of conducting external audits at the suppliers and subcontractors concerned. They also include compulsory reporting elements from the supplier, in particular on safety, energy and water consumption, and social rights.
- Since 2009, Air Liquide's responsible procurement policy has been strengthened by a **supplier evaluation process** through a questionnaire on sustainable development, now accessible to all the Group's buyers who are systematically required to present it to major new suppliers. Certain answers are considered eliminatory such as the absence of a commitment to health and safety, of regular inspections of high-risk tools, of compliance with local legislation on the minimum wage, or of measurement of energy consumption. Air Liquide is developing this supplier evaluation approach with all its subsidiaries, with the **support of a partner specialized in responsible procurement.** The evaluation includes the environment, social issues, the ethics of business and the suppliers' own procurement policy. This supplier evaluation policy was formalized in the Group's BLUEBOOK protocol. Supplier evaluation campaigns are conducted annually by the Group. In 2013, a new campaign was conducted among 130 suppliers. In addition, a global re-evaluation campaign for suppliers identified as at risk was also conducted among around 50 suppliers.
- In 2013, a **Suppliers' Code of Conduct** was rolled-out by the Group's Procurement Department. This code, which can be found on Air Liquide's website, applies to the Group's existing and new suppliers. Air Liquide expects each of its suppliers to respect the Group's ethical principles and ensure that all their employees and subcontractors comply with this Code of Conduct.

  The Code of Conduct for Air Liquide suppliers is based on the **following fundamental principles:**

  - compliance with international laws and regulations, respect for human rights, social rights, and labor rights in accordance with the International Labor Office, control of certain raw materials [(a)], and compliance with all legislation applicable to protection of the environment;
  - ban on child labor and forced labor;
  - health and safety at work;
  - non-discrimination and prevention of harassment, regardless of origin, gender, beliefs or disability, in accordance with the Universal Declaration of Human Rights and its ethical principles;
  - respect for the environment and preservation of natural resources, with a constant focus on continually improving their products and services to make them more environmentally friendly;
  - prevention of conflicts of interest;
  - prevention of corruption;
  - access to information and checks that the rules set forth in the Code of Conduct are applied for tenders and qualification or performance evaluation procedures for each supplier in any format, such as a questionnaire or an audit by Air Liquide or a third party.

Other tools and initiatives are deployed in the context of the Group's responsible procurement policy. **Risk mapping** on procurement has been carried out and followed up since 2010 to evaluate the risks linked to procurement and their development over the course of time.

Training sessions on responsible procurement for the Group's buyers have been offered regularly as in the preceding years.

In addition, in Asia, in partnership with international companies and customers of the Group, Air Liquide organized an **information session** with 10 critical suppliers. Tailored action plans were devised according to these suppliers' level of maturity on social, ethical and environmental risks.

In 2013, **sub-contracting** for the Air Liquide Group came to a total of 1,479 million euros. Activities sub-contracted are mainly those which are too far-removed from the Group's activities or that require specific resources or that are linked to a concentrated workload at particular times. The total amount of Group procurement in 2013 was 8.7 billion euros, a significant part of which is related to energy, natural gas and naphtha procurement.

Since 2008, Air Liquide has published the number of accidents of its subcontractors and temporary workers. In 2013, there were 110 lost-time accidents of this type, including one fatality.

(a) In particular, the supplier must carefully and as far as possible identify the source and track the chain of command for various minerals like tantalum, tin, tungsten and gold involved in the manufacture of products supplied to Air Liquide.

Creating value for the regions in which the Group operates

Each Air Liquide entity is located in communities for which respect is at the heart of the concerns of the Group's employees. Every employee is aware that each decision, each action commits them vis-à-vis customers and partners but also vis-à-vis those individuals or firms that are affected by the Group's activities. The consideration of these communities' needs is necessary to guarantee the sustainability of the environment where the Group carries out its action.

RELATIONS WITH PUBLIC AUTHORITIES

Air Liquide has formalized a "Public Affairs" policy governing the Group's interactions with public authorities throughout the world. It deals with reducing risks related to regulatory changes, developing market opportunities and more generally bringing the Group into the public debate.

This policy specifies that Air Liquide works with the public authorities of each country in which it does business, in a transparent manner, following ethical rules and applying political neutrality. All the Group's actions respect the official lobbying regulations in force in the countries in which it is present. Air Liquide is thus registered in the "transparency register" of European institutions and has committed to following the rules enacted by this register's Code of Conduct.

Managers specialized in public affairs have been appointed in the principal countries, comprising a network of around 20 people worldwide, coordinated at Group level by the European and International Affairs Division.

The tasks of these managers are to follow public initiatives that may have an impact on the Group and to interact with the public authorities to defend Air Liquide's interests. These interactions can take place either directly or through the professional associations of which Air Liquide is a member. The Group is active in several federations and associations, for example, the European Roundtable of Industrialists, of which Benoît Potier, Chairman & CEO of Air Liquide, is Vice President. The Group also calls on outside consultants in this area.

Public affairs cover all the Group's activities. The priorities in this area remain unchanged from 2012, and form part of a long-term process:

- energy transition and the environment with the boom in alternative energies (hydrogen energy, biogases, photovoltaic, wind turbines, etc.), and energy efficiency;
- the carbon market with changes in European regulations and the development of regional markets in North America and Asia-Pacific;
- the defense of Air Liquide's shareholding model;
- at European level, the space question notably concerning current discussions on the future European space launcher;
- the defense of intellectual property and the launch of the European patent;
- the competitiveness of companies at worldwide level.

At Corporate level, the Group has dedicated a budget of approximately 3 million euros for 2013 to perform these missions successfully.

RELATIONS WITH LOCAL COMMUNITIES

Air Liquide's teams are very committed to taking part in the local economic life near the Group's sites. This participation includes hiring employees in the area and developing close relations with training organizations and universities that can prepare people for the Group's core businesses.

In the industrial basins where over 1,000 of the Group's sites are located, the Company also wishes to develop subcontracting and local procurement to make a contribution to local economic life.

For example, Air Liquide Morocco supports a welding school in Casablanca. Its aim is to train young adults from disadvantaged backgrounds in welding techniques. Since the school's creation, about 30 young people have received a qualification certificate enabling them to more easily find a job. Likewise in India, the Cryolor Asia subsidiary has set up training in welding specifically for women from local communities.

In addition, the Group's activities as well as the means implemented to prevent and manage industrial risks are regularly presented to the populations near Air Liquide's sites. In France, the industrial sites participate in CLICs and CLIEs, local committees that provide information and regulatory consultations at the communes' initiative, with the aim of providing transparent information on their activities to representatives of the local populations.

CORPORATE PHILANTHROPY AND THE AIR LIQUIDE FOUNDATION

Objectives

Key Indicator

Number of countries having carried out at least one philanthropic project directly or through the Air Liquide Foundation from 2011 to 2015.

2015 objective

Put the expertise of the Group's teams at the service of communities by carrying out at least one philanthropic project per country by 2015.

In this framework, the Group commits to supporting, over the long term, the Air Liquide Foundation so that it can help reach this objective through the projects.

Achievement of the objective

In 2013, Air Liquide supported projects in seven new countries through its subsidiaries and its Foundation, which brings the total number of countries in which a corporate philanthropy project was carried out since 2011 to 37, compared with 30 countries in 2012.

Social and human commitment is an ongoing concern for Air Liquide. Since its very beginning, the Group has carried out philanthropic actions, especially in the protection of life and the environment.

Whether they are directly carried out by the Group's subsidiaries or initiated by the Air Liquide Foundation, these corporate philanthropy actions represented nearly **2 million euros in 2013.**

Subsidiaries committed to communities

Throughout the world, Air Liquide's subsidiaries interact with their direct environment, supporting local corporate philanthropy initiatives. As well as financial support, these actions were successfully conducted with the enthusiastic involvement of Group employees.

For example, in 2013 **Air Liquide Brazil supported 10 projects for a total amount of 500,000 euros.** The projects were selected by the subsidiary's Corporate Social Responsibility Committee, which was created in 2010 and is composed of employees from a range of departments. Using the same procedures as the Air Liquide Foundation for its model, each project is sponsored by a Brazilian employee who monitors the actions of the association being supported. Among its projects, Air Liquide Brazil has taken presentations into schools on water management, waste recycling and safety. The employees also support an association which gives soccer lessons to young people as part of its program on raising awareness about nutrition and child obesity.

In **India,** employees are also involved in local communities within the **"Share and Care" campaign initiated by the subsidiary.** Every three months, a collection of clothes, toys and school equipment is organized by local associations. Then, for example, employees visited an association which cares for children with mental disorders and gave them the toys that were collected. Employees are also involved in helping the elderly: for example, a sale of clothes and household linen was organized and groceries were bought for them with the sum raised. Another initiative saw employees at the subsidiary's headquarters in Delhi giving educational lessons to children in a home managed by Chaya France, an association that is also supported by the Air Liquide Foundation.

Through these initiatives, the employees who participate gain a real sense of pride at belonging to a Group which is involved in projects to aid local development.

Three missions for the Air Liquide Foundation

Created in 2008, the Air Liquide Foundation shows the Group's commitment to being a responsible enterprise. Its five-year mandate was renewed in 2013, enabling the Foundation to engage in long-term action, a reflection of the Group's approach in everything it undertakes.

It has a worldwide scope and supports projects in the 80 countries where the Group operates. With a budget of nearly three million euros over five years, the Foundation has three missions:

- **environment:** support for scientific research on the preservation of our planet's atmosphere;
- **healthcare:** support for scientific research contributing to improving the respiratory function and gas metabolism in the human body;
- **micro-initiatives on local development:** the Foundation supports proximity actions (education, access to treatment, energy and water, micro-entrepreneurship, disabilities, etc.) in the regions of the world where the Group is present.

Each micro-initiative is followed by an Air Liquide employee who is a volunteer. The Group's employees who wish to, can evaluate and follow a project and get personally involved in the field. Employees are also invited to recommend projects. To date, nearly 200 employees have been involved in the Foundation as project leaders or sponsors.

Headed by Benoît Potier, Chairman & CEO of the Air Liquide Group, and composed of Senior Managers of the Group, a personnel representative and outside experts, the Foundation's Board of Directors meets twice a year to determine corporate philanthropy focuses and to examine scientific research projects. It is assisted in its functions by a Project Selection Committee, which three times a year studies the projects submitted to it. This Committee is composed of seven Group employees and a representative of the Shareholders Communication Committee. The representation of shareholders in this way is a special feature of the Air Liquide Foundation.

Project applications can be submitted via the Foundation's website, in French or English. The website address is www.fondationairliquide.com.

In 2013, the Air Liquide Foundation approved 27 new projects, of which two are scientific research projects connected with the environment, three are scientific research projects in healthcare and 22 are micro-initiatives. In 2013, these projects were located in 15 countries, three of which were new. Since its creation in 2008, the Foundation has supported 153 projects of which **over 130 were micro-initiatives.**

Among the **environmental research projects** approved, the Foundation supports the work of the *Institut de Recherche pour le Développement* (IRD) on the ability of mangroves to fix CO_2. Their role in the carbon cycle is critical given their formidable capacity to transform CO_2 present in the atmosphere into organic matter, but the carbon footprint of this ecosystem is still little understood. In 2011, the Air Liquide Foundation supported the IRD's research on the La Foa mangrove in New Caledonia, a semi-arid region. The flows and concentrations of CO_2 were analyzed. IRD subsequently decided to extend its research in varied climate regions (tropical in Vietnam and temperate in New Zealand), to establish a more in-depth observatory of mangroves and the Air Liquide Foundation renewed its support to IRD in 2013 to study the Can Gio site in Vietnam.

The Foundation's Board of Directors approved support for several **healthcare research projects,** including a cystic fibrosis project at the *Université Libre de Bruxelles* (ULB). This is a fatal genetic disease that is more common in western countries. As yet there is no remedy and the therapies used are limited to treating the respiratory and infectious symptoms. The research being conducted at ULB, supported by the Air Liquide Foundation, is aimed at exploring a therapeutic approach using a new class of antibodies.

In the framework of its **micro-initiatives support program,** the Foundation favors actions whose goal is the development of local communities over the long term.

In **education and training,** the Foundation supports the fight against illiteracy and school dropouts and works to promote literacy training and socio-professional reintegration for adults. In 2013, the Foundation supported around 10 initiatives in this field for an amount of 64,000 euros. These funds have enabled the renovation and construction of schools and colleges in **Morocco, Burkina Faso** and **Lebanon,** the development of an educational center in **Colombia,** the creation of reading areas in schools in **Argentina,** the rollout of scientific multimedia libraries in secondary schools in **Madagascar,** and the creation of a professional paramedic practices workshop in **France.**

To complement the action of Mission Handicap conducted in France, the Foundation accompanies projects that contribute to the coverage and social autonomy of people with a disability. In 2013, the Air Liquide Foundation provided support to five organizations with grants totaling 31,000 euros. The Foundation has thus enabled the development of a therapeutic farm for young disabled people in **Tunisia,** and fitting out a playground for a center for autistic children in **France.** Other projects concern developing access to care in France for people with a disability as well as support for training to combat illiteracy among the deaf and hard of hearing in **Guadeloupe.**

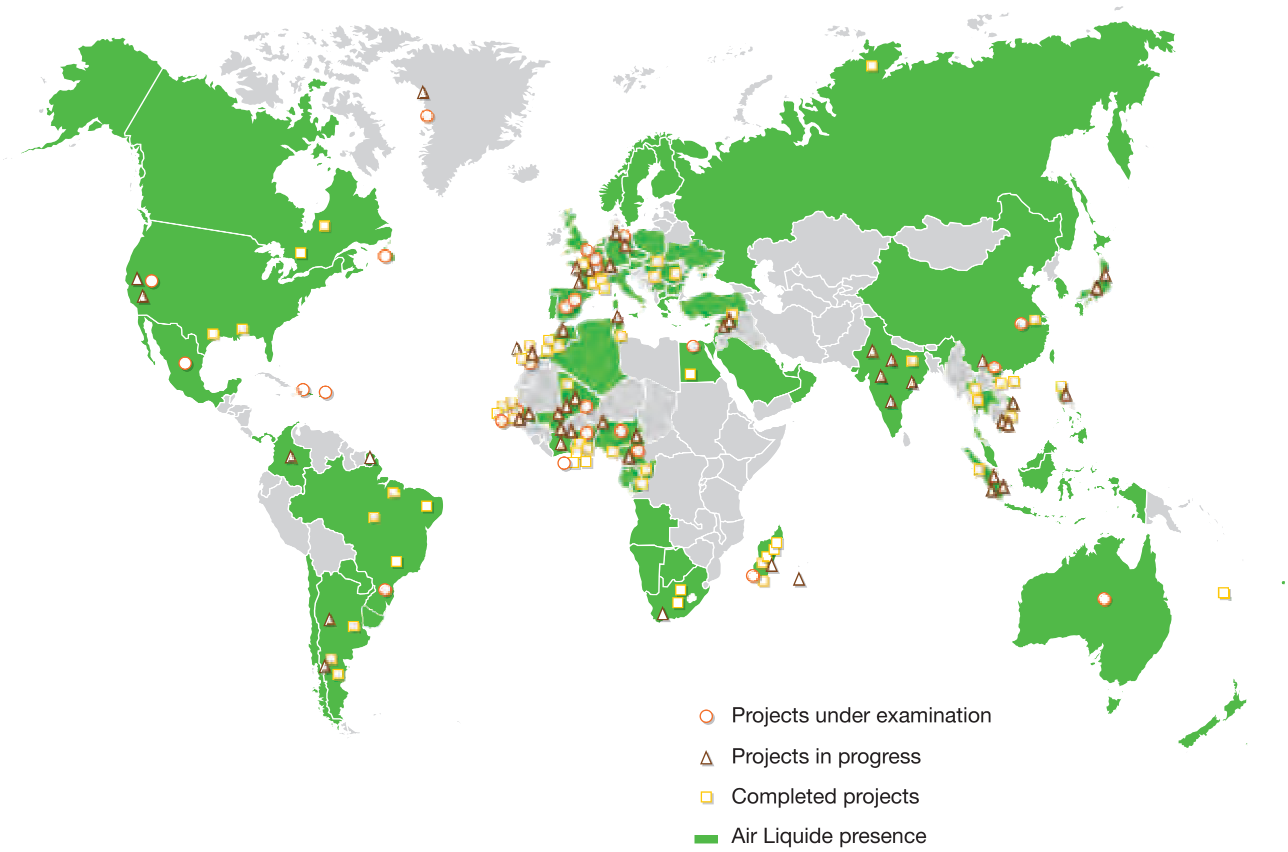
In **micro-entrepreneurship,** the Foundation assists micro-initiatives that contribute to the development of Air Liquide's local environment. In 2013, this was the case, for example, with a program to support individual entrepreneurial initiatives in Vietnam, such as craft or livestock farming business start-ups.

In the **social** sphere, the Foundation helps people to be reintegrated socially and professionally. In 2013 it supported five organizations for a total of 40,000 euros to modernize a reception center for disadvantaged people in **Argentina,** to increase the capacity of a center for street children in **India,** and in **France** to enable the overhaul of two emergency accommodation barges and develop an organic market garden to promote inclusion.

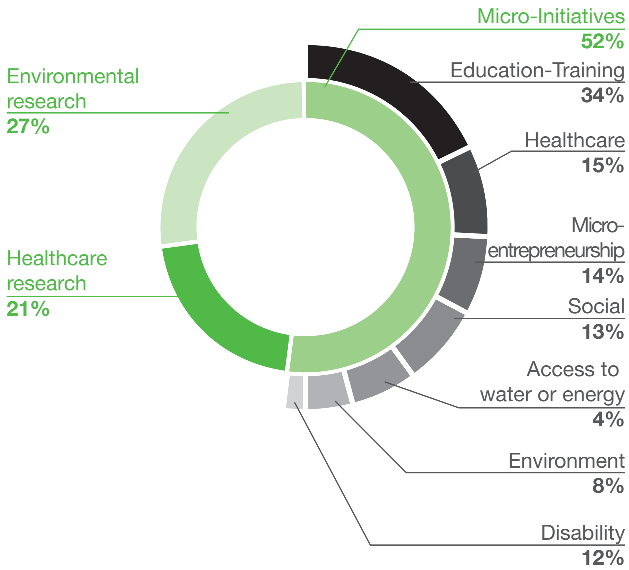
In the sphere of actions conducted to facilitate **access to water and energy** for disadvantaged populations, in 2013 the Foundation supported an experimental alternative energy development project involving biogas. The Air Liquide Foundation contributed 9,000 euros towards the installation of eight bovine waste biodigesters in the north of **Senegal.** In addition to using the gas thus obtained for cooking and lighting in homes, these biodigesters help increase the productivity of craft activities (dyeing homespun fabrics), poultry farming and agriculture (using the digested waste as fertilizer). The biodigesters also help limit pressure on the timber resource. Biogas reduces the work of collecting and carrying wood done by women. It also reduces wood smoke in kitchens, which in turn helps reduce respiratory and eye infections.

In addition to the environmental research projects on atmospheric protection, the Foundation also supports **micro-initiatives to preserve the environment.** In 2013, the Foundation lent its support to the mission **Greenland Discovery Under the Pole II** led by the organization Why Expéditions. The Foundation supplied diving gas cylinders to a value of 20,000 euros. The aim of the expedition is to study the Artic ecosystem over the whole of its annual cycle through 13 scientific research programs.

Air Liquide Foundation projects



The Air Liquide Foundation's actions per mission since its creation in 2008 (a)



(a) By amount contributed to the projects supported.

> DEVELOPING THE SKILLS OF THE GROUP'S EMPLOYEES AND OPTIMIZING OPERATIONS

The Group creates value for its customers and patients thanks to its employees and industrial resources, and support from its partners. To meet challenges both now and in the future, the Group needs employees that are trained, motivated and diverse. It recognizes skills and develops professional career paths. It is guided by the ALMA business plan and requires exemplary behavior from its employees. It complies with competition law and does not tolerate any form of corruption. The Group operates safe, high-performance production facilities and keeps its environmental impact to a minimum. It continuously updates these production facilities, and invests in new projects.

Safety and the industrial management system

SAFETY: THE NUMBER ONE PRIORITY

Objectives

Key Indicator

Frequency rate of lost-time accidents of the Group's employees [(a)].

2015 objective

Continue to improve the safety of employees with a goal of reducing each year the frequency rate of lost-time accidents.

Achieving the objectives

The frequency rate of lost-time accidents for Group employees was 1.6* in 2013, an improvement on the 2012 figure of 1.7.

Safety remains a top priority for the Group's management and employees. Continuously and durably improving the health and safety in the workplace of its employees and subcontractors is one of Air Liquide's major challenges, which is expressed by the keyword "zero accident" on each site, in each region, in each entity. Employees are mobilized through active communication on this objective. In addition, safety objectives – like the other responsibility objectives – are part of the variable remuneration of the Group's Senior Managers. In particular, the variable share of the remuneration of the Executive Officers is notably linked to safety objectives.

Prevention, protection, early detection and rapid reaction are at the heart of the Group's concerns. Air Liquide has rolled out its Industrial Management System (IMS) [(b)] since 2005 and it has deeply changed work methods and improved processes involving safety management, reliability, protection of the environment and industrial risk management.

The Group has set up procedures, training sessions and an appropriate follow-up to encourage each employee to work responsibly and in total safety, respecting the laws and regulations in force. A central team of experts leads networks of specialists in the field to see to the proper implementation of the IMS. Together, they provide local managers in the Group's different entities with technical and methodological support and participate in managing industrial risks.

The frequency rate of lost-time accidents in the Group continues to improve, falling from 1.7 in 2012 to 1.6 in 2013. Excluding acquisition of Home Healthcare subsidiaries in 2012 and 2013, this improvement is even more significant with a frequency rate of 1.5 in 2012 and 1.2 in 2013. The frequency rate for all industrial gas businesses was 0.8 in 2013. These results show the teams' strong ability to make safety a top priority.

The Group's safety guidelines in 2013 focused on understanding and preventing major risks linked to its business lines. For example, Air Liquide launched an awareness-raising program for all employees on technical risks that can have serious consequences. This program increases the importance of safety in everyone's daily life. Each field manager has discussions with his or her team and shares best rules, practices and daily experience related to safety.

(a) Number of lost-time accidents of at least one day per million hours worked, involving Group employees.
(b) More information on the IMS is presented in the Industrial Management System section.
** Indicator verified by the Statutory Auditors.*

With the support of the Group's Safety Department, an initiative entitled "Life Saving Rules" is being rolled out in many entities. The aim is to increase awareness of safety rules pertaining to the major risks presented by industrial situations characteristic of the Group's core businesses.

At the end of 2013, the Yanbu project recorded five million hours without a single lost-time accident

Located in Yanbu in Saudi Arabia, the project involves the construction of two hydrogen production plants with a total capacity of 300,000 m^3/hour as part of a long-term supply contract between Air Liquide and Yasref, a joint subsidiary of Saudi Aramco and the Chinese company SINOPEC.

This is not only Air Liquide's largest contract for hydrogen supply via pipeline, but also its biggest industrial investment to date.

After a full safety and environmental audit of its refinery by Aramco, the Yanbu project was awarded the "Gold Banner Safety" prize. This remarkable achievement for a project of such magnitude rewards the work done by the safety and environment teams.

Safety indicators for the Group as a whole

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Number of lost-time accidents of at least one day of Group employees (a)	135	131	153	147	137	131	153	144	149 (d)	151 (b)
Accident frequency of Group employees (c)	2.3	2.1	2.3	2.1	1.8	1.7	1.9	1.7	1.7 (d)	1.6* (b)
Accident seriousness rate (e)								< 0.1	< 0.1	< 0.1
Number of accidents of subcontractors and temporary workers (f) (g)					154	148	155	118	142	110 (h)

(a) Fatal accidents since 2009: three in 2013, one in 2012, one in 2011, one in 2010, none in 2009. Among the fatal accidents, one was a road accident in 2013.

(b) Excluding the Home Healthcare acquisitions, the number of lost-time accidents of Group employees is 112, and the frequency rate of accidents of Group employees is 1.2, a major improvement over 2012.

(c) Number of accidents involving lost time, of at least 1 day, per million hours worked by Group employees. Accidents defined as recommended by the International Labor Office.

(d) Excluding acquisition of the subsidiaries LVL Médical and Gasmedi at the end of the year 2012, this rate was 1.5 with 138 accidents.

(e) Average number of days of lost time per thousand hours worked. Accidents defined as recommended by the International Labor Office.

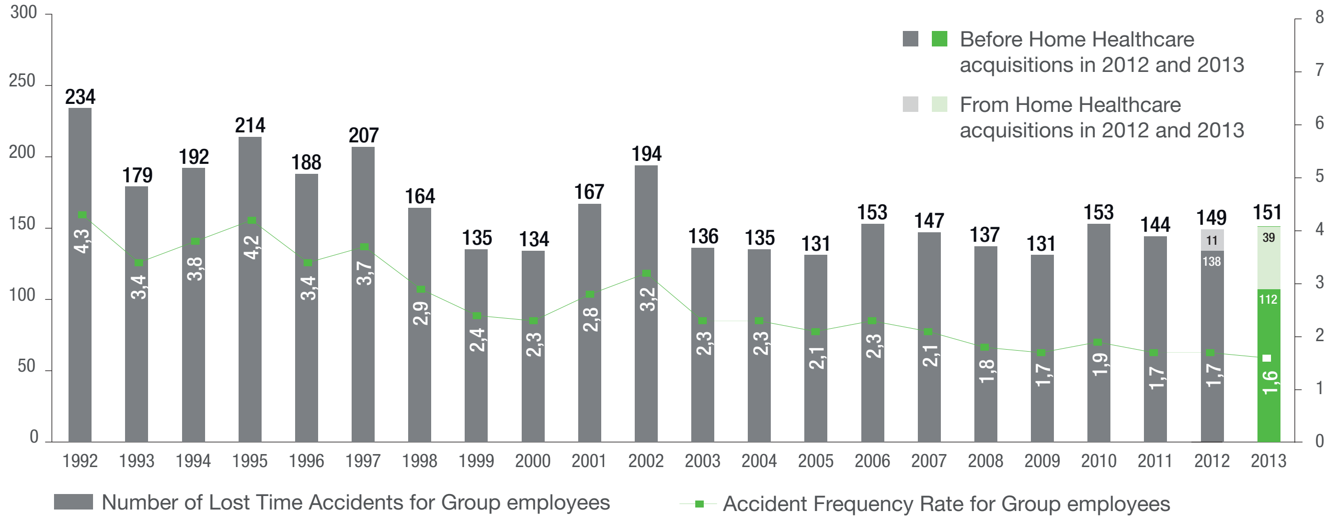
(f) Personnel working in the framework of a contract with Air Liquide or on a Group site, or on a customer site or as a delivery vehicle driver.

(g) Fatal accidents since 2009: one in 2013, three in 2012, four in 2011, four in 2009. Among them, seven are traffic accidents.

*(h) Which corresponds, in an illustrative manner, to **a frequency rate of 2.2** on the basis of information available to the Group regarding the hours worked by subcontractors and temporary workers.*

** Indicator verified by the Statutory Auditors.*

Number of lost-time accidents and accident frequency since 1992



INDUSTRIAL MANAGEMENT SYSTEM AND CERTIFICATIONS

One decade ago, the Group introduced an Industrial Management System (IMS) specific to its businesses. It is designed to strengthen the process for managing safety, reliability, environmental protection and industrial risk management. **It has been gradually rolled out throughout the Group.** An indicator makes it possible to track the percentage of revenue covered by the Group's IMS internal audits over the last five years. **Between 2009 and 2013, 99 entities were audited, representing 93% of the Group's business** in terms of revenue. In five years, almost the entire Group was audited for the implementation of its Industrial Management System (IMS).

The Group considers that the IMS that it specifically created is the best adapted to its businesses. Alongside this approach and to meet the requests of certain customers, the Group carries out other initiatives such as the ISO certifications.

For example, the **ISO 9001** quality certifications cover about **72%** of the Group's revenue. Likewise, the **ISO 14001** certifications, an international benchmark in environmental management, **cover 27% of the Group's revenue.**

A few years ago, the Group undertook a certification approach concerning healthcare and safety in the workplace called "**OHSAS 18001** certification", which now covers **15%** of the Group's revenue.

Environmental incidents, like **accidents involving personnel safety,** are reported by Air Liquide subsidiaries worldwide. They are analyzed in depth depending on their nature so that prevention measures can be strengthened.

The worldwide "Responsible Care" Charter is an initiative of the International Council of Chemical Associations. It formalizes the commitment of the signatories to improve the global performances of the chemical industry in health, safety and protection of the environment. Air Liquide signed it in 2010 at Group level, confirming many principles that the Company already very largely follows.

	Scope	2009	2010	2011	2012	2013
Estimate of the revenue of Group entities covered by an ISO 9001 quality certification	World	74%	71%	76%	76%	72% (a)
Estimate of revenue of Group entities covered by an ISO 14001 environmental certification	World	25%	25%	27%	29%	27% (a)
Estimate of revenue of Group entities covered by an OHSAS 18001 occupational Health and Safety management system	World	14%	12%	15%	18%	15% (a)

(a) The drop in these percentages in 2013 were due partly to the impact of selling the subsidiary Anios.

Employees development

The Group includes 50,250 men and women in 80 countries who form multicultural teams with a host of skills. Air Liquide is involved in promoting diversity, facilitating and accelerating knowledge transfer, motivating and involving its employees and encouraging a social and human commitment.

"OUR TALENTS" INDEX

Objectives

Key Indicator

The "Our Talents" Index Key Indicator measures the progress of the development, diversity and commitment of the Group's employees.

2015 objective

Ensure employee development, diversity and commitment by raising the "Our Talents" Index from 100 in 2010 to 115 in 2015.

Achieving the objectives

From base 100 in 2010, the value of the "Our Talents" Index Key Indicator was 107 in 2013, compared to 100 in 2012.

Since 2012, **Air Liquide has published annually a Key Indicator called "Our Talents"** reflecting the results of the Group's efforts regarding the **development, diversity and commitment of its employees.** The objective is to encourage the organization to set up **progress actions** in these areas. It is calculated by integrating the indicators presented in this section, weighted as follows: one third for development, one third for diversity and one third for employee commitment.

Employee development	Percentage of employees who benefited from at least one training session during the year
	Percentage of employees who had an annual evaluation interview with their immediate supervisor during the year
Employee diversity	Percentage of women among managers and professionals hired during the year
	Number of nationalities among senior managers/Number of countries where the Group is present
Employee commitment	Percentage of employees belonging to an entity where an internal satisfaction survey was conducted over the last three years
	Percentage of employees holding Air Liquide shares
	Loyalty rate of managers and professionals

The value of the "Our Talents" index in 2013 was **107.** It is calculated based on a baseline of 100 in 2010. Air Liquide's objective is to reach 115 in 2015.

	2010	2011	2012	2013	2015 objective
"Our Talents" Index	100	102	100	107	115

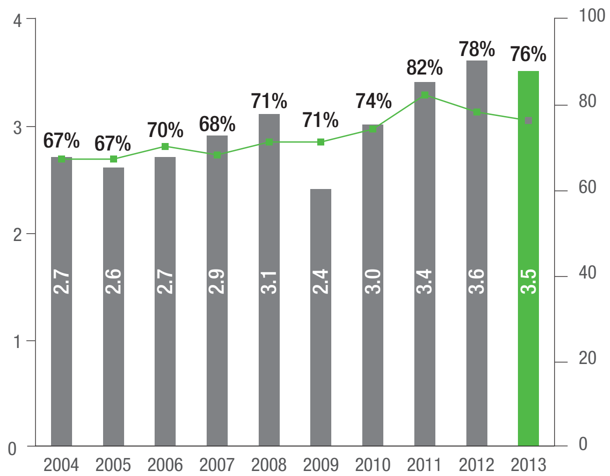
The value of the **"Our Talents" index increased substantially in 2013, from 100 in 2012 to 107 in 2013.** This increase is largely due to the major increase in the percentage of women recruited as managers and professionals and to greater employee shareholding throughout the Group. Other criteria, which are already at a high performance level, remained relatively stable.

DEVELOPMENT

Training

Air Liquide takes particular care to **develop the competencies and expertise of its employees.** Training is an integral part of this development. It allows employees to **work safely and improve their performance, contribution and employability.** In 2013, 75% of the Group's employees had at least one training session during the year. The average number of training days per employee, per year was 3.5 days in 2013. This represents more than 1,306,000 training hours in 2013.

Average number of training sessions per employee, per year/percentage of employees having had at least one training session during the year



Average number of training days/employee/year
% of employees having had at least one training session during the year (at least one day)

The Group has invested in better professional qualifications and training programs for young people to facilitate their integration into the business world. As a result, more than 517 young people have benefited from work-study contracts in France, combining theoretical learning in their university or school and a practical internship at Air Liquide.

Through its **Corporate University,** created in 2009, Air Liquide has developed its training programs to meet the needs of employees while including the Group's values. Based on a decentralized model that permits a very large number of employees to be trained with modern pedagogic techniques like e-learning, it has a **dual objective:**

- formalizing and rolling out the training processes, as well as disseminating good practices that go hand-in-hand with the Group's training dynamic;
- offering about 20 specific programs, ranging from integrating new employees to developing leadership abilities, as well as "professional" training programs given by the different business lines. The Group's values, principles of action and key challenges are systematically included in the different modules. Different programs continued to be rolled out to Group employees in 2013.

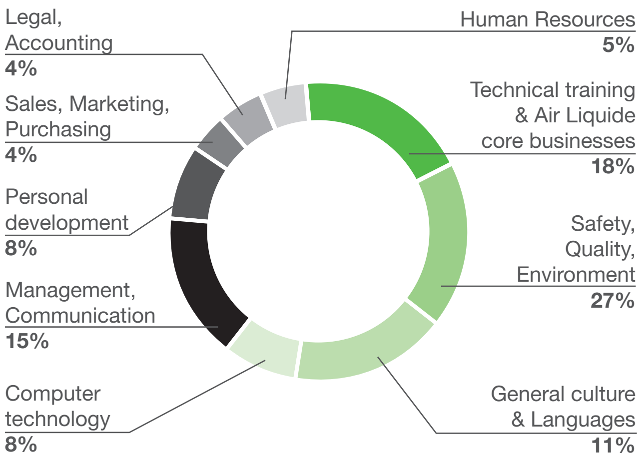
The **e-learning platform** provides employees with support for their training. The Air Liquide University now offers Group employees nearly **400 interactive e-learning training modules.** The content of the online training offer is enriched every year and covers many themes such as **safety, ethics** and office automation. Online language courses are also being offered. In addition, the **"Travel in Safety"** module was produced by the Group Safety Department and Air Liquide University to help with organizing employees' business and leisure trips. The **integration module "Discover"** presents new arrivals with the Group's history and key figures, and information on safety, the principles of action and the Group's core businesses. It is available in eight languages. Over **5,000 people have been trained** through this module since its launch in the different countries where Air Liquide operates. In total, the e-learning modules have already been used by more than **14,000 employees** in **92 countries** and **121 Group entities.**

The rollout of the **ethics training** programs continued in 2013, covering the Group's different geographic regions, Asia, Europe, Africa and the Middle East, and South America. These programs are designed primarily for sales, procurement and legal teams and the Executive Committees and senior managers in Group entities. They have also been boosted by new e-learning **modules on employee Codes of Conduct and the Group's Anti-corruption Code,** as well as a module entitled "International practices and principles relating to competition". These modules include an introduction video presented by each regional or entity Director, the interactive training program, and a conclusion video presented by the Group Ethics Representative. Since their production at the end of 2012, more than **7,500 employees** have followed these ethics modules in **88 countries,** and in the future all employees must follow the employee Codes of Conduct module, with a systematic reminder every year.

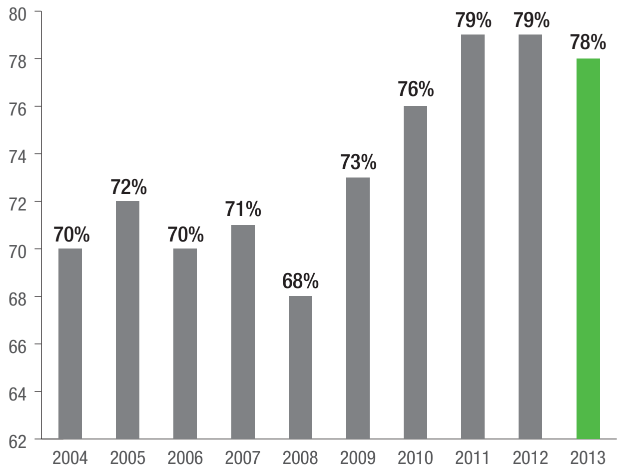
In total the Air Liquide University has trained close to 15,000 employees since its creation in 2009.

Training topics [a]

The nine training topics offered to employees are as follows:



Percentage of employees having had an annual interview with their immediate superior



Employee performance reviews

It is thanks to the commitment and contribution of its employees that Air Liquide can give more value to its customers and shareholders. Employee performance is monitored and measured during interviews that each employee has every year with his or her immediate supervisor but also during career development interviews that permit each employee to talk about more long-term prospects with the local Human Resources Department. The Group's Human Resources Division particularly encourages these meetings as they are one of the cornerstones of the Company's Human Resources policy.

In 2013, 78% of the employees had a performance evaluation interview with their immediate supervisor. In addition, 14% of the employees had a career interview with their entity's Human Resources Department.

Expertise recognition

Air Liquide files about 300 patents a year. Certain patented innovations significantly contribute to the Group's development. The Inventors Recognition Program rewards inventors who are responsible for successfully marketing patents. The recognition of technical expertise in the Group is also shown through the Technical Community Leaders (TCL) program, which has designated more than 2,300 experts since it was launched in 2003. In 2013, the TCL appointed more than 80 new international experts. The technical expertise and entrepreneurial spirit of Air Liquide's employees are key factors in the Group's innovation and growth.

Mobility

Mobility corresponds to an employee's ability and commitment to change job or location, either within the same country or abroad, to meet the Company's needs and develop on a personal level.

The Group actively encourages geographical and professional mobility of its employees in all of its host countries. In fact, complete changes in job are encouraged by the Group's Human Resources department.

(a) Training breakdown for France, estimated in number of days.

DIVERSITY

Diversity/Equality

Air Liquide is strongly committed to **combating any form of discrimination.** Diversity is a priority of Air Liquide's Human Resources policy. The Group considers it is a source of dynamism, creativity and performance and has always desired to broaden hiring and attract the best talent. The markets in which Air Liquide is working are diverse and complex. Diversity among employees should particularly reflect the geographical diversity of its customers.

The Group's objectives are to continue to increase this diversity among its employees by notably seeking a better division of responsibilities between men and women while promoting the many cultures represented at Air Liquide.

The five poles of the Group's Human Resources policy concerning diversity are:

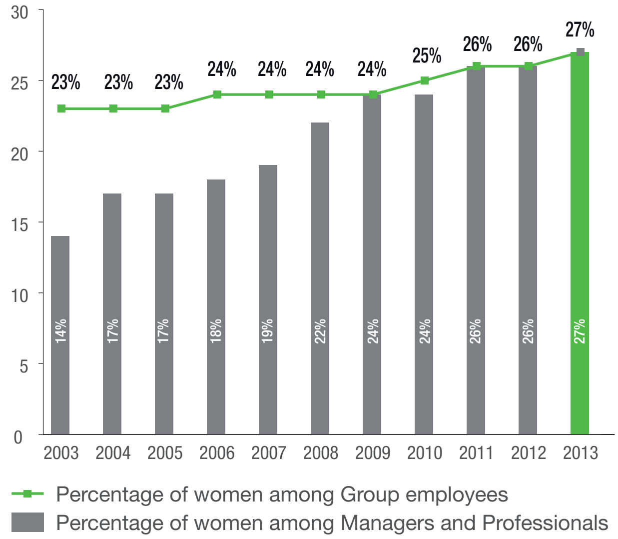
- nationality;
- gender;
- educational background;
- age;
- disability.

The international character of the Group's Senior Managers – 28 different nationalities represented in 2013—is a considerable asset from this viewpoint and continues to be a strong area of growth.

A team in the Corporate Human Resources Department is in charge of steering the diversity projects.

Equality between men and women is an essential point in the expression of this diversity. For several years, Air Liquide has had a global action plan. For example, between 2003 and 2013, the percentage of women who were hired for manager and professional positions rose from 14% to 27%. This latter percentage for women managers and professionals in the Group corresponds to the global percentage of women in the Group (27%) and illustrates the good representation of women in Air Liquide's management. In addition, women now represent 40% of employees considered high potential. 15 Executive Management positions in the subsidiaries or management of a P&L are held by women. Moreover, three women are now members of the Group's Board of Directors.

Percentage of women among managers and professionals



These results are the fruit of a concrete, and global Human Resources strategy based on the following four priorities:

1. **Recruiting:**

   Strengthening the place of women in the Group, in particular through hiring managers and professionals.

2. **Developing careers and increasing responsibilities for women in the Company:**

   – for every management position that becomes available, Human Resources examines the application of at least one woman among the applicants;

   – regular Human Resources reviews dedicated to women with high potential are conducted by the Group's Executive Committee;

   – a meeting before and after maternity leave has been organized in a certain number of entities in France.

3. **Communicating with and involving all the managers:**

   In the framework of Air Liquide's policy on promoting equality, the hiring and career development of women and strengthening their place and responsibilities in the Company, a program on awareness-raising and exchanges on the benefits that equality brings has been organized in the Group since 2007, aimed at managers. More than 700 managers in the Group have followed this program, in Europe and Asia. A communication support kit, containing a video message from the Group's Chairman and CEO, was deployed by the Human Resources teams for the different Air Liquide units to implement these actions locally with their teams.

In addition to these many local initiatives, each year Air Liquide joins forces with **International Women's Day, celebrated on March 8.** This is also when Air Liquide takes part in the annual InterElles seminar. Created in 2001, **Cercle InterElles brings together the networks of 11 companies:** Air Liquide, AREVA, Assystem, CEA, EDF, France Télécom-Orange, GE Healthcare, IBM France, Lenovo, Nexter and Schlumberger. These technology companies, which are focused on promoting gender equality and equal opportunities, have identified issues that affect all of them. The **Cercle InterElles** network has stood out in recent years as a pioneer in the battle against stereotyping and as a supporter of gender equality in companies and of equal opportunities.

4. **Better balancing of professional and private life:**

   The **CESU** (Universal Service Employment Check), whose aim inter alia is to facilitate childcare in the home, has been implemented for certain entities in France since 2007 for men and women in the Group who have young children.

   Other information on the actions Air Liquide has undertaken on balancing professional and private life can be consulted in the **"Well-being"** paragraph presented in this section.

   The **Diversity Charter** that Air Liquide signed in France is available online and is an illustration of the Group's commitment to diversity. In addition, in 2013, Air Liquide co-organized a discussion and experience-sharing seminar on the subjects of equality and promoting diversity as a performance lever with the company Shell, a long-standing international customer.

Disability

For Air Liquide, diversity and equal opportunity also mean **better integration of employees with disabilities into its teams, but also through subcontracting** to firms in the protected sector [a], particularly in France.

In 2013, employees with disabilities represented 1.4% of the Group's employees worldwide.

In France, the general Human Resources policy on disability took concrete form through the **signing of a third agreement during the period 2013-2015** with social partners in addition to local hiring initiatives.

At the end of 2013, the percentage of workers with disabilities for all the French subsidiaries was 4.6%. Through these Company agreements, Air Liquide holds **objectives in recruitment, integration into the Company, training, continued employment, awareness-raising and subcontracting** from the protected sector.

To carry out these operations favoring people with disabilities in the field, Air Liquide's Mission Handicap calls on **employees who are "disability advisors"** divided among the main French subsidiaries. They are supported by **multidisciplinary working groups** that meet several times a year to work on different subjects connected to disabilities.

The initiatives implemented in 2013 comprised the continued **partnerships with companies specialized in hiring people with disabilities** to further integrate them into the Group, and the **continued employment of the hearing impaired** by making a platform available to them that enables them to communicate by telephone and take part in work meetings. Furthermore, a special recruitment campaign dedicated to people with disabilities and aimed at work-study contracts was undertaken.

In November 2013, as every year, Mission Handicap renewed its "Disability Month" initiative during national week for the employment of people with disabilities. For this event, Air Liquide mobilized all its employees through **awareness-raising actions** to develop a better knowledge of disabilities and to look at differences in another way including: learning sign language and hearing the personal accounts of people with disabilities.

ENGAGEMENT/LOYALTY

Participation of employees in the capital of L'Air Liquide S.A.

The Group wants to have its employees worldwide more broadly participate in the capital of L'Air Liquide S.A. So, since 1986, 12 capital increase operations have been especially reserved for the Group's employees so that they can take advantage of preferential conditions.

At the end of 2013, the share of capital held by the Group's current and former employees was estimated at 2.4%, of which 1.6% (within the meaning of article L. 225-102 of the French Commercial Code) corresponds to shares subscribed by employees during employee reserved capital increase operations or held through mutual funds.

In 2013, an operation to subscribe to the capital increase reserved for employees was an opportunity for Air Liquide employees to strengthen their ties with the Group and participate in its development. This operation was a major part of Air Liquide's strategy to increase the involvement of Group employees in the Company's future. In 2013, 73 countries had the chance to participate. A total of 16,812 Air Liquide employees, representing 33.9% of those eligible, chose to become shareholders or to increase their shareholding. The demand for shares exceeded the offering; the operation was oversubscribed by more than 12%.

(a) Sector of economic activity giving priority to employing workers with disabilities.

Remuneration

Employee remuneration is based on local market conditions, internal equity, and on employees' performance in respect of applicable legislation. It is generally made up of a basic salary plus additional remuneration elements.

The **variable portion** of remuneration is devised locally for certain categories of employees to reward performance. In general it depends on parameters such as the **Group's earnings, the entity's earnings and individual performance,** which is measured in quantitative and qualitative terms. By rewarding collective and individual performance, Air Liquide encourages everyone to collaborate and contribute to overall earnings. In 2013, 56% of employees received an individual variable portion as part of their remuneration. Most of the managers and professionals have a **variable remuneration,** which includes sustainable development objectives. In particular, 15% of managers' variable remuneration is linked to sustainable development criteria, such as safety, customer satisfaction, energy efficiency and equality.

In addition, remuneration can also include benefits such as disability-incapacity-death insurance and medical expenses. In 2013, 97% of employees benefited from some sort of **social security coverage** through the Group.

HEALTH IN THE WORKPLACE

Air Liquide is particularly concerned with ensuring that its employees' working conditions do not present any health risks. This is notably demonstrated through **preventive actions on the ergonomics of workstations** and the implementation of **specific safety rules** in the Group's Industrial Management System (IMS). For example, thanks to an initiative targeted at the handling and carrying of heavy loads instituted in France on a CO_2 filling site, the risk of musculoskeletal disorders (MSD) was reduced on the workstations concerned. Air Liquide regularly organizes **awareness-raising campaigns and training worldwide on safety, health and risk management** especially in the working environment. A campaign to raise the awareness of all staff about the importance of a correct working position to prevent MSD at the office was conducted in 2013 with the support of an in-house communication tool dedicated to issues of health and safety.

In Indonesia, an educational campaign regarding noise-related risk reinforced instructions on wearing hearing protection. In France, a diagnosis on difficult working conditions for employees (physical constraints, environment and work rhythm) established that a very small number of the Group's employees work in harsh conditions. In entities where this diagnosis was carried out, the results were systematically presented to the Hygiene, Safety and Working Conditions Committee (CHSCT) and action plans were organized where necessary.

General information on health is regularly distributed. For example, in France, an information article on "nutrition and cancer" was made available on the Group's Intranet for its employees. With regard to healthy lifestyles that lead to improved health and safety in the workplace, a training program was implemented in 2013 for 4,000 drivers who are Group subcontractors. In Mexico, an anti-obesity campaign was organized in 2013 in conjunction with a foot race to educate employees about the benefits of a healthy diet. In Paraguay, anti-mosquito kits were distributed as part of a campaign to prevent dengue fever. In South Africa, local subsidiaries are continuing their awareness operations on AIDS prevention, as in Botswana.

In addition, Schülke, the subsidiary specializing in hygiene and disinfection, makes its products available to other Group entities.

As part of a campaign in France to **prevent psychosocial stress,** Air Liquide worked with the French Occupational Health Department to implement a **listening, support and counseling service** for anyone who needs it.

This initiative meets a number of objectives:

- it provides all employees with time to talk and listen, enabling everyone to speak freely with an independent consultant, if they so wish;
- it serves as a basis for manager/employee relationships;
- as necessary, it provides advice related to issues an employee may have regarding wellbeing in the workplace.

Meetings are held with a psychologist from a specialist outside firm. Air Liquide wants the system to offer employees time and space to talk about their issues in strict confidence and enable all those who so wish to maintain or regain their **wellbeing in the workplace.**

The initiative is just one of the tools used by Air Liquide's Human Resources Department to prevent occupational stress, tools that underscore its willingness to listen and take action in this regard.

WELLBEING

In order to strengthen occupational wellbeing within Air Liquide, various initiatives were implemented in France to **promote the personal/professional life balance** of its employees, whatever their age or position. In addition, three agreements with human services providers were undertaken in 2013:

- **an e-portal allowing employees to access practical, administrative and legal information from home or the office** to facilitate daily life. It can be used by the employee and his or her family via a personal access code. Over 70% of the Group's employees in France now have access to this portal;

- **a telephone service enables employees to call, from their office or home, specialists** (for example, doctors, legal specialists, social workers, guidance counselors, etc.) who answer their questions with complete confidentiality on areas as varied as the family, housing, well-being and healthcare, unforeseen events, budget management, taxation and retirement. Air Liquide is a forerunner in this area as the Group is currently one of the only ones in France to offer its employees such a large range of services;
- **nursery places in inter-company *crèches*** were offered to employees of subsidiaries covered by this partnership. At the end of 2013, 44 places had already been financed by Air Liquide for its employees.

ABSENTEEISM

After having reported on its employees' absentee rate in France in 2012, the absenteeism rate reported by Air Liquide in 2013 covers Europe. This will be expanded to the rest of the world over the next few years. The Group's absentee rate was established by counting the total number of days absent due to illness, and to commuting and work accidents, whatever their duration and cause, compared to the number of days worked per year [a]. In 2013, the absentee rate of the Air Liquide Group in Europe was 3.6%.

ORGANIZATION OF LEGAL WORKING HOURS

In France, the general framework of work time organization was defined by all the agreements signed in 2000 and 2001 with the unions. Very few activities operate with shift work. These concern fewer than 10 plants in France, mainly in the Large Industries Business Line. On the other hand, most of the industrial activities, such as those in Healthcare, include on-call systems that are regularly discussed with the unions.

With regard to **telecommuting,** a **pilot program** negotiated and signed as a one year fixed-term agreement was set up in France several months ago at ALFI (Air Liquide France Industrie) and ALSF (Air Liquide Santé France) to meet the needs of employees as expressed during a prior survey on work-life balance. Following a **dialogue** phase with various stakeholders, more than **100 employees and managers** to date have chosen to work from home on the basis that it is a voluntary arrangement, involves trust and that employees retain the option to return to the workplace.

Under the supervision of the individual entities' Human Resources departments, a **series of educational and training measures** were conducted among employees, managers and unions to support the shift to telecommuting. Assistance was provided by a **leading consulting firm** that specializes in advice and training in this area. This resulted in many additional ideas and demonstrated the benefits as well as the limitations of this method of working. Telecommuting is implemented as a tool to **improve performance and work-life balance, and provide organizational flexibility.** It is part of the development of new ways of working and managerial practices, and also helps reduce the Group's carbon footprint by cutting down on work-related travel.

SOCIAL DIALOGUE

Air Liquide is particularly attentive to encouraging social dialogue, and today 76% of Air Liquide's employees have access to a representation, dialogue or consultation structure.

The European Works Council has 28 employee representatives from 15 countries [b]. The composition of the Council evolves with the Group's acquisitions, the expansion of the European Union and according to the rules established by the Council's constitutional agreement. The Council met twice in 2013 chaired by a member of the Executive Committee. The main themes dealt with during this discussion and consultation are safety, the news on the Group's activities, the annual financial statements, strategy and its implementation in the different countries of Air Liquide's operations.

In 2013 in France, 65 agreements were signed in total with the unions in extremely varied areas, including profit sharing and incentives for employees in the company's performance, planned management of jobs and skills (GPEC), professional equality, disability, the youth-employment contract, and flexible working.

12 collective agreements were also signed in a number of European countries. In Germany, local subsidiaries are members of the chemical sector employers association (BAVC) [c]. Negotiations are carried out directly between this association and the German unions. Several agreements were signed in 2013 in this country. They cover greater job flexibility and wider social coverage. In Austria, one of the agreements in 2013 concerned the variable portion of employee remuneration. In addition, in Spain, the collective agreement for the whole of the subsidiary was renegotiated for three years.

This set of collective agreements will gradually be extended to the entire Group.

(a) 365 days minus weekends, public holidays and statutory holidays.

(b) Austria, Belgium, Denmark, France, Germany, Great Britain, Greece, Italy, the Netherlands, Poland, Portugal, Romania, Slovakia, Spain and Sweden.

(c) Bundesarbeitgeberverband Chemie: *Federal Association of Chemical Industry Employers.*

Human resources indicators concerning the Group as a whole

Employees [a]	2009	2010	2011	2012	2013
Group employees	42,300	43,600	46,200	49,500	50,250*
■ Women	10,300	11,100	12,100	12,800	13,500
As a %	24%	25%	26%	26%	27%
■ Men	32,000	32,500	34,100	36,700	36,750
As a %	76%	75%	74%	74%	73%
Joining the Group [b]	10.5%	15.1%	20.4%	19.9%	14.9%
Leaving the Group [c]	12.2%	11.9%	14.3%	12.7%	13,1%
% of employees having resigned during the year [d]	3.2%	4.0%	5.3%	4.6%	4.9%

(a) *Employees under contract, excluding temporary employees.*

(b) *Hiring or integration due to acquisitions. The percentage is based on the number of employees as of December 31 of the preceding year.*

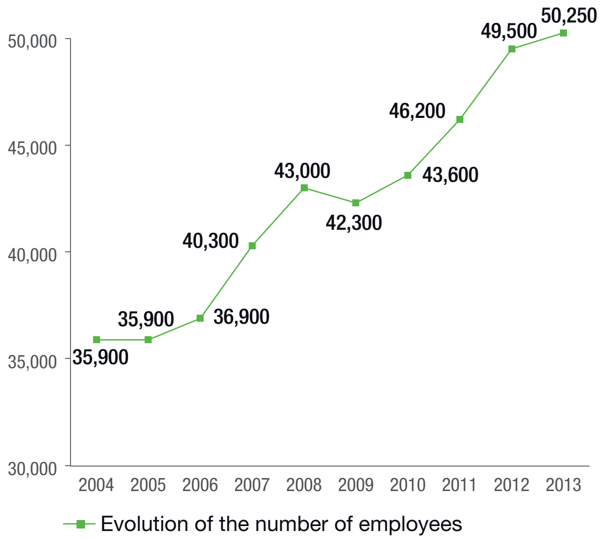
(c) *Retirement, resignations, layoffs, departures due to disposals, etc. The percentage is calculated based on the number of employees as of December 31 of the preceding year.*

(d) *Since 2009, calculated on the number of employees as of December 31 of the preceding year.*

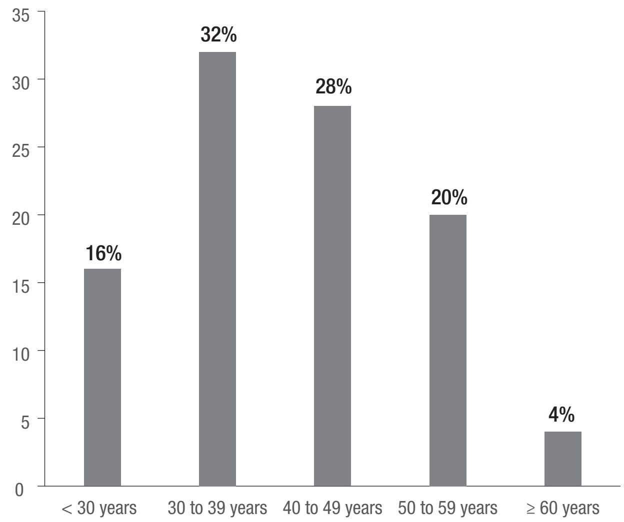
* *Indicator verified by the Statutory Auditors.*

The indicators presented above are calculated on a worldwide scale. The percentages of those entering and leaving the Group include hires and layoffs.

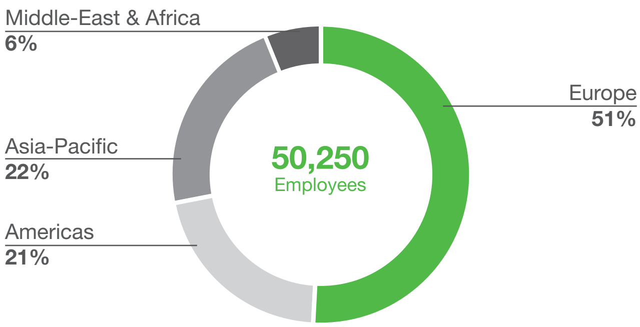
Number of employees



Distribution of employees by age bracket in 2013



2013 employees by zone



	2009	2010	2011	2012	2013
Parity and diversity					
Equality					
% of women among managers and professionals	24%	24%	26%	26%	27%*
% of women among managers and professionals hired during the year	29%	29%	29%	28%	36%*
% of women among employees considered high potential	36%	40%	39%	41%	40%
Number of nationalities					
Among expatriates	46	53	48	44	45
Among Senior Managers	25	27	28	29	28
Among employees considered high potential	47	46	46	44	46
Number of nationalities among Senior Managers/Number of countries where the Group is present			35%	36%	35%
Training					
% of total payroll allocated to training	Approx. 2%	Approx. 2%	Approx. 2%	Approx. 2%	Approx. 2%
Average number of days of training per employee and per year	2.4 days	3.0 days	3.4 days	3.6 days	3.5 days* (a)
% of employees who attended a training program at least once during the year	71%	74%	82%	78%	75%*
Performance review					
% of employees who have had a performance review meeting with their direct supervisor during the year (b)	73%	76%	79%	79%	78%*
% of employees who have had a career development meeting with the HR Department during the year (b)	14%	15%	18%	17%	14%
Remuneration					
% of employees with an individual variable share as part of their remuneration	50%	51%	53%	54%	56%
Absenteeism					
Absentee rate of Air Liquide employees				3.2% (c)	3.6% (d)
Ethics					
% of employees belonging to an entity with a local Code of Conduct	67%	71%	90%	91%	94%
Employee loyalty					
Average seniority in the Group	11 years	10 years	10 years	10 years	10 years
Retention rate of managers and professionals over a year			94.5%	95.4%	94.8%
Social performance					
% of disabled employees (e)	1.2%	1.2%	1.3%	1.3%	1.4%
% of employees having access to a representation/dialogue/consultation structure	82%	79%	77%	76%	76%
% of employees belonging to a unit at which an internal satisfaction survey was conducted within the last three years (f)	37%	43%	48%	55%	52%
% of employees with benefits coverage through the Group (g)	97%	98%	98%	98%	97%
Employee shareholders					
% of capital held by Group employees (h)	1.4%	1.6%	1.6%	1.5%	1.6%
% of Group employees that are shareholders of L'Air Liquide S.A.	More than 60%	More than 60%	More than 50%	Almost 50%	More than 55%

(a) 26 hours a year according to counting in hours (base: 1 day = 7.5 hr.).
(b) Since 2010, calculated on the basis of employees with "long-term contracts."
(c) Calculated for France.
(d) Calculated for Europe.
(e) For the countries where regulations allow this data to be made available.
(f) Indicator for entities of over 300 employees until 2011. All entities from 2012.
(g) Primarily retirement benefits.
(h) Within the meaning of article L. 225-102 of the French Code of Commerce.
** Indicator verified by the Statutory Auditors.*

Company ethics

The Group endeavors to take into account the interests of its different stakeholders through its decision-making processes as well as in carrying out each of its actions. This approach, inspired by the Group's Executive Management, guides the action of each entity and employee to ensure the Company's responsible growth.

PRINCIPLES OF ACTION

Air Liquide formalized the Principles of Action guiding the Group's strategy and development in a document that explains its approach to all its stakeholders. Available in 16 languages, this document was distributed to all the Group's entities and can be viewed at www.airliquide.com under Company/Ethics, in French and English.

SOCIAL AND ENVIRONMENTAL RESPONSIBILITY

Social and Environmental Responsibility Policy

In addition to the principles of action, the Group's policies were completed and compiled into a global protocol called the BLUEBOOK. This protocol is accessible to all the Group's employees and concerns the internal information systems that they usually use. These policies are in the form of Procedures, Codes and Reference Guides.

In the BLUEBOOK, the Social and Environmental Responsibility Policy defines the commitments made by the Group in the framework of its activities to promote the respect for and safety of men and women, the protection of the environment, ethics and participation in the economic and social development of the regions in which it operates.

This Social and Environmental Responsibility Policy has implemented a consistent Sustainable Development approach at every level of the Company and defines the guidance on this subject for the subsidiaries and departments. It is available at www.airliquide.com under Company/Ethics, in French and English.

Commitment to Human Rights

Air Liquide recognizes the importance of protecting human rights in all countries in which the Group operates, and has a responsible procurement policy for conducting business with suppliers.

The Group's Corporate Social and Environmental Responsibility policy is very much inspired by compliance with the 10 principles of the United Nations Global Compact, the Universal Declaration of Human Rights, and international labor law.

This policy stipulates, for example, that Air Liquide shall respect human rights and the dignity of its employees, subcontractors, temporary workers and suppliers. In this framework, the Group's entities notably exclude any form of discrimination, harassment, the use of forced labor or child labor and any undermining of the freedom of association. Air Liquide's policy aims at respecting labor law in all the countries in which it operates, and is therefore considering taking into account the fundamental conventions of the International Labor Organization (ILO) on this subject.

EMPLOYEE CODES OF CONDUCT

The Group's subsidiaries must implement a local Code of Conduct. This decentralized approach combines respect for local customs and regulations and Air Liquide's ethical commitment. It also helps the subsidiaries to embrace the Group's ethical principles by writing their own Codes of Conduct themselves in their working language. As a result, in 2013, 94% of the Group's employees belonged to subsidiaries that have a local Code of Conduct. The 6% of employees who do not yet have a local Code of Conduct primarily correspond to entities recently acquired by the Group and undergoing consolidation. Today, these Codes of Conduct are available in 23 languages.

These Codes of Conduct must adhere to 10 basic principles set out in the BLUEBOOK (the Group's Corporate Social and Environmental Responsibility policy):

- respect for laws and regulations;
- respect for people: health and safety conditions in the workplace, prevention of discriminatory actions, respect for third parties;
- respect for the environment;
- respect for competition law;
- respect for rules on insider trading;
- prevention of conflicts of interest: links to a competitor, customer or supplier, respect for rules on corruption;
- protection of Air Liquide's activities: protection of information, property and resources;
- transparency and integrity of information;
- internal controls and audits;
- implementation of Codes of Conduct.

These 10 fundamental principles are detailed on the Group's website, www.airliquide.com, under Company/Ethics, in French and English.

These Codes of Conduct demonstrate the Group's commitment to respect the regulations concerning its economic activity but also ethical principles such as social rights and the fight against discrimination and harassment.

An e-learning program on employee Codes of Conduct was launched at Group level.

In addition, since 2007, a Group Ethics Officer has been responsible for providing advice and assistance to the entities in applying their Code of Conduct. He also handles all the questions submitted by employees on implementing these Codes of Conduct.

RESPECT FOR COMPETITION LAW

Instructions and codes at the Group level were established as to proper behavior concerning respect for competition law, especially in Europe and the United States. The most important rules on competition law are also included in the employees' local Codes of Conduct. For some of the Group's activities, Healthcare in particular, specific Code of Conduct have been developed on competition law as well.

Audits are jointly conducted on a regular basis by the Group's internal audit departments and an external attorney. They carry out tests and interviews to identify and correct practices at risk in this area or deviations observed.

Finally, awareness-raising meetings on compliance with competition law are regularly held throughout the Group.

Furthermore, an e-learning program was launched at Group level on competition-related practices and international principles.

FIGHT AGAINST CORRUPTION

In 2009, the Group formalized an **anti-corruption Code of Conduct** that met international standards. This code has been made available to all entities and an extract is available at www.airliquide.com under Company/Ethics, in French and English.

This anti-corruption Code of Conduct, which is linked to the Corporate Social and Environmental Responsibility policy included in the BLUEBOOK, provides a reminder of the laws on the fight against corruption and deals with relations with intermediaries, particular cases such as mergers, acquisitions and partnerships, types of payments requiring particular attention, as well as administrative and accounting traceability requirements.

To strengthen the rollout of this anti-corruption Code of Conduct throughout the Group, Air Liquide launched a **training program** in 2010 dedicated to disseminating knowledge of the anti-corruption Code of Conduct and its best practices to the Group's employees. In addition, a specific e-learning module was produced in 2013 to raise employee awareness more quickly. This training is now an integral part of the Air Liquide University program and is aimed at staff most exposed to corruption risk (sales, procurement, administrative management, and so on) and managers. These training programs are gradually being rolled out Group-wide.

Lastly, the new Supplier Code of Conduct (see under "Training" section) includes a chapter on corruption prevention.

HANDLING DEVIATIONS

Currently, the most significant cases of fraud and deviation, once detected, are transmitted to the Audit Committee of the Board of Directors, along with measures for investigating and handling these situations. From the end of 2014, the Group wants to gradually implement a formal whistleblowing system worldwide.

Conducting Group operations while protecting the environment

Energy efficiency objectives

Key Indicators

- **Evolution of energy consumption for air separation units per m³ of gas produced.**
- **Evolution of energy consumption for hydrogen units per m³ of gas produced.**
- **Evolution of the distance traveled per ton of gas delivered (Industrial Merchant activity).**

2015 objective

Improve by at least 2% from 2011 to 2015 the energy efficiency of the following activities: air separation units, hydrogen units, and product deliveries.

Achieving the objectives

- **Between 2011 and 2013, energy consumption for air separation units per m³ of gas produced remained stable.**
- **Between 2011 and 2013, energy consumption for hydrogen units per m³ of gas produced improved by 0.6%.**
- **Between 2011 and 2013, the distance traveled per ton of gas delivered (Industrial Merchant activity) improved by 1.8%**

Air Liquide made the strategic choice of allocating its resources, in particular its investments, to help reduce the direct CO_2 emissions of its activities on its operational scope as well as on its customers' sites. This is particularly achieved by offering customers solutions to enable them to reduce their own emissions and by steadily improving production and transportation operations.

THE GROUP'S ENVIRONMENTAL FOOTPRINT

Environmental indicators concerning the Group as a whole

In its **production** activities, the main trends concerning environmental data in 2013 are the following:

- Volumes of air gas produced were up slightly compared to 2012. As a result, electrical energy consumption, which is mainly used in air separation units, also increased slightly. By contrast, related indirect CO_2 emissions were slightly lower due to a positive change in the electricity carbon content in countries where the Group has production plants. In addition, in 2013 the Group redefined the calculation method for indirect emissions to take account of all the electricity produced by its cogeneration.
- Thermal energy consumption and direct CO_2 emissions were up slightly, mainly as a result of the consolidation impact.

Presented here are the environmental elements most representative of the Group's activities. They cover a total of **517** Air Liquide production units or sites and concern:

- large air separation units;
- hydrogen and carbon monoxide units;
- cogeneration units;
- acetylene units;
- nitrous oxide units;
- carbon dioxide liquefaction and purification units;
- units in the Hygiene and Specialty Ingredients activity;
- Engineering & Construction units;
- Welding production units;
- the main Research & Development sites and technical centers.

The indicators concerning the environmental impact of the **transportation** of products of the Group's Industrial Merchant and Healthcare business lines as well as those of water management and the main **waste and byproducts** are presented to stakeholders. Other indicators are also communicated.

The most relevant environmental indicators for the total of the 10 types of production units (517 units) and transportation on a worldwide scope

	2009	2010	2011	2012	2013
Evolution of energy consumption per m³ of air gas produced [a] [b]	103.3	99.0	99.0	98.8	99.0*
Evolution of energy consumption per m³ of hydrogen produced [a] [c]	98.7	98.3	98.5	98.4	97.9*
Evolution of the distance traveled per ton of industrial gas delivered [a] [d]	97.4	96.3	97.1	97.8	95.3*
Annual electricity consumption *(in GWh)*	21,139	24,924	26,661	27,578	28,305*
Annual thermal energy consumption *(in LVH terajoules)* [e]	183,381	204,434	213,198	229,177	232,270* [f]
Annual water consumption *(in millions of m³)*	59.9	66.1	67.2	66.4	67.5* [g]
Annual emissions of CO_2 avoided by cogeneration and on-site customer units *(in thousands of tons)*	-819	-870	-1,051	-987	-953
Total direct greenhouse gas (GHG) emissions *(in thousands of tons of CO_2 eq.)* [h]	9,386	10,181	10,549	11,272	11,846*
Total indirect GHG emissions *(in thousands of tons of CO_2)* [i]	6,297	8,006	9,085	9,546	9,257*
Total direct and indirect GHG emissions *(in thousands of tons of CO_2 eq.)*	15,683	18,187	19,634	20,818	21,103*

(a) Calculated from base 100 in 2007.
(b) Gases produced (oxygen, nitrogen, argon) calculated in m3 of equivalent gaseous oxygen.
(c) Hydrogen and carbon monoxide.
(d) In kilometers per ton delivered within the framework of the Industrial Merchant business, for oxygen, nitrogen, argon and carbon dioxide.
(e) LHV: Lower Heat Value, which includes the fact that energy from water vaporizing in fuel is not recovered.
(f) Approximately 64,500 GWh LHV.
(g) Representing less than 0.5 one-thousandth of the industrial water consumption of the countries under review.
(h) Includes CO_2 emissions and nitrous oxide emissions.
(i) Total indirect GHG emissions generated by the production of electricity purchased outside the Group. The indirect emissions only concern CO_2 emissions. Calculation takes into account the primary energy source that each country uses to produce electricity (source: International Energy Agency). In addition, in 2013 the Group redefined the calculation method for indirect emissions to take account of all the electricity produced by its cogeneration.
** Indicator verified by the Statutory Auditors.*

Direct and indirect greenhouse gas emissions and origin of the electricity used

Companies' direct and indirect greenhouse gas emissions are usually divided into three scopes depending on their origin:

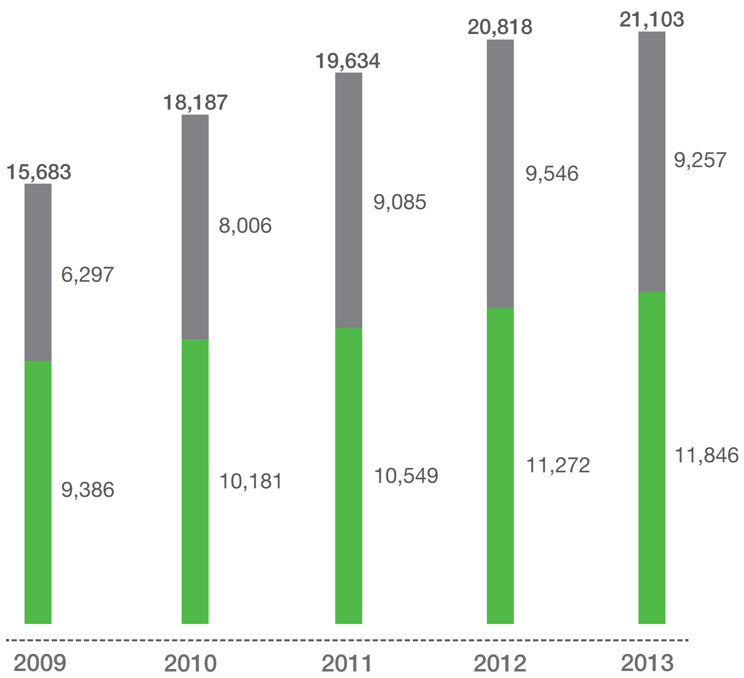
- Scope 1 includes direct emissions generated by all possible emission sources owned or controlled by the Group. This scope brings together the Group's production units as well as the transportation of products and equipment to customers and patients;
- Scope 2 is composed of all the indirect emissions related to the 10 types of production units. The indirect emissions are the emissions linked to the production of electricity procured outside the Group;
- Scope 3 encompasses the other indirect emissions generated, for example, by professional travel and commuting or the treatment of products at end of life.

Direct and indirect emissions of Scopes 1 and 2

Direct and indirect emissions of Scopes 1 and 2 represented 99% of the Group's total emissions in 2013.

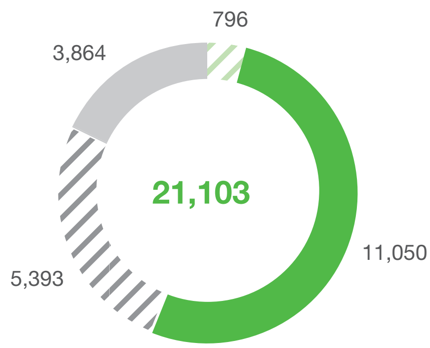
In order to distinguish the differentiated growth dynamics between advanced economies and developing economies, since 2010 Air Liquide has segmented its direct and indirect CO_2 emissions between these economies.

Direct and indirect greenhouse gas emissions



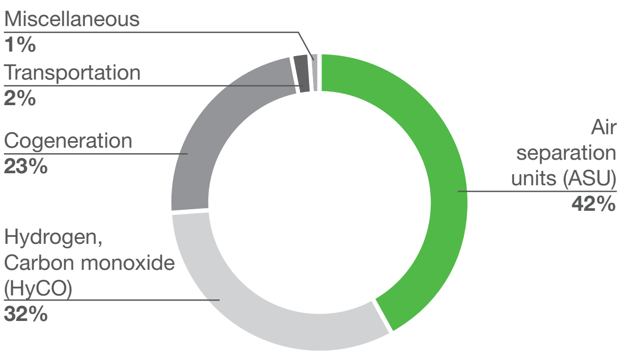
Breakdown of greenhouse gas emissions between advanced and developing economies

(in thousands of tons of CO_2)



In this report, the advanced economies are defined in accordance with the financial reporting: Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Great Britain, Greece, Italy, Japan, The Netherlands, Norway, Portugal, Spain, Sweden, Switzerland, and the United States. The developing economies refer to the other countries in which Air Liquide operates.

Breakdown of direct and indirect greenhouse gas emissions



Scope 3 emissions related to business travel

Business travel by plane, car or train is one of the main sources of Scope 3 CO_2 emissions. These were estimated at 80,000 tons of CO_2 in 2013 for all subsidiaries, which largely represents less than 1% of the Group's total emissions. This estimate was done based on the European subsidiaries' emissions, representing 51% of the Group's employees. The total of Scope 3 emissions was then extrapolated by hypothesizing that emissions are homogeneous in all the countries where the Group is present.

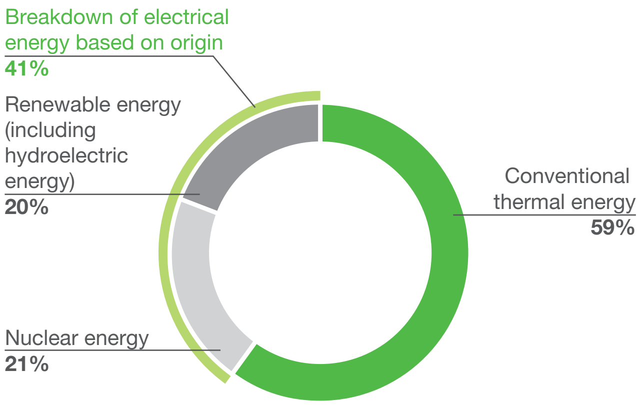
Air Liquide endeavors each year to reduce the greenhouse gas emissions generated by its subsidiaries' activities, particularly those caused by professional travel. In France, Air Liquide's objective is to decrease the CO_2 emissions generated by the fleet of cars leased for personnel. To reduce these emissions, the French subsidiaries decrease, each year, in their selection criteria for leased vehicles, the CO_2 emission per kilometer threshold. Set at 147 grams per kilometer in 2006, this threshold was 119 grams in 2013, close to the target set by the Group of 105 grams of CO_2 per kilometer. With a fleet of over 4,300 vehicles each traveling on average 40,000 kilometers per year, this has made it possible to avoid the emission of about 16,000 tons of CO_2 between 2006 and 2013.

In addition, since 2012, 10 telepresence rooms have been operational worldwide: Paris and Champigny in France, Frankfurt in Germany, Houston in the United States, Krakow in Poland, Johannesburg in South Africa, Shanghai and Hangzhou in China, and Hyderabad and New Delhi in India. These rooms enable remote meetings by guaranteeing each participant a presence similar to a physical meeting. Launched in the Engineering & Construction business line, Air Liquide will gradually expand the use of these rooms to other Group business lines, as well as to interactions with customers, partners and investors. This technology reduces the CO_2 emissions generated by the employees' air transportation.

Origin of electricity used

Taking into account the different natures of primary energy of the countries where Air Liquide is present, it is possible to present the breakdown of the origin of the electricity used worldwide. The Blue Hydrogen® program is currently the main Group initiative on developing the use of renewable energy (see "Innovation" section of the Reference Document).

Origin of electricity used in 2013 [(a)]



Energy efficiency of large production units

Created from an invention that considerably reduced the energy used to separate air gases, Air Liquide has always been involved in protecting the environment. **The Group has initiated an approach to steadily reduce the environmental footprint of its activities and contributes to improving that of its partners and customers.** The objective of improving by at least 2% from 2011 to 2015 the energy efficiency of its air separation units, its hydrogen units and the efficiency of liquefied gas deliveries **corresponds to over 280,000 tons a year of direct and indirect CO_2 emissions avoided** [(b)].

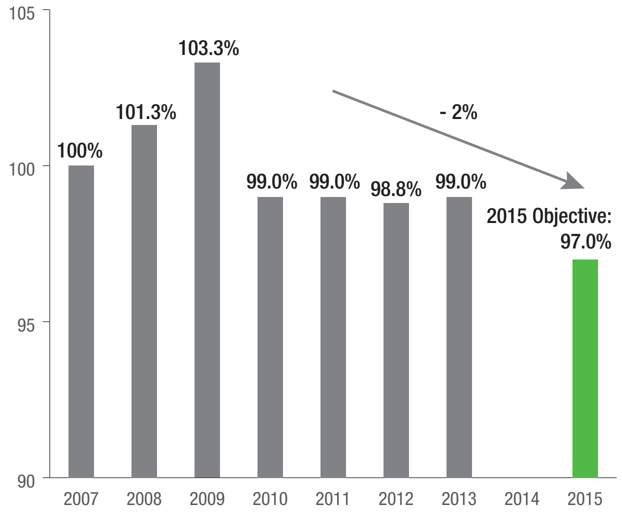
Through its Engineering & Construction entity, the Group designs its own production units. For example, it can adapt the design of these units to the customers' needs, technological developments and energy costs. It directly and rapidly profits from the improvement of these units' energy efficiency. Air Liquide has been operating air separation units and hydrogen units for many years. It therefore benefits from a virtuous circle of steady improvement through **its control of design and operating experience of these units.** Whenever circumstances permit, old units are replaced by new ones that are more energy efficient.

In addition, the Group builds **larger and larger units** that generally provide more efficient energy through scale effects.

Air Liquide has also set up a program to **improve the reliability** of the units' operation. In addition to providing better service to customers, this has direct consequences on **energy efficiency.** Every shutdown and startup of these units creates an energy consumption sequence. Increasing reliability, i.e., reducing the number of excessive shutdowns, results in better energy efficiency in production units.

Large units are often interconnected through a **pipeline system** supplying a customer industrial basin. This group of interlinked units creates a synergy of their operation both for production and energy consumption. The steady development of the Group's oxygen, nitrogen and hydrogen pipeline systems clearly helps improve its energy efficiency. Lastly, ever more efficient **smart technologies** are being rolled out to centrally monitor and run the Group's large units so that **production can be adjusted to customers' needs.** This initiative leads to substantial savings in energy consumption.

Evolution of energy consumption per m^3 of gas produced for air separation units

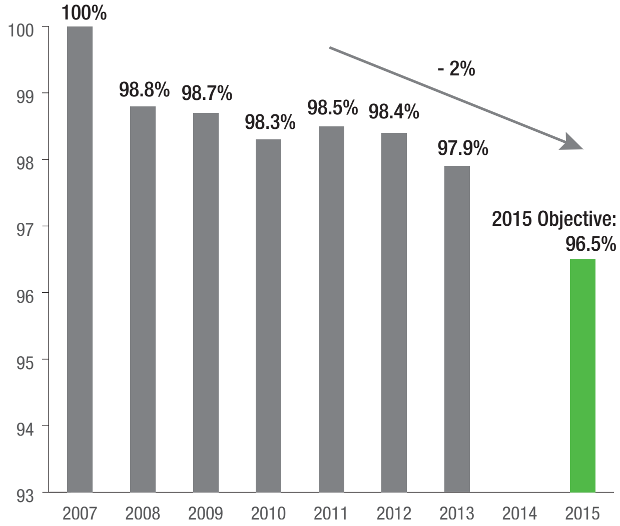


The energy consumption per m^3 of air gas produced, i.e., the **energy efficiency of these units was slightly down in 2013** compared with 2012 and remained close to its best level since 1998.

(a) Calculation takes into account the primary source that each country use to produce electricity (source: International Energy Agency).

(b) Estimate on the basis of CO_2 emissions in 2013.

Evolution of energy consumption per m³ of gas produced for hydrogen and carbon monoxide units



The energy efficiency of hydrogen units improved significantly in 2013 compared with 2012 and reached **the best level ever achieved** by the Group.

Transportation

The gas produced by Air Liquide is mainly supplied via pipeline. Supplying large customers via pipeline from the Group's production units also considerably limits truck transportation. These pipeline systems, which are environmentally friendly and safe, total over **9,200 kilometers worldwide.** For air gases and hydrogen, which represent most of the volumes the Group delivers, **86%** of **deliveries are made via pipeline or through on-site units. As a result, only 14% of all air gases or hydrogen is delivered by truck.**

Industrial Merchant Business Line

In 2013, trucks delivering Air Liquide liquid gases or gas cylinders in the Industrial Merchant business line traveled **420 million kilometers** throughout the world and emitted about **462,000 tons of CO_2**. On-site nitrogen, oxygen and hydrogen units reduced truck deliveries, a source of CO_2 emissions. These on-site units were able to save the **72 million extra kilometers** traveled by trucks and therefore the emission of **72,000 tons of CO_2**.

	2009	2010	2011	2012	2013
Kilometers traveled by all vehicles delivering gas in liquid or cylinder form *(in millions of km)*	363	361	428	428	420*
Estimate of CO_2 emissions generated by these vehicles in the Industrial Merchant business line *(in thousands of tons)*	399	396	471	471	462*
Evolution of the distance traveled per ton of industrial gas delivered (oxygen, nitrogen, argon, carbon dioxide) [(a)] [(b)] (truck delivery)	**97.4**	**96.3**	**97.1**	**97.8**	**95.3***
Estimate of truck transport kilometers avoided through on-site customer units *(in millions of km)*	-54	-61	-70	-68	-72
Estimate of CO_2 emissions avoided by these on-site units *(in thousands of tons)*	-58	-66	-70	-68	-72
Percentage of deliveries of air gases and hydrogen via pipeline or on-site	85%	86%	86%	86%	86%

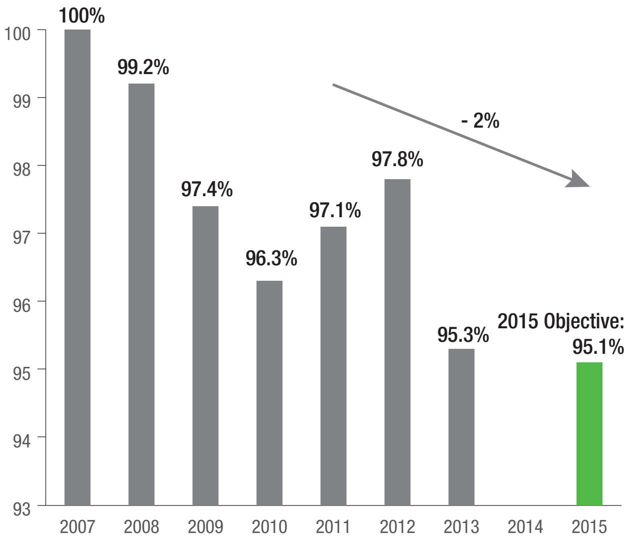
(a) In kilometers per ton delivered for the Industrial Merchant business line.

(b) Calculated from base 100 in 2007.

* *Indicator verified by the Statutory Auditors.*

In addition, the Industrial Merchant Business Line has developed **software that optimizes truck deliveries** to reduce the number of kilometers traveled per ton of gas delivered. In particular, the levels of the customers' stock delivered in liquid form are automatically measured and transmitted to Air Liquide's logistics teams. These data determine the optimal delivery frequencies and itineraries to resupply these customers.

Evolution of the distance traveled per ton of industrial gas delivered (oxygen, nitrogen, argon, carbon dioxide)



In 2013, the energy efficiency of truck deliveries of liquid industrial gases **improved significantly – by over 2% –** particularly in Europe – thanks to the success of programs to optimize deliveries and better maintenance scheduling for the Group's production units. **Over the last 10 years, the energy efficiency of truck deliveries has improved by over 6%**.

Healthcare activity

In 2013, the total number of kilometers traveled for deliveries of gas cylinders for the **Home Healthcare activity** was **161 million kilometers.** The quantity of CO_2 emitted during these deliveries was **38,000 tons** [(a)]. The number of kilometers traveled for the delivery of **medical gases to hospitals** [(a)] amounted to **26 million kilometers,** which represented **23,000 tons of CO_2** in 2013.

	2012	2013
Transportation Home Healthcare activity		
Kilometers traveled *(in millions of km)*	141	161
Associated CO_2 emissions *(in thousands of tons)*	35	38
Transportation Medical Gases activity		
Kilometers traveled *(in millions of km)*	20	26
Associated CO_2 emissions *(in thousands of tons)*	17	23
TOTAL KILOMETERS TRAVELED HEALTHCARE ACTIVITY *(IN MILLIONS OF KM)*	**161**	**187**
TOTAL ASSOCIATED CO_2 EMISSIONS *(IN THOUSANDS OF TONS)*	**52**	**61**

To reduce its environmental footprint, some subsidiaries in the Home Healthcare segment have introduced **training courses in energy-efficient driving**. These courses are aimed at technical workers, nurses, and nutritionists at some of the Home Healthcare subsidiaries to raise awareness of the objectives of environmentally-friendly driving. They bring together issues of mobility, safety, ecology and economics.

(a) Extrapolated from the main countries of the Healthcare business line.

Water management

Fresh water used for human activities **represents less than 1%** of the water present on the earth. Its rational use is a subject of growing importance. According to the OECD [a], the worldwide demand for water should rise more than 50% by 2050. This increasing demand generates tensions both between countries for the control of supply sources and between activity sectors (agriculture, industry and domestic use). The water stress indicator, as defined by the World Business Council for Sustainable Development (WBCSD), locally measures the quantity of renewable water available in m^3 per person and per year. This data enables risk zones to be identified.

Among the 276 analyzed sites, 30 were located in a very high water stress zone (<500 m^3 per person per year), **which represents about 5% of the annual water supply of Air Liquide's industrial sites.** More generally, about 100 of the 276 main industrial sites analyzed are located in a high or moderate water stress zones [b] [c].

In 2013, Air Liquide used 67.5 million m^3 of water broken down as follows:

- 60% by air separation units for cooling air after compression. 70% of this water is evaporated and 30% is treated on-site or by treatment plants in neighboring municipalities;
- 40% in other industrial processes such as hydrogen production units and cogeneration units. About 80% of the water used by these units is supplied then consumed in the form of steam by Air Liquide's customers.

With regard to air separation units, there are several types of cooling systems. More than 80% of these units have semi-open recirculating systems which require back-up water. More than 10% of units have open systems. In such cases, water comes from natural resources or third-party industrial circuits. It is discharged back into the original source, without causing pollution or changing the water's physical-chemical characteristics. Lastly, some 5% of these units have closed systems that consume no water.

Air Liquide assumes its responsibility as an industrialist, **working on reducing the volumes used**. Several notable **action plans** have been implemented recently in the world in the Group's different activities:

- in São Paolo, Brazil, a city wastewater recovery and treatment system has been set up in partnership with 10 other local chemical companies to use this water in industrial processes and in this way totally replace the supply of water from rivers;
- in Tunisia, work carried out on two air separation units improved the quality of the water discharged from the cooling towers and reduced the annual amount of water supplied by 21%;
- in South Africa, a recovery system for water used to cool acetylene cylinders during their filling reduced consumption at two production sites from 4,000 liters an hour to 4,000 liters a week, a saving of about 30,000 m^3 per year.

These examples are disseminated via the Air Liquide internal information networks to help all the subsidiaries make progress in this area.

(a) Organization for Economic Co-operation and Development.

(b) A zone is considered in a moderate water stress situation when this volume of renewable water is between 1,000 and 1,700 m^3 per person and per year, and in a high water stress situation when this volume is below 1,000 m^3.

(c) Study conducted by using the Global Water Tool developed by the World Business Council for Sustainable Development (WBCSD).

Environmental incidents and consideration of risks related to climate change

Environmental incidents are reported by the Group's subsidiaries worldwide. A benchmark procedure from Air Liquide's BLUEBOOK, available to all Group employees, is part of Air Liquide's Industrial Management System (IMS) and defines environmental incidents based on three levels of severity. All incidents reported at Group level are subject to a systematic, in-depth analysis, depending on the nature of the incident, so that prevention measures can be stepped up. Environmental risks related to industrial processes and risks related to climate change are presented in the Risk factors section of the Reference document.

Climatic risks are reviewed at both Group and site level:

- Air Liquide continuously monitors risks associated with changes in legislation, particularly concerning the European Trading Scheme and other CO_2 quota trading systems existing or under development around the world, in order to assess the impact of any regulatory changes on the Group's activities;
- weather-related and climatic disasters, water stress and the increased frequency of cyclones constitute a risk that could disrupt the smooth running of operations. Preventive measures targeting extreme weather-related phenomena exist at the main sites located in high-risk areas.

Most of the time, **environmental incidents** in the industrial and medical gases business have a very low impact on the environment compared to the traditional chemicals industry. For example, in air gas production, any possible leak of these gases presents absolutely no danger for the atmosphere. Likewise, the water used in Air Liquide's processes is primarily used in cooling and steam production. The risk of possible pollution of the water used is therefore reduced.

In 2013, there were a total of seven environmental incidents in the Group, mainly involving air gases and oil leaks.

The amount of financial provision and guarantees earmarked for environmental risks is 13 million euros.

Waste and by-products

Although the quantity of waste and by-products produced by the Group's industrial and medical gases business is small, Air Liquide nonetheless wanted to publish estimated figures in this regard to ensure thorough reporting. The main waste and by-products produced by the Group's production units are lime from the acetylene production units (by-product), metal waste, oils, paints and solvents. The average recycling ratio of waste [(a)] is over 90%.

WASTE AND BY-PRODUCTS	2009	2010	2011	2012	2013
Waste and by-products that are not dangerous					
■ Annual quantity of lime produced (extracted dry equivalent) by the acetylene production units *(in tons)*	39,400	36,900	36,800	30,400	32,500
% recycled	>90%	>90%	>90%	>80%	>80%
■ Metal waste *(in tons)* [(b)]	6,000	9,200	8,200	9,200	9,800
% recycled	99%	>99%	>99%	>99%	>99%
■ Oils *(in tons)*	600	750	750	825	800
% recycled	89%	90%	84%	91%	88% [(c)]
TOTAL NON-DANGEROUS WASTE AND BY-PRODUCTS *(estimate in tons)*	**46,000**	**46,850**	**45,750**	**40,525**	**43,100**
Dangerous waste					
■ Paints and solvents *(in tons)*	200	200	150	101	150
% recycled	30%	45%	54%	43%	63% [(d)]
TOTAL WASTE AND BY-PRODUCTS *(estimate in tons)*	**46,200**	**47,050**	**45,900**	**40,626**	**43,250**

(a) Calculation is based on the weight of the waste.
(b) Metal waste that is not dangerous.
(c) In addition, 12% is incinerated.
(d) In addition, 27% is incinerated.

Secondary environmental indicators

In addition to the main environmental indicators, there are other environmental indicators for the Group that are of lesser importance and relevance for Air Liquide's business. Among them, and out of concern for transparency and exhaustiveness in reporting, Air Liquide presents below the summary table of emissions into the atmosphere of nitrogen oxide (NOx), sulfur oxide (SOx), Volatile Organic Compounds (VOC) as well as discharge to water of oxidizable matter and suspended solids.

	2009	2010	2011	2012	2013
Air emissions: NOx (nitrogen oxide) *(in tons)*	3,910	3,500	3,710	3,940	4,400
Air emissions: SOx (sulfur oxide) *(in tons)*	<300	<300	<300	<300	<250
Total volatile organic compounds (VOC) emitted into the atmosphere *(estimate, in tons)*	300	330	320	124	110
Total discharge to water: oxidizable matter *(in tons)*	<1,400	<1,600	<1,700	<1,700	<1,000
Total discharge to water: suspended solids *(in tons)*	<1,400	<1,400	<1,500	<1,500	<750

"Carbon content" of Air Liquide's main products

Taking into account the characteristics of electricity supplied to Air Liquide, the Group has built a model [a] calculating the "carbon content" of its main products in certain countries where the Group is located [b]. These figures include both direct and indirect [c] emissions, those connected to production, cylinder filling and also transportation. These data are increasingly requested by the Group's customers to integrate the carbon content of industrial gases into the global life-cycle analysis of their products.

"Carbon content" of Air Liquide's main products in 2013 (gCO_2/Nm^3 [a])

		France	Germany	Italy	Spain	Sweden	United States	Canada	Japan	China
Oxygen	Oxygen in pipelines [b]	55	294	241	231	15	370	125	321	445
	Liquid oxygen	122	522	445	423	61	659	244	585	779
	Oxygen in cylinders [c]	539	998	809	832	314	1,052	630	1,247	1,091
Nitrogen	Oxygen in pipelines [b]	18	97	80	76	5	122	41	106	147
	Liquid nitrogen	88	343	298	282	52	433	168	389	507
	Nitrogen in cylinders [c]	504	800	654	684	304	814	549	1,041	806
Argon	Argon in cylinders [c]	620	1,421	1,165	1,173	336	1,597	815	1,720	1,748
CO_2	Liquid CO_2 [d]	52	118	121	103	29	130	61	[e]	[e]

(a) $Nm^3 = m^3$ of gas at atmospheric pressure at 0°C.

(b) At 40 bar, pressure standard for these pipelines.

(c) At 200 bar, pressure standard for cylinders.

(d) Exceptionally, the data on liquid CO_2 are expressed in gCO_2/kg.

(e) Product not distributed by Air Liquide in this country.

The average carbon content of **the hydrogen supplied by the Group's units in Europe** was **768 gCO_2/Nm^3**. In an aim to simplify, this calculation was made solely on the units producing hydrogen but not carbon monoxide (CO) or syngas, and the CO_2 emissions related to the steam production of these units were deducted by considering a factor of 176 tCO_2/kt of steam.

(a) The methodology and calculations for the model of these figures were validated in 2008 by Ecofys, a consulting firm specialized in sustainable development. These calculations take into account in each country the different energy sources used to produce electricity (source: International Energy Agency).

(b) These nine countries represent about 80% of the Group's Gas revenue.

(c) Concerns the CO_2 emissions from electricity production consumed by Air Liquide.

Biodiversity

As for biodiversity, the impact of Air Liquide's activities is limited because the Group's production units are generally located on small sites in industrial zones.

Nevertheless, Air Liquide supports the preservation of biodiversity through its Foundation, which finances biodiversity projects throughout the world.

In recent years, the Foundation has supported the following projects:

- the WWF France association project to set up a pilot site of the REDD [(a)] program in Sumatra's Tesso Nilo Park in Indonesia. The aim is to **reduce deforestation** in the park and thus decrease CO_2 emissions into the atmosphere;
- the CNRS project [(b)] in French Guiana, which is conducting a study on **chemical diversity in this area of the Amazon,** to develop natural insecticides;
- the French Institute of Research for Development (IRD) project, which studies the **ability of mangroves to limit CO_2 emissions** in New Caledonia and in Vietnam (see details in the Corporate Philanthropy and Air Liquide Foundation section).

DETAILS ON INDICATORS FOR EACH OF THE 10 UNIT TYPES

1. Air separation units

Worldwide, **307 large air separation units** were included in the Group's sustainable development reporting. These units produce oxygen, nitrogen and argon, with some sites producing rare gases like krypton and xenon.

These **factories "without chimneys"** do not use any combustion processes. **Since they discharge almost no CO_2**, sulfur oxide (SOx) or nitrogen oxide (NOx), **they are particularly environmentally friendly.** They use almost exclusively electrical energy: worldwide, they use about **3,000 MW** each instant, the equivalent of the production of two nuclear power plant units. Their cooling systems require back-up water.

AIR SEPARATION UNITS	2009	2010	2011	2012	2013
Number of production units	265	287	298	309	307
Annual electricity consumption *(in GWh)* [(a)]	20,141	23,774	25,398	26,203	26,932
Evolution of energy consumption per m^3 of gas produced [(b) (c)]	**103.3**	**99.0**	**99.0**	**98.8**	**99.0***
Total indirect GHG emissions *(in thousands of tons of CO_2)* [(d)]	5,955	7,605	8,637	9,057	8,792
Annual water consumption *(in millions of m^3)* [(e)]	33.2	36.7	37.7	37.9	38.5
Back-up water per m^3 of gas produced [(c)]	**104.1**	**102**	**97.2**	**96.8**	**95.5**

(a) Also including small volumes of purchased steam.

(b) Gases produced (oxygen, nitrogen, argon) calculated in m^3 of equivalent gaseous oxygen.

(c) Calculated from base 100 in 2007.

(d) In 2013, the Group redefined the calculation method for indirect emissions to take account of all the electricity produced by its cogeneration units.

(e) Excluding the energy consumption of units with an open and closed cycle water cooling system.

** Indicator verified by the Statutory Auditors.*

(a) The United Nations REDD (Reducing Emissions from Deforestation and Forest Degradation) program aims at encouraging the protection *of forests through financial incentives offered to developing economies that reduce their greenhouse gas emissions from wooded areas and invest in carbon emission reduction projects.*

(b) National Center for Scientific Research (France).

2. Hydrogen and carbon monoxide units

Worldwide, **42 large hydrogen and carbon monoxide units** were included in the Group's sustainable development reporting. These units also produce steam for certain customers. They primarily use natural gas as a raw material and certain amounts of water required for the reaction that produces hydrogen. Carbon monoxide is an indispensable raw material in the chemical industry for producing plastic materials. The **desulfurization of hydrocarbons** to produce sulfur-free fuels is one of the main applications for hydrogen. These units emit CO_2 and nitrogen oxides (NOx) but produce practically no sulfur oxide (SOx). They also consume electricity and their cooling systems require back-up water.

In 2013, the hydrogen Air Liquide supplied to refineries throughout the world resulted in **avoiding about 960,000 tons of sulfur oxide emissions being discharged into the atmosphere,** which is close to four times of all the sulfur oxide emissions from a country like France and a significant improvement compared to the 810,000 tons of sulfur oxide emissions avoided in 2012.

HYDROGEN AND CARBON MONOXIDE UNITS	2009	2010	2011	2012	2013
Number of production units	36	39	41	43	42
Annual thermal energy consumption *(in LHV terajoules)* (a)	95,306	119,205	128,075	146,525	146,689
Annual electricity consumption *(in GWh)*	478	620	700	823	871
Evolution of energy consumption per m³ of hydrogen produced (b) (c)	**98.7**	**98.3**	**98.5**	**98.4**	**97.9***
Air emissions: CO_2 *(in thousands of tons)*	3,923	4,875	5,202	6,067	6,455
Annual process and back-up water supply *(in millions of m³)*	10.2	13	11.8	13.1	13.2
Air emissions: NOx (nitrogen oxide) *(in tons)*	750	850	800	870	950
Air emissions: SOx (sulfur oxide) *(in tons)*	<250	<250	<250	<250	<250

(a) LHV: Lower Heat Value, which includes the fact that energy from water vaporizing in fuel is not recovered.
(b) Hydrogen and carbon monoxide.
(c) Calculated from base 100 in 2007.
** Indicator verified by the Statutory Auditors.*

3. Cogeneration units

Worldwide, **17 cogeneration units** were included in the Group's sustainable development reporting. These units produce steam and electricity simultaneously. They consume natural gas and water, most of which is converted into steam for customers. The steam can be condensed by these customers and then reused in the cogeneration unit. In most cases, the electricity produced is supplied to the local electricity distribution network, in some countries this can be used to power the Group's other units.

Combustion of natural gas produces CO_2 and leads to nitrogen oxide (NOx) emissions, but practically no sulfur oxide (SOx) emissions.

The cogeneration units are more energy efficient concerning CO_2 emissions than separate production units for electricity and steam. They therefore help reduce CO_2 emissions in the industrial basins they supply. In 2013, **the Group's cogeneration units avoided 881,000 tons of CO_2 emissions** being discharged into the atmosphere, so they were about 15% more efficient than the separate production of electricity and steam.

COGENERATION UNITS	2009	2010	2011	2012	2013
Number of production units worldwide	18	17	17	17	17
Annual natural gas consumption (or thermal energy) *(in LHV terajoules)* (a)	87,642	84,763	84,654	82,308	85,175
Annual amount of CO_2 emissions into the atmosphere prevented (b) *(in thousands of tons)*	**-761**	**-804**	**-981**	**-919**	**-881**
Air emissions: CO_2 *(in thousands of tons)*	4,917	4,755	4,749	4,617	4,778
Annual water consumption *(in millions of m³)*	13.5	13.1	14.6	12.8	13.2
Air emissions: NOx (nitrogen oxide) *(in tons)*	3,160	2,650	2,910	3,070	3,450
Air emissions: SOx (sulfur oxide) *(in tons)*	<50	<50	<50	<50	<50

(a) LHV: Lower Heat Value, which includes the fact that energy from water vaporizing in fuel is not recovered.
(b) Calculation takes into account the primary energy source that each country uses to produce electricity (source: International Energy Agency).

4. Acetylene units

Worldwide, **54 acetylene production units** were included in the Group's sustainable development reporting since acetylene is a gas used primarily in metal welding and cutting. A total of 51 of these units produce this gas by using water to decompose solid matter, calcium carbide.

Two units fill cylinders with this gas, which is supplied by another industrial company. This process produces lime, which is generally recycled (at over 90%) in industrial and agricultural applications (see paragraph on waste and by-products).

ACETYLENE UNITS	2009	2010	2011	2012	2013
Annual electricity consumption *(in GWh)*	10	10	11	11	11
Annual water consumption *(in millions of m³)*	0.3	0.3	0.2	0.2	0.2
Annual calcium carbide consumption *(in thousands of tons)*	34	32	31	28	28
Estimate of emissions of volatile organic compounds (VOC) into the air *(in tons)* [a]	150	140	130	120	110

(a) Losses of acetylene and acetone into the atmosphere.

5. Nitrous oxide units

Worldwide, **seven acetylene nitrous oxide production units** were included in the Group's sustainable development reporting. Nitrous oxide is used primarily as an anesthetic gas in the healthcare sector and as a sweetening agent in the food industry. It is produced from ammonium nitrate in solid form or as a solution in water.

NITROUS OXIDE UNITS	2009	2010	2011	2012	2013
Annual electricity consumption *(in GWh)*	5	6	6	6	6
Annual water consumption *(in millions of m³)*	0.1	0.1	0.1	0.1	0.1
Annual ammonium nitrate consumption *(in thousands of tons)*	19	21	21	22	21
Emissions of nitrous oxide into the air *(in tons)*	410	430	340	160	230 [a]

(a) Which corresponds to the equivalent of 68,540 tons of CO_2.

6. Carbon dioxide liquefaction and purification units

Worldwide, **62 carbon dioxide liquefaction and purification units** were included in the Group's sustainable development reporting. Carbon dioxide has many industrial applications but is used mainly in the food industry to deep-freeze foods or to produce carbonated beverages.

Carbon dioxide is most often a by-product of chemical units operated by other manufacturers. In some cases, it is found naturally in underground deposits, while in others it comes from the Group's hydrogen and carbon monoxide units. It is purified and liquefied in Air Liquide units, which consume electricity and cooling water. In this way, carbon dioxide is reused for other industrial applications instead of being directly emitted into the atmosphere.

CARBON DIOXIDE LIQUEFACTION AND PURIFICATION UNITS	2009	2010	2011	2012	2013
Annual electricity consumption *(in GWh)*	411	420	450	450	400
Annual water consumption *(in millions of m³)*	1.7	1.8	1.8	1.4	1.4

7. Hygiene and Specialty Ingredients units

Production units for the Hygiene and Specialty Ingredients activity are located at **four sites** in France, Germany and China and belong to the subsidiaries Schülke (hygiene business line) and Seppic (specialty ingredients business line). Air Liquide experts work closely with hospitals to help them reduce the risk of nosocomial infection and contamination through the products the Group has developed. Following the sale in 2013 of the subsidiary Anios, environmental indicators were generally down compared to 2012, particularly volatile organic compound emissions.

These units consume natural gas, electricity and water. Combustion of natural gas produces small amounts of CO_2.

HYGIENE AND SPECIALTY INGREDIENTS ACTIVITY UNITS	2009	2010	2011	2012	2013
Annual electricity consumption *(in GWh)*	21	22	24	19	15
Annual thermal energy consumption *(in LHV terajoules)* (a) (b)	234	272	266	145	200
Air emissions: CO_2 *(in thousands of tons)*	9	10	10	8	8
Estimate of emissions of volatile organic compounds (VOC) into the air *(in tons)*	150	190	190	4	0
Annual water consumption *(in millions of m³)*	0.4	0.5	0.5	0.3	0.3
Total discharge to water: oxidizable matter *(in tons)*	<800	<1,000	<1,000	<1,000	<200
Total discharge to water: suspended solids *(in tons)*	<100	<100	<100	<50	<50

(a) Including thermal energy corresponding to steam purchases.

(b) LHV: Lower Heat Value, which includes the fact that energy from water vaporizing in fuel is not recovered.

8. Engineering & Construction units

Units for the **Engineering & Construction activity** taken into account in this reporting are located at **five sites,** in France, China, Japan and India. They are mainly units for the construction of air separation columns and cryogenic tanks.

Lurgi, a Group subsidiary, has enabled the Group to have a portfolio of engineering technologies, in particular in production processes for hydrogen and syngas, biofuels (bioethanol, biodiesel) and methanol. In addition, Lurgi is one of the world leaders in sulfur recovery processes.

UNITS FOR THE ENGINEERING & CONSTRUCTION BUSINESS LINE	2009	2010	2011	2012	2013
Annual electricity consumption *(in GWh)*	11	11	10	8	8
Annual water consumption *(in millions of m³)*	0.1	0.1	0.1	0.1	0.1
Annual consumption of raw materials *(in thousands of tons)* (a)	4.5	4.5	4	4.6	3.7

(a) Mainly metals.

9. Welding units

Units for the Welding activity are mainly located on **13 sites** in the world.

They are welding equipment assembly (electric welding units, torches, regulators) or welding consumables (electrodes, solid and flux-cored welding wire) production units.

UNITS FOR THE WELDING ACTIVITY	2009	2010	2011	2012	2013
Annual electricity consumption *(in GWh)*	49	52	54	49	52
Annual thermal energy consumption *(in LHV terajoules)* (a)	166	160	177	165	167
Air emissions: CO_2 *(in thousands of tons)*	9	9	10	9	9
Annual water consumption *(in millions of m³)*	0.4	0.5	0.4	0.5	0.6
Annual consumption of raw materials *(in thousands of tons)* (b)	116	130	136	127	123

(a) LHV: Lower Heat Value, which includes the fact that energy from water vaporizing in fuel is not recovered.

(b) Metals and materials for the production of welding products.

10. Principal Research & Development sites and Technical Centers

The **principal Research & Development sites and Technical Centers** are located at **six** [(a)] **sites** in France, Germany, the United States, and Japan. Although these sites' environmental impact is very low compared to other Group entities, it was nevertheless decided to present their environmental impact.

Over **60% of the Research & Development budget** is directly earmarked for the **protection of life** and **environmental issues** (saving energy, cleaner production, developing energies of the future, etc.).

RESEARCH & DEVELOPMENT SITES AND TECHNICAL CENTERS	2009	2010	2011	2012	2013
Annual electricity consumption *(in GWh)*	13	9	8	9	10
Annual thermal energy consumption *(in LHV terajoules)* [(a)]	33	34	26	34	39
Air emissions: CO_2 *(in thousands of tons)*	2	2	2	2	2
Annual water consumption *(in millions of m^3)*	0.02	0.01	0.01	<0.01	<0.01

(a) LHV: Lower Heat Value, which includes the fact that energy from water vaporizing in fuel is not recovered.

PRODUCT STEWARDSHIP

Air Liquide has set up procedures aimed at decreasing its products' impact on the environment, health and safety, in particular for substances like oxygen, hydrogen and the gases used in Electronics. Product stewardship is concretely carried out by:

- the identification of physical and chemical, toxicological or ecological dangers related to certain products;
- the evaluation of risks during different phases of production, transportation and storage from raw materials to finished products;
- the implementation of systems guaranteeing customers' and patients' safety during the handling of products and their incorporation into the customers' industrial processes.

European REACH regulation

REACH (Registration, Evaluation, Authorization and Restriction of Chemicals) is a European Union regulation (therefore directly applicable in the Union's member states) that governs the registration, evaluation and authorization of chemical products produced in or imported to the European Union. Any chemical substance imported to or manufactured in Europe of over one ton a year must be registered with the European agency ECHA. Each manufacturer or importer must have its own registration. The rule is part of the responsible product management approach developed by the chemicals industry.

The European REACH regulation went into effect on June 1, 2007 and registration and authorization procedures were spread over about 12 years for products already on the market.

Air Liquide's main products such as oxygen, nitrogen, rare gases, CO_2, hydrogen and helium are excluded from the scope of REACH. Until now, four products (carbon monoxide, acetylene, methanol [(b)] and lime [(c)]) have been registered in compliance with the schedule established by this regulation. Nitrous oxide and a few specialty gases in the Electronics business such as nitrogen trifluoride and silane were registered on June 1, 2013 for annual quantities between 100 and 999 tons.

In addition, certain products in the Healthcare Specialty Ingredients business line fall under the REACH regulation, including many Seppic products stemming from plant-based raw materials. Depending on the annual tonnage manufactured, Seppic has already registered its main products and will register all products concerned by June 30, 2018 at the latest, in compliance with the REACH regulation.

Air Liquide must also make sure that the raw materials it uses are in compliance with the REACH regulation.

In 2013, gas sales affected by REACH represented less than 3% of the Group's revenue.

Principal European directives and regulations applicable to Air Liquide in the environmental field

Seveso 2 directive

This European directive focuses on preventing major industrial risks. It applies to any facility where dangerous substances exceed certain quantities. These facilities are divided into two categories according to this quantity: Seveso 2 "high threshold" and "low threshold". In Europe, 89 "low threshold" and 25 "high threshold" Air Liquide sites are affected, mainly because of their stocks of oxygen.

Seveso regulations apply only in Europe but if the Seveso "high threshold" criteria were to be applied worldwide, 23 other Group sites would be affected.

(a) Excluding the Research Centers of the Hygiene and Specialty Ingredients business line, which are included in paragraph 7.
(b) Methanol is the raw material used to produce hydrogen in one of the Group's units.
(c) Lime is a by-product of the Acetylene business (see paragraph on acetylene units).

CO_2 emission quotas

The goal of the European directive ETS (Emission Trading Scheme), which establishes a quota system for greenhouse gas emissions in the European Union, is to decrease these emissions in compliance with the Kyoto Protocol and 2007 EU targets on climate change. Implementation for CO_2 in the industrial sector began on January 1, 2005. The first phase (2005-2007) only affected five cogeneration sites and two hydrogen production sites. Air Liquide's quotas for this period (about 1.2 million tons of CO_2 per year) covered the emissions recorded.

For the second period (2008 to 2012), the directive concerned seven cogeneration sites in France, Germany, the Netherlands and Spain and a single hydrogen production site in Belgium. Air Liquide's quotas (about 3.3 million tons of CO_2 per year) covered the emissions anticipated [a].

The third period (2013-2020), defined during the revision of the ETS Directive, voted by the European Council in December 2008, broadened the scope of industrial facilities subject to the ETS. For Air Liquide, the application of this directive's measures adds the Group's large hydrogen product sites in Europe to the sites already affected.

Concerning hydrogen production units, the CO_2 emission quotas are mostly allocated for free. Only the emissions that exceed a ceiling calculated on the basis of the most efficient European facilities must be purchased.

Since January 1, 2013, Air Liquide has bought CO_2 quotas from the market or its customers for emissions from hydrogen production sites not covered by the free allocations as well as for all the emissions from the cogeneration sites.

In California, the AB32 (Assembly Bill 32) directive establishes a CO_2 quota system for manufacturers, with the obligation to comply with a cap-and-trade program effective January 2013, and sets emission reduction objectives of 2% per year until 2020. The volume of allocated quotas will be reduced by half as of 2018. This new regulation concerns two hydrogen production sites in this state. A similar system is in place in Canada. In addition, Australia and the European Union want to make their quota systems compatible by 2018.

Regulation governing greenhouse gas emissions in France

Article 75 of the French law of July 12, 2010, known as **"Grenelle 2"** made it mandatory for companies with at least 500 employees to **produce an assessment of their greenhouse gas emissions.** This assessment for the French authorities was published at the end of 2012 and involved emissions in 2011. An action plan explaining the measures planned to reduce these emissions was also included in this assessment. **Seven French subsidiaries were affected:** Air Liquide France Industrie, L'Air Liquide S.A., Air Liquide Engineering, Seppic, Air Liquide Welding France, Pharmadom/Orkyn and Vitalaire. The assessment takes into account all the direct and indirect emissions related to each subsidiary's activity, including emissions at service sites. Electricity, natural gas and other energies used for heating buildings and lighting are also counted in the assessment in the same way as all the production-related emissions. The seven subsidiaries concerned emitted 1.6 million tons of CO_2 eq. in one year.

(a) The amount of the allocated quotas is calculated following the same consolidation rules as the environment and energy indicator reporting.

A specific example of responsible product management: the Specialty Ingredients business line

A subsidiary of the Air Liquide Group, within the Healthcare business line, Seppic develops and markets a wide range of **healthcare specialty ingredients** – excipients and active ingredients – intended for the personal care, pharmaceutical and vaccine markets. These ingredients are increasingly being manufactured directly from plant-based raw materials. Seppic's strategy is based on "green" innovation and the constant concern for minimizing its businesses' environmental impact. To meet these goals, Seppic has created innovated tools: eco-design, product life-cycle analysis (LCA) and the global Carbon Assessment.

- **Eco-design** is an analytical method for creating new products with a low impact on the environment during their entire life cycle, but also for improving the manufacturing of existing products. The method Seppic has chosen consists in evaluating projects using a grid of 12 environmental criteria based on "green chemistry" principles like the use of plant-based raw materials, solvent-free processes and the reduction of energy consumption. Eco-design enables safer production for both the user and the environment.
- In 2012, Seppic carried out, for the first time, a **life-cycle analysis** of an entirely bio-sourced emulsifier [(a)] used in cosmetics and pharmaceuticals. This methodology, certified by the international standard ISO14044 specific to the LCA methodology, consists of a detailed analysis of a product's environmental impacts from raw material extraction to its end use by the consumer. The life-cycle analysis goes beyond the greenhouse gas emissions assessment because it takes other environmental impacts into account like the consumption or acidification of water resources that can be involved during certain product treatment stages. This first study conducted in 2012 on a product range attests to Seppic's desire to develop expertise in this area. LCAs will be gradually performed on other Seppic product ranges.
- Last year, Seppic also carried out a **global Carbon Assessment** of all of its operations (R&D, production, delivery, subsidiaries and head office), from obtaining raw materials to making products available to customers worldwide. This assessment is now used as the basis of a **long-term plan to further reduce greenhouse gas emissions.**
- In 2013, Seppic was chosen as the **pilot company to trial the Greenhouse Gas Management System** (GHG-MS) launched by the *Association Bilan Carbone* [(b)]. The GHG-MS is a solution that allows public- and private-sector organizations, regardless of their area of business, to include greenhouse gas management in their overall strategy, so that any action undertaken to reduce carbon emissions is managed effectively and on an operational basis. This solution is an international benchmark, and the tools are developed on the basis of key principles for continuous improvement and compatibility with other ISO management systems and regulatory frameworks.
- Seppic was also awarded the **Pierre Potier Prize in 2013 for its innovative Simulsol®SL7.** This annual award recognizes the top sustainable development innovations in the chemical industry. Simulsol®SL7 is a "hydrotrope", which means it makes certain compounds soluble in water-based solutions. Hydrotropes are needed to formulate many skincare, hygiene and detergent applications. Seppic's **product is innovative because its source is entirely plant-based and its manufacturing process adheres to green chemistry principles.** It also complies with the chemical industry's sustainable development principles. It contains no solvents and is quickly biodegradable.

Quality, safety and the environment are a constant focus of the management of Seppic's industrial sites, which are fully certified by ISO 9001, ISO 14001 and OHSAS 18001 [(c)] international standards.

(a) Molecule that stabilizes an emulsion between an aqueous phase and a phase composed of lipids.

(b) The Association Bilan Carbone (ABC) has functioned as the supporting structure of the Bilan Carbone® since October 2011, and brings together stakeholders in the public and private sector in France and internationally. The ABC and its partners work to develop and promote operational and methodological solutions that provide for a reduction of greenhouse gas emissions to support the transition toward a low carbon society.

(c) International standards with regard to the management of quality (ISO 9001), environment (ISO 14001) and safety (OHSAS 18001).

RAISING EMPLOYEE AWARENESS OF SUSTAINABLE DEVELOPMENT

Many initiatives are created at Air Liquide to raise employee awareness on sustainable development issues and encourage employees to promote them in their daily activities. The "Better and Cleaner" initiative, the "Car-free Day" and the "World Water Day" are a few examples.

The "Better and Cleaner" initiative, launched in France at the end of 2009 and expanded to all of the Group's R&D sites, continued in 2013. The program's goal is to educate Group employees about their environmental impact by making them focus on a common project aimed at reducing greenhouse gas emissions. These initiatives decrease the carbon footprint of each entity, while finding the best environmental practices developed by researchers worldwide. The best overall performances and local initiatives that are remarkable because of their contribution to a decrease in environmental impact, sustainable development or social benefits are rewarded.

In addition, on **"World Car-free Day",** each year on September 22, the Group rolls out an awareness campaign on the environmental impact of road transportation and highlights alternative means of transportation such as carpooling. Many initiatives, in over 40 countries, show the employees' increasingly greater commitment to a more responsible approach in this area.

Each year on March 22, the **"World Water Day"** is also an occasion to raise awareness among Air Liquide employees of careful and moderate use of this resource through a communication campaign within the Group and many local initiatives.

> REPORTING METHODOLOGY

Protocol and definitions

In the absence of a relevant and recognized protocol for industrial gas operations, Air Liquide has created its own protocol to define its reporting methods for human resources, safety and environmental indicators. This protocol includes all the definitions, measurement procedures and collection methods for this information. In line with the Group's commitment to continuous improvement, Air Liquide is gradually making adjustments to its sustainable development indicators protocol to reflect changes in the Group.

This protocol is based on the general principles defined by the Group with regard to scope, responsibilities, controls and limits, and establishes definitions, the departmental responsibilities, tools and data-tracing methods for each indicator. This document is regularly updated. Moreover, this protocol takes into account all the Group's formalized procedures in the framework of the IMS (Industrial Management System).

Scope and consolidation methods

Human resources and environmental indicators are consolidated worldwide for all companies globally and proportionally integrated within the financial consolidation scope pro rata according to the integration percentage.

Safety indicators are consolidated worldwide for all companies in which Air Liquide has operational control or is responsible for safety management.

Apart from these general rules, there are certain specific ones:

- information on the impact of transportation (kilometers traveled by delivery trucks, CO_2 emitted) is calculated on the basis of data collected in the main countries where the Group is established around the world;
- information on kilometers saved and CO_2 emissions avoided through on-site air gas production units pertains to fully consolidated subsidiaries;
- environmental and energy indicators for the main types of production units operated by the Group cover about 99% of the Group's revenue in Gas & Services, and 98% of the Group's total revenue;
- for environmental and energy indicators, production units are included in the reporting system from the effective date of their industrial commissioning;
- electricity consumption, and the indirect CO_2 emissions related to it, are only taken into account when Air Liquide pays for this electricity. Energy consumption of on-site units, as well as water consumption specific to the sale of treated water (which is not part of the Group's core business) are excluded from the consolidation scope of the data. When the Group has cogeneration units in a country where ASUs are available, the indirect emissions from the electricity of these units is not taken into account;
- the segmentation between advanced economies and developing economies for direct and indirect greenhouse gas emissions is established by the Finance Division.

Reporting and responsibilities

The human resources, safety and environmental indicators are produced by several data-collection systems in the Group, each under the responsibility of a specific department:

- human resources indicators included in the Group's general accounting consolidation tool are under the responsibility of the Human Resources Department;
- the energy consumption and CO_2 emissions indicators for the main air separation units, and cogeneration, hydrogen and carbon monoxide units are tracked by the Large Industries business line using a dedicated Intranet tool;

- as a complement, the collection of environmental and safety data is carried out by the Safety and Industrial Management System Department using a dedicated Intranet tool, and includes accident reporting:
  - for all units, the data of the Group's accident reporting,
  - for the units of the Large Industries business line, other environmental indicators (atmospheric emissions, water consumption, discharge to water, etc.),
  - for the smaller units (acetylene, nitrous oxide, carbon dioxide units and Hygiene and Specialty Ingredients business), the Welding business units and the Engineering & Construction business units, the Research & Development sites and the Technical Centers, and all indicators (energy use, atmospheric emissions, water consumption, discharge to water, etc.);
- indicators on Industrial Merchant transportation are the responsibility of this business line;
- indicators on the transportation of Medical Gases and Home Healthcare are the responsibility of the Healthcare business line;
- the estimate of the percentage of the Group's revenue with respect to the implementation of the Industrial Management System (IMS), ISO9001, ISO14001 and OHSAS18001 are indicators under the responsibility of the Safety and Industrial System Department;
- indicators for the "carbon content" of the Group's main products are established by the Industrial Merchant business line from energy and transportation indicators. The carbon content of hydrogen is calculated by the Large Industries business line;
- among the subjects covered by the French "Grenelle 2" law, ground plans and the consideration of noise pollution are not relevant for the industrial gases business given the size of the Group's sites and the noise levels generated. They are therefore not mentioned in this report.

Controls

Each department in charge of collecting data is responsible for the indicators provided. Control occurs at the time of consolidation (review of changes, inter-entity comparisons).

Safety and energy indicators are tracked monthly. In addition, audits of environmental data are carried out by the Safety and Industrial System Department on a sample of sites representative of the various types of units monitored. Where the data reported are inconsistent or missing, an estimated value may be used by default.

Methodological limits

The methodologies used for certain human resources, safety and environmental indicators can have certain limits:

- the absence of nationally or internationally recognized definitions, in particular for indicators on managers and professionals and social performance indicators;
- the representativeness of the measurements taken and required estimates. This is particularly the case for indicators regarding CO_2 emissions avoided, water consumption, kilometers avoided per on-site unit and training.

> STATUTORY AUDITORS' REPORT

Report of the statutory auditors, designated independent verifiers, on the consolidated social, environmental and societal information presented in the management report

This is a free translation into English of the original report issued in the French language and it is provided solely for the convenience of English-speaking users. This report should be read in conjunction with, and construed in accordance with, French law and professional standards applicable in France.

To the Shareholders,

In our quality as statutory auditors of L'Air Liquide designated independent verifiers, of which the admissibility of the application for accreditation has been accepted by the COFRAC, under the numbers 3-1067 and 3-1058, we present our report on the consolidated social, environmental and societal information established for the year ended December 31, 2013, presented in the chapter "2013 Sustainable Development Report"[(a)] of the management report, hereafter referred to as the "CSR Information," pursuant to the provisions of article L. 225-102-1 of the French Commercial Code (Code de commerce).

RESPONSIBILITY OF THE COMPANY

It is the responsibility of the Board of Directors to establish a management report including CSR Information referred to in article R. 225-105-1 of the French Commercial Code (Code de commerce), in accordance with the protocols used by the company (hereafter referred to as the "Criteria"), and of which a summary is included in the chapter "Reporting methodology" of the management report and available on request.

INDEPENDENCE AND QUALITY CONTROL

Our independence is defined by regulatory requirements, the Code of Ethics of our profession as well as the provisions of article L. 822-11 of the French Commercial Code (Code de commerce). In addition, we have implemented a quality control system, including documented policies and procedures to ensure compliance with ethical standards, professional standards and applicable laws and regulations.

RESPONSIBILITY OF STATUTORY AUDITORS

It is our role, based on our work:

- to attest whether the required CSR Information is present in the management report or, in the case of its omission, that an appropriate explanation has been provided, in accordance with the third paragraph of article R. 225-105 of the French Commercial Code (Code de commerce) (Attestation of presence of CSR Information);
- to express a limited assurance conclusion, that the CSR Information, overall, is fairly presented, in all material aspects, in according with the Criteria (Limited assurance on CSR Information).

Our verification work was undertaken by a team of fifteen people between September 23, 2013 and March 4, 2014 for an estimated duration of twenty-two weeks.

We conducted the work described below in accordance with professional standards applicable in France and the Order of May 13, 2013 determining the conditions under which an independent third-party verifier conducts its mission, and in relation to the opinion of fairness, in accordance with the international standard ISAE 3000[(b)].

(a) Excluding the section "Instituting a relationship of trust with all shareholders".
(b) ISAE 3000 – Assurance engagements other than audits or reviews of historical information.

1. Attestation of presence of CSR Information

We obtained an understanding of the company's CSR issues, based on interviews with the management of relevant departments, a presentation of the company's strategy on sustainable development based on the social and environmental consequences linked to the activities of the company and its societal commitments, as well as, where appropriate, resulting actions or programs.

We have compared the CSR Information presented in the management report with the list as provided for in article R. 225-105-1 of the French Commercial Code (Code de commerce).

In the absence of certain consolidated information, we have verified that the explanations were provided in accordance with the provisions of article R. 225-105-1, paragraph 3, of the French Commercial Code (Code de commerce).

We verified that the CSR Information covers the consolidated perimeter, namely the entity and its subsidiaries, as aligned with the meaning of article L. 233-1 of the French Commercial Code (Code de commerce) and the entities which it controls, as aligned with the meaning of article L. 233-3 of the same Code, with the limitations specified in the Methodological Note in the section "Reporting methodology" of the chapter "2013 Sustainable Development Report".

Based on this work, and given the limitations mentioned above, we confirm the presence in the management report of the required CSR information.

2. Limited assurance on CSR Information

NATURE AND SCOPE OF THE WORK

We undertook about twenty interviews with people responsible for the preparation of the CSR Information in the business lines of Large Industries, Industrial Merchant and Healthcare, and the department of Sustainable Development, Purchasing, Communication, Safety and Industrial System and Human Resources in charge of the data collection process and, if applicable, the people responsible for internal control processes and risk management, in order to:

- assess the suitability of the Criteria for reporting, in relation to their relevance, completeness, reliability, neutrality, and understandability, taking into consideration, if relevant, industry standards;
- verify the implementation of the process for the collection, compilation, processing and control for completeness and consistency of the CSR Information and identify the procedures for internal control and risk management related to the preparation of the CSR Information.

We determined the nature and extent of our tests and inspections based on the nature and importance of the CSR Information, in relation to the characteristics of the Company, its social and environmental issues, its strategy in relation to sustainable development and industry best practices.

For the CSR Information which we deemed to be the most important[(a)]:

- At the level of the consolidating entity and business lines, we consulted documentary sources and conducted interviews to corroborate the qualitative information (organization, policies, actions, etc.), we implemented analytical procedures on the quantitative information and verified, on a test basis, the calculations and the compilation of the information, and also verified their coherence and consistency with the other information presented in the management report.
- At the level of the representative selection of entities and sites that we selected[(b)], based on their activity, their contribution to the consolidated indicators, their location and a risk analysis, we undertook interviews to verify the correct application of the procedures and undertook detailed tests on the basis of samples, consisting in verifying the calculations made and linking them with supporting documentation. The sample selected therefore represented on average 19% of the quantitative environmental information, and 18% of Group Employees.

(a) Environmental, Social and Societal information identified by an asterisk ("") in the "2013 Sustainable Development Report".*

(b) "Environmental" indicators: air gases network of Tianjin (China), units of air production of Himeji (Japan), Santa Cruz (Brazil), Siderar (Argentina), Fos Tonkin (France) and Fos Audience (France), hydrogen units of Caojing (China) and Rodeo (United States), cogeneration units of Scotford (Canada) and Bayport (United States) and the Industrial Merchant sites of Villaverde (Spain) and Dagang (China).

"Safety" indicators: Air Liquide France Industrie (France), Air Liquide España (Spain), Air Liquide Brazil (Brazil), Air Liquide Argentina (Argentina), Air Liquide Industrial US LP (United States), Air Liquide Canada (Canada), Japan Air Gas (Japan), Air Liquide China (China), Lurgi AG (consolidated level) and Orkyn (France).

"Social" indicators: SEPPIC (France), Orkyn (France), Air Liquide Tunisie (Tunisia), Lurgi AG (consolidation stage), Air Liquide Canada (Canada), Air Liquide China (China), Air Liquide France Industrie (France), Air Liquide Egypt (Egypt) and Air Liquide Iberia (Spain).

For the other consolidated CSR information, we assessed their consistency in relation to our knowledge of the company.

Finally, we assessed the relevance of the explanations provided, if appropriate, in the partial or total absence of certain information.

We consider that the sample methods and sizes of the samples that we considered by exercising our professional judgment allow us to express a limited assurance conclusion; an assurance of a higher level would have required more extensive verification work. Due to the necessary use of sampling techniques and other limitations inherent in the functioning of any information and internal control system, the risk of non-detection of a significant anomaly in the CSR Information cannot be entirely eliminated.

CONCLUSION

Based on our work, we have not identified any significant misstatement that causes us to believe that the CSR Information, taken together, has not been fairly presented, in compliance with the Criteria.

OBSERVATIONS

Without qualifying our conclusion above, we draw your attention to the following points:

- The worked hours data, used as the denominator in the calculation of the frequency rate of employee accidents, are not determined in a consistent manner regarding overtime and absences.
- The definitions of the quantitative indicators "number of employees having attended training during the year" and "number of annual performance appraisals completed" are open to interpretation and lead to a heterogeneous application by the different subsidiaries.

Paris-La Défense, March 4, 2014

The statutory auditors
French original signed by

Mazars		Ernst & Young et Autres	
Lionel Gotlib	Emmanuelle Rigaudias	Jean-Yves Jégourel	Éric Duvaud
	Sustainable Development expert		Sustainable Development expert

> APPENDIX

Link between Air Liquide's Sustainable Development indicators and the indicators of the Global Reporting Initiative (GRI) [(a)]

Air Liquide indicators	GRI indicators
Human Resources	
Group employees	LA1
Distribution of employees by geographic zone	LA1
Turnover of employees (leaving the Group)	LA2
% of retention rate of managers and professionals	LA2
% of women in the Group	LA13
% of women among managers and professionals	LA13
Average number of days of training per employee and per year	LA10
% of employees who have had a performance review meeting with their direct supervisor during the year	LA12
Diversity indicator (number of nationalities)	LA13
% of employees with benefits coverage through the Group	LA3
Safety	
Number of lost-time accidents of Group employees	LA7
Accident frequency of Group employees	LA7
Number of lost-time accidents of subcontractors and temporary workers	LA7
Energy and environment	
Total annual electricity consumption	EN3/EN4
Total annual thermal energy consumption	EN3/EN4
Evolution of energy consumption per m^3 of air gas produced (ASU)	EN6
Evolution of energy consumption per m^3 of hydrogen produced (HyCO)	EN6
Evolution of the distance traveled per ton of gas delivered	EN6
Total annual water consumption	EN8
Total direct greenhouse gas emissions	EN16
Total indirect greenhouse gas emissions	EN16
Total direct and indirect greenhouse gas emissions	EN16
Consumption of materials (calcium carbide, ammonium nitrate, raw materials for the Welding business)	EN1
Emissions into the atmosphere (NOx)	EN20
Emissions into the atmosphere (SOx)	EN20
Estimate of emissions into the atmosphere (VOC)	EN20
Discharge to water (oxidizable matter, suspended solids)	EN21
Total mass of waste by type and waste treatment	EN22
Transportation	
Estimate of CO_2 emissions by truck delivery	EN29
Estimate of CO_2 emissions avoided through on-site units	EN29
Social	
% of employees belonging to a unit with a local Code of Conduct	SO3
Responsibility	
% of the Group sales concerning the units where a customer or patient satisfaction survey has been conducted	PR5

(a) Global Reporting Initiative (GRI): an independent body that designs and promotes guidelines aimed at improving the quality, stringency and usefulness of reporting on economic, environmental and social performance.

2

3 Corporate Governance

> MANAGEMENT AND CONTROL

Board of Directors as of December 31, 2013

Benoît Potier Chairman and Chief Executive Officer Expiration date of term: 2014 (a)	**Paul Skinner** Director Expiration date of term: 2014 (a)
Thierry Desmarest Director Expiration date of term: 2017	**Karen Katen** Director Expiration date of term: 2016
Gérard de La Martinière Director Expiration date of term: 2015	**Jean-Paul Agon** Director Expiration date of term: 2014 (a)
Cornelis van Lede Director Expiration date of term: 2015	**Siân Herbert-Jones** Director Expiration date of term: 2015
Béatrice Majnoni d'Intignano Director Expiration date of term: 2014 (a)	**Pierre Dufour** Director – Senior Executive Vice-President Expiration date of term: 2016
Thierry Peugeot Director Expiration date of term: 2017	

(a) Term of office expires at the Annual General Meeting of May 7, 2014.

CENTRAL WORKS COUNCIL DELEGATES

- Marc Tisseront
- Laurence Dezier

RENEWAL OF TERM PROPOSED TO THE ANNUAL GENERAL MEETING OF MAY 7, 2014

- Benoît Potier, Director
- Paul Skinner, Director
- Jean-Paul Agon, Director

APPOINTMENTS PROPOSED TO THE ANNUAL GENERAL MEETING OF MAY 7, 2014

- Sin Leng Low, Director
- Annette Winckler, Director

In accordance with the recommendation of the French financial markets authority (Autorité des marchés financiers), the following schedule summarizes the changes in 2013 and planned for 2014 in the composition of the Board of Directors:

	2013	2014	Comments
Departure	Alain Joly	Béatrice Majnoni d'Intignano	
Appointment	N/A	Sin Leng Low [(a)] Annette Winkler [(a)]	Diversification in terms of feminization and geographies
Renewal	Thierry Desmarest Thierry Peugeot	Benoît Potier Paul Skinner Jean-Paul Agon	
Appointment	N/A	Employee Director [(b)]	

(a) Appointments subject to the approval of the Ordinary Shareholders' Meeting of May 7, 2014.

(b) Appointment by the Group Committee in France subject to the vote of the related amendment to the articles of associations by the Extraordinary Shareholders' Meeting of May 7, 2014.

Executive Management and Executive Committee

Benoît Potier Chairman and Chief Executive Officer Born in 1957 – French	**Guy Salzgeber** Vice-President, Western Europe Born in 1958 – French
Pierre Dufour Senior Executive Vice-President Also supervising the Large Industries World Business Line Born in 1955 – Canadian	**Augustin de Roubin** Vice-President, South America Born in 1953 – French
Jean-Pierre Duprieu Executive Vice-President Also supervising the Healthcare World Business Line and Welding activities Born in 1952 – French	**Mok Kwong Weng** Deputy Head of Asia Born in 1953 – Singaporean
François Darchis Senior Vice-President Research and Development, New Business-Innovation & Technology, Intellectual Property, Engineering & Construction Also supervising the Industrial Merchant World Business Line Born in 1956 – French	**François Abrial** Vice-President, Human Resources Born in 1962 – French
Jean-Marc de Royere Senior Vice-President, International Born in 1965 – French	**Pascal Vinet** Vice-President, Healthcare Global Operations Born in 1962 – French
Michael J. Graff Senior Vice-President Vice-President, Americas Also supervising Electronics World Business Line, Safety and Industrial Systems Born in 1955 – American	**François Jackow** [(a)] Group Vice President, Corporate Strategy Born in 1969 – French
Fabienne Lecorvaisier Group Vice-President, Finance and Operations Control Also supervising Diving activities Born in 1962 – French	**François Venet** [(a)] Group Vice President Asia Pacific Born in 1967 – French

(a) Since January 2014.

> REPORT FROM THE CHAIRMAN OF THE BOARD OF DIRECTORS

(prepared pursuant to article L. 225-37, paragraphs 6-9, of the French Commercial Code)

This report has been prepared by the Chairman of the Board of Directors. For the section relating to the composition, preparation and organization of the work of the Board of Directors, it has been drawn up on the basis of contributions by several of the Company's Corporate Functional Divisions, and in particular the Legal and Financial Departments. It was approved by the Board of Directors on February 17, 2014 on the recommendation of the Appointments and Governance Committee.

Composition, preparation and organization of the work of the Board of Directors

As of December 31, 2013, the Board of Directors was comprised of eleven members appointed by the Annual Shareholders' Meeting, including five foreign members and three women. A Director's term of office is four years. Expiry dates of terms of office are staggered. In May 2014, at the close of the Shareholders' Meeting, subject to the approval of the proposed resolutions, the Board of Directors will comprise 12 members, including seven foreign members: British, Dutch, American, Canadian, German and Singaporean.

CODE OF CORPORATE GOVERNANCE

The Board of Directors confirmed that, in keeping with the Group's previous practices, the AFEP/MEDEF Code of corporate governance for listed companies is the code to which the Company voluntarily refers. This Code, as last updated in June 2013, is available on the www.medef.com/medef-corporate.html website ("Publications" section, under "Economy") or at: www.afep.com/uploads/medias/documents/code_gouvernement_entreprise_societes_cotees_juin_2013_en.pdf

At their meetings in September, the Appointments and Governance Committee and the Remuneration Committee reviewed each of the provisions of the AFEP/MEDEF Code of corporate governance as revised in June 2013 with regard to the Company's current practices and made recommendations in order for the Company to be in compliance with virtually all its provisions.

Pursuant to article L. 225-37 of the French Commercial Code, where applicable, those provisions of the aforementioned Code that were not taken into consideration and the reasons for this are stated in this Report and in the section on the remuneration of the Executive Officers and Directors. A summary is presented in table format on page 156.

The principles governing the professional ethics of Directors, the composition, the role and the rules of operation of the Board and its Committees are defined in the internal regulations.

PROFESSIONAL ETHICS OF DIRECTORS — RIGHTS AND OBLIGATIONS OF DIRECTORS

- The internal regulations summarize the main obligations imposed on Directors.

  The Directors represent all the shareholders and shall act in all circumstances in the Company's best interests.

  Each Director undertakes to meet the obligations imposed upon him by the articles of association and the various legal, regulatory or internal Company provisions and, more specifically, the internal rules relating to the prevention of insider trading or the obligations to report transactions in the Company's shares.

  Each Director is bound by an obligation of secrecy.

  Each Director shall endeavor to take part in all meetings of the Board and the Committees of which the Director is a member, and attend the Shareholders' Meetings.

  Each Director shall keep him/herself informed and devote the time and attention required to perform his/her duties.

  Under the Company's articles of association, each Director must hold at least 500 registered shares in the Company. This provision does not apply to the Director representing the employees.

- Each Director undertakes to inform the Board of any situation of conflict of interest, even if it is only potential, with the Company and must refrain from taking part in the vote on the corresponding decision. This obligation is completed by a formal annual declaration provided to the Company by each Director attesting to the absence of a potential conflict of interest involving him/her. Finally, the Appointments and Governance Committee currently has the task of preventing potential situations of conflict of interest on the Board.

- Furthermore, an internal memo on the prevention of insider trading sent to the Directors at the beginning of the year outlines in greater detail the applicable legal and regulatory obligations; it also sets the restrictions for dealing in Company shares by defining abstention periods during which members may not trade in those shares.

- Directors are also informed of the provisions relating to obligations to report any transactions involving the Company's shares that apply to them.

All the provisions governing Directors' rights and obligations are included in the manual for members of the Board of Directors updated annually, the last version having been adapted in June 2013.

COMBINATION OF THE ROLES OF CHAIRMAN AND CHIEF EXECUTIVE OFFICER

The Board of Directors confirmed its intention of maintaining the combination of the roles of Chairman and Chief Executive Officer, both roles being held by Benoît Potier, at the close of the next Annual Shareholders' Meeting deciding on the renewal of his term of office as Director.

The continued combination of the roles is in keeping with the Company's history, the regular improvement in the Company's performance having mainly taken place with a form of governance involving combination of roles (since the origin of the Company except for the period from 2001 to 2006). This organization responds to the very specific shareholder structure of Air Liquide, which has always consisted, alongside institutional investors from all continents, of a significant number of individual shareholders (who hold 36% of the capital at the end of 2013), accompanying the Group over the long term. The regular, personalized exchanges offered by the dialogue between the shareholders and Executive Management through a single contact person, with in-depth knowledge of the Group and its businesses, make it possible to ensure that definition of the Group's strategy takes due account of the expectations and interests of shareholders over the long term. Maintaining the combination of roles therefore promotes, in the Air Liquide tradition, a close, trustful relationship between its Executive Officers and the shareholders.

The combination of the roles of Chairman and Chief Executive Officer takes place in compliance with balanced rules of governance, guaranteeing the Group's continued success and the loyalty of its shareholders. These are currently based on:

- a composition of the Board with the predominance of independent Directors (9 members out of 11) and three specialist committees consisting exclusively of independent members. The composition of the Board is also balanced in terms of skills and nationalities;
- collective top management decision making process, with a meeting of the top Management once a month;
- a balanced organization of the relations between Executive Management and the Board based on (i) limitations on the powers of Executive Management, the Board's agreement being required for significant transactions; (ii) regular interactions between the non-executive Directors and the members of the Executive Committee at the time of specific presentations made to the Board in particular during the full-day session on strategy or during Committee meetings, and (iii) the regular information provided to the Directors, including between Board meetings;
- a role of vigilance entrusted to the Appointments and Governance Committee which has been tasked, since 2010, with overseeing the proper functioning of the governance bodies. In this respect, pursuant to the terms of the internal regulations, this Committee is the instrument of dialogue between the non-executive Directors and the Chairman and Chief Executive Officer, in particular in case of conflicts of interest on the Board; it also monitors the changes in corporate governance practices and the process for evaluation of the Board;
- an annual review of the assessment of the performance and remuneration of the Executive Officer by the Committees which is always carried out without the presence of the Executive Officer concerned;
- the authority given by the articles of association to one-third of the Directors to convene a Board meeting and to set the agenda for the meeting, if the Board has not met for over two months.

Attentive to the expectations expressed by the shareholders, the Board of Directors has considered that at the time of re-examination of the choice of general management organization, this mechanism could be improved further to reinforce the balance between the various governance bodies.

On the recommendation of the Appointments and Governance Committee, the Board of Directors has decided that, following the Annual Shareholders' Meeting on May 7, 2014, the following additional measures would be adopted:

1. Obligation for the Board of Directors to appoint a Lead Director as long as the roles of Chairman and Chief Executive Officer are combined, pursuant to the terms of the clause of the articles of association subject to the approval of the Shareholders' Meeting on May 7, 2014. The Lead Director, who is required the independent status defined by the internal regulations, is chosen from among the members of the Appointments and Governance Committee and has the following roles and responsibilities and powers:

   a. He conducts, upon delegation from the Chairman of the Committee when the Lead Director is not the Chairman of the Committee himself, the work of the Appointments and Governance Committee concerning the governance tasks entrusted to the Committee, notably for the examination of the choice of general management organization, the review of changes in and application of the rules of corporate governance, the preparation of the evaluation of the functioning of the Board, the review of ethical issues, the attention paid to the proper functioning of the governance bodies, and in particular the transmission of the information requested by independent Directors; on all these points, the Lead Director can formulate all proposals and make any suggestions he considers necessary.

      More specifically, the Lead Director coordinates, within the Committee, the implementation of the measures aimed at identifying and analysing potential situations of conflict of interest on the Board; he draws the attention of the Chairman and Chief Executive Officer to potential situations of conflict of interests identified in this manner.

      He reports on these matters to the Board of Directors.

   b. The Lead Director, after receiving the opinion of the Appointments and Governance Committee, may ask the Chairman of the Board of Directors (who will be bound by such request) to convene a meeting of the Board of Directors on any specified agenda, at any time and as often as required in the interests of the Company.

   c. The Lead Director, after receiving the opinion of the Appointments and Governance Committee, may propose the inclusion of additional points on the agenda for any Board meeting to the Chairman of the Board of Directors.

d. The Lead Director convenes and chairs the annual joint session of the Appointments and Governance Committee and the Remuneration Committee on the questions related to the performance and conditions of remuneration of the Executive Officers, which is held outside the presence of any Executive Director. He reports to the Board on this meeting.

e. The Lead Director reviews the requests made by shareholders with regard to governance and makes sure that they are answered.

f. The Lead Director reports on his activities to the Board of Directors every year. The Lead Director makes sure that a report is made to the shareholders on the governance issues falling within the scope of his responsibilities. A report on his activities is made in the Reference Document.

2. Conduct of a joint annual session of the Directors of the Appointments and Governance Committee and the Remuneration Committee, outside the presence of the executive members, for the assessment of the performance of the Executive Officers and their remuneration.

3. The possibility of asking for re-examination of the choice of the Company's General Management organization will be systematically offered to the Directors, within the scope of the evaluation questionnaire concerning Board's functioning.

All these measures will be inserted into the internal regulations which will be adopted by the Board at the meeting deciding on the renewal of the term of office of the Chairman and Chief Executive Officer and making the appointment of the Lead Director held at the close of the Annual Shareholders' Meeting on May 7, 2014.

COMPOSITION OF THE BOARD OF DIRECTORS

The internal regulations stipulate that:

> "Members are chosen for their skills, their integrity, their independence of mind and their determination to take into account the interests of all shareholders."
>
> "The composition of the Board of Directors shall reflect diversity and complementarity of experience, nationalities and cultures, including a significant number of executive managers or former executive managers; the Board of Directors shall look for persons possessing skills in the following areas: marketing, services, industry, finance, health, research and technology."

The internal regulations include **guidelines,** although not written in stone, **for the Board's composition,** particularly in terms of the number of Directors appointed by the Shareholders' Meeting (normally between 10 and 12), the balance between (former) executives and external members, the duration of the terms of office (four years, staggering of renewals of terms of office, limiting the proportion of members with more than 12 years of office to one third), age or the proportion of independent members, thus aiming to comply with best practices in terms of corporate governance. The internal regulations specify that the objective of increasing the number of women on the Board of Directors will be pursued in accordance with the legal principle to institute a balance of male and female Board members. Within six months following the Shareholders' Meeting of May 7, 2014 approving the method of appointment of the Director representing the employees, an Employee Director will be appointed by the France Group Committee.

The internal regulations have been published in their entirety on the Company's website.

INDEPENDENCE OF BOARD MEMBERS

Based on the full definition of independence set out in the AFEP/MEDEF Code of corporate governance, the internal regulations define the criteria applied within the Company to assess the **independence** of Board members.

> "A member of the Board of Directors is independent when he/she has no relationship of any kind with the Company, its Group or its management which may interfere with his/her freedom to exercise his/her judgment.
>
> In this frame of mind, the criteria which may provide guidance to the Board in order to classify a member as independent will be as follows:
>
> - he/she is not and has never been an employee or member of the Executive Management of the Company;
> - he/she does not hold office as Chairman, Chief Executive Officer, Chairman or member of the Management Board of a company in which the Chairman of the Board of Directors, the Chief Executive Officer or a Senior Executive Vice-President of Air Liquide is a Director or member of the Supervisory Board;
> - he/she must not have any business relations with the Air Liquide Group which represent a significant part of the business activities (i) of the company of which the Director is a member of the Executive Management or (ii) of Air Liquide;
> - he/she does not have any close family links with the Chief Executive Officer or a Senior Executive Vice-President;
> - he/she must not have been an auditor of the Company during the previous five years."

The criteria used are mainly based on the aforementioned AFEP/MEDEF Code of corporate governance. However, the Board did not consider that terms of office exceeding 12 years disqualify a Board member from being independent. The industrial gases business is characterized by highly capital-intensive investment projects accompanied by long-term contracts, with a typical length of 15 years for Large Industries. The experience acquired on the Board is therefore an asset to ensure the monitoring of the Group's development cycles over the long term and enables the Directors to make an informed judgment on growth strategy for the future with complete autonomy and express it freely. Conversely, the Board considered that former employees or officers of the Company may not be considered as independent even if their duties ended more than five years earlier.

An assessment of the independence of the members is included on the agenda for Board meetings once a year. To support its analysis, the Board uses a chart summarizing the purchases and sales implemented during the previous year between companies of the Air Liquide Group and companies of the Group within which an Air Liquide Director (or proposed Director) also exercises a term of office or executive role. Such figures are weighted against the total purchases and sales of each group to measure their significance. For fiscal year 2013, such chart shows that the sales of the Air Liquide Group to any of the groups concerned or the purchases of the Air Liquide Group from any of these groups do not exceed 0.5% of the overall sales or purchases of the Air Liquide Group or any of the groups concerned.

Following such analysis, the Board determined that, during the 2013 fiscal year, the following members were independent: Béatrice Majnoni d'Intignano, Thierry Desmarest, Cornelis van Lede, Gérard de La Martinière, Thierry Peugeot, Karen Katen, Paul Skinner, Jean-Paul Agon and Siân Herbert-Jones.

Further to the recommendation made by the AMF, a table showing the list of Directors in 2013 who are considered as independent in light of the criteria of the internal regulations compared with the AFEP/MEDEF Code is set out below.

	Independent Directors in light of the criteria in the	
	internal regulations	**AFEP/MEDEF Code**
Benoît Potier	No	No
Pierre Dufour	No	No
Alain Joly	No (a)	No (b)
Thierry Desmarest	Yes	No (b)
Gérard de La Martinière	Yes	Yes
Cornelis van Lede	Yes	Yes
Béatrice Majnoni d'Intignano	Yes	Yes
Thierry Peugeot	Yes	Yes
Paul Skinner	Yes	Yes
Karen Katen	Yes	Yes
Jean-Paul Agon	Yes	Yes
Siân Herbert-Jones	Yes	Yes

(a) Considered not to be independent in accordance with the internal regulations although he has not held any executive duties for over 5 years.

(b) Length of term of office exceeding 12 years.

Following the departure of Alain Joly, at December 31, 2013, nine of the eleven members are independent pursuant to the terms of the internal regulations. At the close of the Shareholders' Meeting on May 7, 2014 called to vote on the renewal of the respective terms of office of Benoît Potier, Paul Skinner and Jean-Paul Agon, as Béatrice Majnoni d'Intignano does not seek renewal of her term of office, and on the appointment of Sin Leng Low and Annette Winkler, the Board of Directors would consist of 10 independent members out of 12 pursuant to the terms of the internal regulations.

ROLE OF THE BOARD OF DIRECTORS

The Board of Directors **determines the major orientations** of the Company's activities. Accordingly, it examines and approves the Group's **major strategic orientations.**

It ensures the implementation of these orientations by Executive Management.

Subject to the powers expressly attributed to Shareholders' Meetings by law and in accordance with the corporate purpose, the Board deals with any issues concerning the smooth running of the Company and manages corporate business pursuant to its decisions.

The internal regulations stipulate that the **specific powers** legally attributed to the Board of Directors include in particular the choice of Executive Officers, the determination of the terms and conditions governing the remuneration and performance of their duties, the convening of Shareholders' Meetings, the determination of the agenda and proposed resolutions, the preparation of the financial statements and Annual Management Report as well as the determination of its internal rules (formation of Committees, distribution of Directors' fees, etc.). The Board also exercises **the powers granted to it by the Shareholders' Meeting,** particularly with regard to the granting of stock options or the conditional grant of shares to employees, issues of marketable securities, share buyback or employee savings programs or simple bond issues.

RELATIONSHIP WITH EXECUTIVE MANAGEMENT

The internal regulations specify the rules **limiting the powers of Executive Management,** by defining the thresholds above which certain key decisions require prior authorization by the Board of Directors, in accordance with article 13 of the articles of association:

- sureties, endorsements and guarantees for an individual amount in excess of 100 million euros or for an annual cumulative amount above 500 million euros;

- external sales or contributions (to non-controlled companies) of equity investments or lines of business, mergers, demergers or partial business transfers, completed for an individual amount in excess of 250 million euros or for an annual cumulative amount, for each of these categories of transactions, in excess of 400 million euros; external sales or contributions of real estate assets for an individual amount in excess of 80 million euros or for an annual cumulative amount in excess of 150 million euros;
- creation of pledges or security for an individual amount in excess of 80 million euros or for an annual cumulative amount in excess of 150 million euros;
- commitments to invest, acquire investments which will be listed under "Fixed Assets" on the balance sheet, to subscribe to share capital increases for an individual amount in excess of 250 million euros or for an annual cumulative amount in excess of 400 million euros; the Board of Directors is informed, if possible ex ante and in any case ex post, of operations of the same nature, relating to items that cannot be listed under "Fixed Assets" on the balance sheet for an individual amount in excess of 250 million euros;
- financing operations concerning the Group for an amount likely to substantially alter the Group's financial structure;
- operations likely to substantially alter the Group's strategy.

Furthermore, the Board shall be given prior information in the event of a fundamental modification of the Group's information system leading to a development exceeding an amount of 250 million euros.

FUNCTIONING OF THE BOARD OF DIRECTORS

Informing the Directors: The internal regulations define the methods for informing the Directors. They specify, in particular, that prior to Board meetings, a file of meeting documentation dealing with key items on the agenda is sent out to Board members. The Chairman and Chief Executive Officer, assisted, if need be, by Executive Management members presents to the Board of Directors a quarterly report on the Company's management, the draft annual and interim financial statements and the various issues requiring the Board's authorization or approval.

Conduct of meetings: The internal regulations define the frequency of meetings and the rules of convening meetings and participation by video-conference or telecommunications.

Formation of Committees: The internal regulations define the purpose and operating procedures of the three Committees set up (see below).

Training measures: The internal regulations stipulate that training relating to the Company's businesses is offered to Directors, particularly through site visits or meetings with senior executives. More particularly, information on the Group's accounting, financial and operational specificities is offered to members of the Audit and Accounts Committee.

PARTICIPATION OF EMPLOYEE REPRESENTATIVES ON THE BOARD

With an advisory vote

Two members of the Central Works Council delegated by this Council attended all the Board of Directors' meetings held during the 2013 fiscal year with an advisory vote. The delegates receive the same documents as those provided to the Directors on the occasion of these meetings. A preparatory meeting in the presence of the Executive Vice-President and the Secretary of the Board of Directors is systematically held before each Board meeting. This preparatory meeting enables the Executive Vice-President to go through the whole file for the Board meeting with the delegates and comment on the items on the agenda. It offers the delegates the opportunity to raise their questions and make their initial comments. At Board meetings, the delegates are able to express their opinion on the matters discussed.

With a deliberative vote

After approval of the amendment of the articles of association proposed to the Shareholders' Meeting of May 7, 2014, which has previously received the favorable opinion of the France Group Committee, a Director representing the employees will be appointed by the France Group Committee. This Committee consists of Members of the representative trade unions within the Group companies in France, which employ 11,000 employees. The European Works Council would be the competent body if a second post needs to be filled (this Works Council consists of representatives of the representative trade unions within the Group companies in each of the 12 European Union countries where the Group has a workforce of over 150 employees – *i.e.*, 24,000 employees including France).The Director representing the employees will sit on the Board with a deliberative vote and will be subject to all the provisions of the internal regulations governing the rights and obligations of the Directors as set out above.

APPRAISAL OF THE BOARD OF DIRECTORS

The internal regulations stipulate that:

> "The Board will ensure that an evaluation is carried out periodically of its composition, its organization and its functioning as well as those of its Committees. An update will be made by the Board on this topic once a year and a formal evaluation will be carried out under the authority of the Chairman of the Board of Directors every three years."

An evaluation of the functioning of the Board of Directors is carried out every year, alternating between a full appraisal questionnaire leading to a summary showing the replies and the adoption of recommendations for action one year and a questionnaire aimed at making an assessment of the actions implemented in the light of the recommendations made the next year. Following on from the formal appraisals carried out most recently in 2007, 2009 and 2011, the functioning of the Board of Directors and its Committees was fully evaluated in 2013. The summary of responses presented by the Chairman of the Appointments and Governance Committee to the February 2014 Board meeting reveals a very positive assessment of the Board's operation overall, with again particular emphasis on the freedom of expression within the Board. The recommendations made following this appraisal include (i) concerning the areas of involvement of the Board of Directors: the principle of a systematic annual presentation to the Board with regard to risks, and the inclusion on the agenda of questions relating to human resources and CSR; (ii) concerning the functioning of the Board, it has been agreed that the practice of "round-the-table" comments at meetings would be made more systematic with regard to the most significant points; it is also proposed that the number of meetings during the year should be increased to 6 every two years, with one meeting then being held on a chosen site.

In light of the collective nature of the Board, the assessment questionnaire concentrates on an appraisal of the collective contribution of members to the Board's operation; these surveys however offer the possibility for the Directors who so wish to freely express their assessment with regard to the actual individual contributions made within the framework of general comments. In addition, the contribution by each Director is assessed by the Appointments and Governance Committee and then by the Board of Directors at the time of the renewal of the terms of office of Directors and Committee members. It is proposed that an additional section should be included in the questionnaire in future suggesting that Directors make an evaluation of the participation by Directors in the development of the reflections of the Board of Directors. Concerning the possibility for non-executive Directors to meet without the presence of executive Directors, a provision to this effect is intended to be introduced into the internal regulations which will be revised at the close of the Shareholders' Meeting on May 7, 2014 (see, "Combination of the roles of Chairman and Chief Executive Officer" above).

THE BOARD OF DIRECTORS' WORK IN 2013

In 2013, the Board of Directors met five times with an effective attendance rate or attendance rate by telephone of 95% of its members. The meeting in September devoted to the major strategic focuses and research and innovation policy was held over a full day at the Company's Paris-Saclay research center in Loges-en-Josas.

The Board's activities related to the following issues:

Monitoring of the Group's day-to-day management

Monitoring of the Group's day-to-day management is carried out particularly by:

- reviewing the quarterly activity reports presented by Executive Management, its annual and interim parent company and consolidated financial statements in the presence of the Statutory Auditors used to determine the distribution policy; the Board of Directors has thus authorized the allotment in June 2014 of one free share for 10 existing shares;
- reviewing the Group's financial position regularly, and more specifically: financing and debt management strategies;
- reviewing the minutes of Committee meetings;
- making decisions, in particular with respect to the investments necessary for the Group's medium-term development and corresponding financing capacities, the extension of the syndicated credit facility and the bond program;
- awarding of the stock options and conditional grant of shares to employees plans;
- reviewing at each meeting the report on acquisitions, disposals and major projects in progress;
- reviewing employment-related documents: the social balance sheet (report on employee-related matters) and forward-planning documents;
- preparing the Annual Shareholders' Meeting (agenda, proposed resolutions, Annual Management Report and other reports or sections contained in the Reference Document prepared or approved by the Board of Directors, responses to shareholders' written questions);
- human resources issues, and particularly the implementation in 2013 of the bonus to share in profits pursuant to the law of July 28, 2011; the annual deliberation with regard to the Company's professional equality and equal pay policy pursuant to the law of January 27, 2011.

Monitoring of the Group's main strategies on significant issues

As part of the presentations made by Executive Management and certain senior executives, the Board of Directors closely considered the following in 2013:

(i) **questions relating to strategy** and particularly the research and innovation policy with a review of the Group's key technological and societal challenges and innovation actions, industrial development strategy and the Group's acquisition and external growth strategy, development of major projects (September and November); updating of the ALMA 2015 program and long-term prospects (September), financial communication and the organization of Investor Day on the occasion of 100 years of listing of the Group's share (November);

(ii) **governance issues** concerning the decision on principle to maintain the combination of the roles of Chairman and Chief Executive Officer and the resultant changes in corporate governance measures, and in particular the appointment of a Lead Director (September, November, February 2014); the terms and conditions of appointment of an Employee Director in accordance with the provisions introduced by the French Law of June 14, 2013 (September); questions concerning the various elements of remuneration of the Executive Officers and increasing the transparency of information, in particular within the scope of the introduction of an advisory vote by the shareholders on Executive Officer remuneration (Say on Pay) (September, November, February 2014);

(iii) **questions relating to the Group's Social and Environmental Responsibility,** particularly shareholder policy, a study assignment having been entrusted to a working group created on the Board with regard to this topic (February); the decision to launch an employee savings program for all the Group's employees in the world in 2013 (May).

Functioning of the corporate governance bodies

With respect to the functioning of the corporate governance bodies, as well as complying with the AFEP/MEDEF Code of corporate governance, the Company strives to reflect the international environment in which the Group carries out its business.

Concerning Executive Management:

The Executive Management team consists of Benoît Potier, Chairman and Chief Executive Officer, Pierre Dufour, Director, as Senior Executive Vice-President and Jean-Pierre Duprieu, Executive Vice-President.

Employment contract/corporate office of the Chairman and Chief Executive Officer and the Senior Executive Vice-President

In accordance with the AFEP/MEDEF Code of corporate governance, which recommends that Chairmen and Chief Executive Officers of listed companies do not combine an employment contract with their corporate office, Benoît Potier put an end to his employment contract as of May 5, 2010.

The Board of Directors took note of the decision by Pierre Dufour, now in charge of managing the Hub based in Frankfurt, to put an end to his French employment contract at the end of 2013. Besides his offices as Director and Senior Executive Vice-President of the Company, Pierre Dufour now performs the duties of Managing Director of the German entity coordinating the Group's activities from its base in Frankfurt and no longer benefits from the protection of French labor law. The Board of Directors authorized, within the scope of the regulated agreements procedure, the adaptations to the commitment with regard to the termination indemnity and to the defined-benefit pension plan required to maintain the benefit of these arrangements unchanged for Pierre Dufour taking into account his new position in Germany. These amendments are subject to the approval of the Shareholders' Meeting on May 7, 2014.

Remuneration

The Board determined the remuneration policy applicable to the Executive Officers which is set out in detail in the section on remuneration on page 142 et seq. below. The elements of remuneration due or allocated to the Executive Officers in respect of 2013 described in this section are put to the advisory vote of the shareholders at the Shareholders' Meeting on May 7, 2014

Shareholding obligation

The rules with regard to the holding of shares set by the Board of Directors are described in detail in the section on remuneration set out below.

Concerning the Board of Directors itself:

Composition

Appointment – Renewal of terms of office:

- The Board of Directors took due note of the decision by Alain Joly not to ask for the renewal of his term of office as Director in May 2013. The Board proposed to the Shareholders' Meeting of May 7, 2013 to renew the terms of office of Thierry Desmarest and Thierry Peugeot as Directors for 4 years. At the close of the Shareholders' Meeting, the Board decided to appoint Siân Herbert-Jones as a member of the Audit and Accounts Committee and to renew the appointments of Thierry Peugeot as a member of the Audit and Accounts Committee and Thierry Desmarest as Chairman of the Appointments and Governance Committee and member of the Remuneration Committee.
- The Board of Directors took due note of the decision by Béatrice Majnoni d'Intignano not to ask for the renewal of her term of office in May 2014. The Board proposes to the Shareholders' Meeting on May 7, 2014 to renew for four years the terms of office of Benoît Potier, Paul Skinner and Jean-Paul Agon which are due to expire. The Board proposes to the Shareholders' Meeting on May 7, 2014 to appoint Sin Leng Low and Annette Winkler as new members of the Board of Directors. This proposal is the result of a recruitment process led by the Appointments and Governance Committee, with the assistance of an external advisor, which took place over several months. After identification by the Committee of the candidates who would comply with the rules on composition of the Board defined in the internal regulations, the process continued with individual interviews with the shortlisted female candidates. In this way, Benoît Potier, then each Committee member and finally some of the other Directors, met with Ms Low and Ms Winkler; a report on this process was made to the Board prior to discussion and before a decision was made.

Directors' fees

The Board set the formula for distributing Directors' fees among its members for 2013 within the budget authorized most recently by the Annual Shareholders' Meeting of May 4, 2011 for a maximum amount of 800,000 euros per fiscal year (see detailed presentation in the section on remuneration on page 147 below).

It is proposed to increase this authorized amount to 1,000,000 euros per fiscal year at the Shareholders' Meeting on May 7, 2014.

Appraisal (see above)

- In 2013, the Board carried out a full evaluation of its functioning within the scope of a new survey.
- The Board assessed the independence of each of its members.

Several days prior to each of the Board's meetings, a file of meeting documentation dealing with key items on the agenda is sent out to Board members; starting from this year, the file is also accessible in electronic format. For material substantive issues, a very comprehensive summary note is prepared. Every meeting then includes a short presentation by the members of Executive Management or the Group Vice-President Finance and Operations Control on all items, leaving a lot of room to exchange views and for discussions. The full-day meeting held at the Paris-Saclay research center in Loges-en-Josas offered Board members the opportunity to hear presentations by Executive Committee members and senior executives in charge of research and innovation and following strategic projects. It also enabled the Directors, thanks to the time reserved for discussions with the research team, laboratory visits or test drives of the hydrogen car, to understand the momentum and variety of the Group's actions in these fields. In addition, the Statutory Auditors are involved in meetings where financial statements are reviewed. Presentations give rise to questions and discussions follow before resolutions are put to the vote. Detailed written minutes are then sent to members for review and comment before being approved by the Board of Directors at the next meeting.

THE COMMITTEES

The Board of Directors has set up three Committees:

The Audit and Accounts Committee

As of December 31, 2013, the Audit and Accounts Committee had five members: Gérard de La Martinière, Chairman of the Committee, Paul Skinner, Béatrice Majnoni d'Intignano, Thierry Peugeot and Siân Herbert-Jones. All the members, including the Chairman, are independent.

The Committee members combine experience in business management with economic and financial expertise (see professional careers in the bibliographical memos on Directors on page 176 et seq.). A former finance inspector, former secretary general of the COB and former member of the Management Board and Vice-President of Finance, Audit and Strategy of the AXA Group, Gérard de La Martinière provides the Committee with his extensive financial expertise and knowledge of stock market regulations.

Composition and purpose as defined in the internal regulations

The Audit and Accounts Committee must be comprised of three to five members of the Board of Directors and at least two-thirds of its members must be independent.

Tasks

"The purpose of the Committee is to prepare the decisions to be taken by the Board of Directors by examining the following issues and reporting on them to the Board:

By receiving reports:

Jointly and separately, in order to compare and combine different points of view, from:
- the Finance & Operations Control and Legal Departments;
- the Audit and Control Department;
- the external auditors.

Concerning the following points:
- existing organization and procedures in the Group;
- their actual functioning;
- how the financial statements and the accounts are drawn up.

In order to reach:
- by comparing and combining the points of view collected and using their business judgment based on professional experience, a **reasonable judgment** concerning:
  1. accounts and accounting principles used (their conformity in relation to the reference standards, a fair and complete reflection of the Group's situation, transparency, readability, consistency over time);
  2. existence and functioning of control organizations and control procedures adapted to the Group, making it reasonably possible to identify and manage the risks incurred and to report on them;
  3. organization of the internal audit function, the plans for assignments and actions in the internal audit field, the findings of these assignments and actions and the recommendations and ensuing measures taken;
  4. choice and renewal of the external auditors, review of the tendering process, opinion on the selection of external auditors and the rotation of audit partners, review of proposed fees, information on the overall fees paid indicating the amount of fees paid for non-audit services.

The Committee:

1. collects the observations of Executive Management on these various issues. It hears the Chief Executive Officer or Senior Executive Vice-Presidents at the Committee's request or at the request of the persons concerned;
2. reports to the Board of Directors on its work, informing it of any problems that may be encountered, observations made to Executive Management and progress made in relation to these observations."

The Committee meets at least three times a year, and always before the Board meetings during which the annual or interim financial statements are reviewed.

An initial verbal report is given to the Board by the Committee Chairman. Written minutes of the meeting, approved by the Committee members, are transmitted to the Directors. The Committee may ask to convene Group employees. It may meet the Statutory Auditors or members of the Group Control Department in person. It may call on external experts for assistance. The Chairman and Chief Executive Officer does not attend meetings of the Audit and Accounts Committee.

The Audit and Accounts Committee's work in 2013

The Audit and Accounts Committee met four times with an effective attendance rate or attendance rate by telephone of 95% of its members.

- The Committee reviewed the annual and interim consolidated financial statements and the annual parent company financial statements and took due note of the Company's financial situation, cash flow position and commitments. During the presentation by the Group Vice-President Finance and Operations Control, the Committee more particularly analyzed provisions, the "other operating income and expenses" items, cash flow, taxation, risk exposure and off-balance sheet items. It reviewed the draft analyst presentation relating to the financial statements.
- In addition, the Committee heard the presentations of the Statutory Auditors underlining the key results and the accounting options adopted and took note of their conclusions.
- At the beginning of the year, the Committee reviewed the amount of the fees paid to the Statutory Auditors in respect of the prior year.
- The Committee reviewed more specifically the Group's financing policy, debt and liquidity management.
- The Committee also heard regular reports on the main assignments carried out by the Group Control Department, the follow-up of any corrective actions taken and the Group Control Department's main assignments for the forthcoming year. Within this framework, the Committee reviewed the main points of the Group's Ethics Plan (report on the ethics actions for the year in progress; areas of focus for the following year). The Committee also regularly monitored the process for deployment of the risk management procedure within the Group. It reviewed the Group's risk map and the changes made to it. The Committee reviewed the section in this Report on internal control and risk management procedures and recommended its approval by the Board of Directors.
- In accordance with longstanding practice in the Group, the Committee is tasked with carrying out the monitoring of the management of all the risks identified by the Group, even if particular attention is paid to accounting or financial risks; a methodology for the monitoring of each type of risks identified by the Group (including, in particular, the identification of the management and control bodies and procedures) and an appropriate time scale (annual review or regular review at less frequent intervals depending on the type of risks) were defined. At the end of fiscal year 2013, all of the risks identified on the risk map and subject to regular review had been covered over the past three fiscal years by the Audit Committee. The work program prepared for fiscal year 2014 should make it possible to continue this approach.
- In addition, specific presentations were made to the Committee on the following matters: reliability process for financial information (February); organization, process, financial contribution of the research/innovation policy (June and July); management of patents and Intellectual Property rights (June); pricing policy (June); engineering activity (June); cash management (June); the Group's tax structure (November); external communication management (November); pensions (November); follow-up of actions aimed at raising awareness with regard to compliance with antitrust rules and management of business practices and disputes (November).

Several days prior to each meeting, a file of meeting documentation is sent out to Committee members and is now available in electronic form. Each Committee meeting is preceded by a preparatory meeting attended by the Committee Chairman assisted by the Committee Secretary, the Group Vice-President Finance and Operations Control, the Vice-President of the Group Control department, and if necessary the Group Internal Audit Director, the Vice-President Group Risk Management and the Group executives who will make presentations to the Committee. During the meeting, each presentation made in the presence of the Executive Vice-President by the Group Vice-President Finance and Operations Control, the Group Control Department, the senior executive specializing in the area under discussion or the Statutory Auditors during the accounts review meetings are followed by discussions. A verbal report, then written minutes of each meeting, are prepared for the Board of Directors.

The Committee Chairman regularly meets alone with the Group Vice-President Finance and Operations Control, and the Statutory Auditors outside the presence of any member of Executive Management. He receives the internal audit report summaries. In addition, after presentation meetings for the accounts for the fiscal year, Committee members meet alone with the Statutory Auditors without the presence of Company representatives.

Considering the presence within the Committee of Directors from abroad, the two Committee meetings with regard to review of the financial statements were held the morning before Board of Directors' meetings; in these circumstances, the financial statements cannot be reviewed by the Committee at least two days prior to the Board's review as recommended in the AFEP/MEDEF Code of corporate governance. However, Committee members are in a position to review the financial statements well in advance through other means (preparatory meeting with the Committee's Chairman more than one week prior to the meeting as provided for above; dispatch of files, now also available in electronic form, to Committee members several days in advance).

The Appointments and Governance Committee

As of December 31, 2013, the Appointments and Governance Committee had three members: Thierry Desmarest, Chairman of the Committee, Cornelis van Lede and Karen Katen. All the Committee members are independent.

Composition and purpose as defined in the Company's internal regulations

The Appointments and Governance Committee must be comprised of three to five members of the Board of Directors and the majority of its members must be independent, according to the criteria adopted by the Board. The Chairman and Chief Executive Officer attends Committee meetings and is closely involved in its discussions. However, he may not be present for any discussions of the Committee relating to him personally. The Committee meets at least three times a year. The conclusions of Committee meetings are presented by the Committee Chairman for discussion and decision-making at the next Board of Directors' meeting.

Tasks

Pursuant to the internal regulations, the purpose of the Appointments and Governance Committee is to:

"1. Concerning the Board of Directors:

- make proposals to the Board of Directors for renewal and appointment of Directors. This Committee looks for new members on the basis of its evaluation of the needs and developments expressed by the Board of Directors, and taking into consideration, in particular, the principle of attempting to achieve balanced representation of men and women on the Board of Directors;
- make proposals to the Board of Directors for the creation and composition of Board Committees;
- periodically evaluate the structure, size and composition of the Board of Directors and submit to it recommendations regarding any potential change;
- the Committee periodically reviews the criteria applied by the Board to classify a Director as independent; once a year, it examines, on a case-by-case basis, the situation of each Director or each candidate for the duties of Director in light of the criteria applied and makes proposals to the Board of Directors.

2. Concerning the Chairman and Chief Executive Officer or the Chief Executive Officer, as the case may be:

- examine, as necessary and, in particular at the time of expiration of the term of office concerned, the renewal of the term of office of the Chairman and Chief Executive Officer, or the terms of office of both the Chairman and of the Chief Executive Officer. It also examines, if necessary, the question of whether or not it is appropriate to continue to combine these duties (or to separate them);
- examine the changes in these duties and provide for solutions for their renewal, where applicable;
- examine the succession plan for members of the Executive Management applicable in particular in the case of an unforeseen vacancy;
- examine periodically developments with regard to the Senior Executive Vice-Presidents, hear the Chairman and Chief Executive Officer (or the Chief Executive Officer) on the needs and the potential proposals for their replacement;
- more generally, ensure that it is kept informed by the Chairman and Chief Executive Officer (or the Chief Executive Officer) of planned changes in Executive Management resources (and, in particular, the Executive Committee).

3. Concerning governance:

- monitor the changes in the rules of corporate governance, in particular within the scope of the Code to which the Company refers and inform the Board of Directors of its conclusions; follow up on the application of the rules of corporate governance defined by the Board of Directors and make sure of the information given to the shareholders on this topic;
- prepare the evaluation of the way the Board operates provided for by the internal regulations;
- examine issues of ethics that the Audit and Accounts Committee, the Board of Directors or its Chairman may decide to refer to it;
- ensure the proper functioning of the governance bodies and in particular the transmission of information requested by independent Directors;
- assist, at their request, the Chairman and the Chief Executive Officer in their dealings with independent Directors, and be the instrument of dialogue aimed at preventing potential situations of conflict on the Board.

The Committee can request the assistance of outside experts if necessary. The Company shall provide the Committee in such a case with the corresponding funding."

With regard to governance, the vigilance with regard to the proper functioning of the corporate governance bodies is therefore exercised collectively, with the Committee being responsible for assisting the Chairman and Chief Executive Officer in his dealings with the independent Directors. Pursuant to the terms of the updated Internal Regulations which will be submitted to the Board at its meeting on May 7, 2014 held at the close of the Shareholders' Meeting, the Lead Director, upon delegation from the Chairman of the Committee when he is not the Chairman of the Committee himself, will conduct the Committee's work concerning governance issues and report on these matters to the Board of Directors.

The Appointments and Governance Committee's work in 2013

The Appointments and Governance Committee met five times in 2013 with an effective attendance rate or attendance rate by telephone of 100% of its members.

Concerning the Board of Directors

The Committee reviewed the possible future changes in the composition of the Board of Directors. It recommended proposing the renewal of the terms of office as Directors of Benoît Potier, Paul Skinner and Jean-Paul Agon to the Shareholders' Meeting on May 7, 2014.

In accordance with the legal principle of instituting a balance of male and female members on the Board, included in the Board's internal regulations, the Committee continued to coordinate the procedure for the search for and assessment of possible candidates, in particular female candidates, which has led to proposing the appointment of Sin Leng Low and Annette Winkler to the Shareholders' Meeting on May 7, 2014.

The Committee recommended the method of appointment of the Director representing the employees by the France Group Committee pursuant to the new legal provisions (September).

Concerning the Committees/Working Group

The Committee recommended that Siân Herbert-Jones should be appointed as a member of the Audit and Accounts Committee as from May 2013.

It recommended that a specific review should be made of shareholder policy and suggested the setting-up of the Shareholder Relations working group (April).

Concerning Executive Management

Within the scope of renewal of the term of office as Director of Benoît Potier proposed to the Shareholders' Meeting on May 7, 2014, the Committee recommended maintaining the choice of general management organization involving combination of the roles of Chairman and Chief Executive Officer with both being held by Benoît Potier. The Committee recommended that, within this scope, the measures to reach a balance between the governance bodies should be reinforced (appointment of a Lead Director, a joint annual session outside the presence of executive Directors of the Appointments and Governance Committee and the Remuneration Committee, and possibility offered to the Directors on a regular basis to ask for re-examination of the organization of governance; with regard to all these points, see the section on "Combination of roles" above. It made recommendations concerning the Company's communication on governance issues (September, October, January 2014).

It reviewed the changes in the external offices held by Benoît Potier and gave its opinion (April-September).

The Committee looked at the composition of the Executive Committee and prospects of changes as well as the pool of high-potential young talents (January, April).

Concerning governance

The Committee led the process for assessment of the Board's operation: updating of the questionnaire; review of the summary of responses and recommendations; report by the Committee Chairman to the Board of Directors (September 2013, January 2014).

The Committee also reviewed the personal situation of each member of the Board with regard to the independence criteria defined in the internal regulations. In this context, it reviewed, in particular, the chart summarizing the purchases and sales implemented during the previous year between companies of the Air Liquide Group and companies of the Group within which an Air Liquide Director (or candidate proposed for such duties) also holds a term of office or performs duties. It issued its recommendations to the Board (January).

The Committee reviewed the practices adopted by the Company with regard to the provisions of the AFEP/MEDEF Code of corporate governance as revised in June 2013. It recommended amending the internal regulations so that the rules on limitation of the number of offices reflect the new provisions of the Code (September). It reviewed the recommendations of the Annual Report of the AMF on corporate governance published on October 10, 2013 and the AMF Guide on preparation of reference documents as amended on December 17, 2013 and made its recommendations. It reviewed the draft of this Report and recommended its approval by the Board of Directors (January 2014).

In 2013, the Committee did not have to handle any situation of conflict between the independent Directors and the Chairman and Chief Executive Officer.

The Remuneration Committee

As of December 31, 2013, the Remuneration Committee had three members: Cornelis van Lede, Chairman of the Committee, Thierry Desmarest and Jean-Paul Agon. All the Committee members are independent.

Composition and purpose as defined in the internal regulations

The Remuneration Committee must be comprised of three to five members of the Board of Directors and the majority of its members must be independent. The Chairman and Chief Executive Officer may not be present for any deliberations of the Committee relating to him personally. The Committee meets at least three times a year. The conclusions of Committee meetings are presented by the Committee Chairman for discussion and decision-making at the next Board of Directors' meeting.

Tasks

Pursuant to the internal regulations, the purpose of the Remuneration Committee is to:

- "examine the performance and all the components of remuneration including stock options, or other forms of deferred remuneration, pension plans and, in general, the conditions of employment of the Chairman and Chief Executive Officer or both the Chairman and the Chief Executive Officer as well as the Senior Executive Vice-Presidents and make the corresponding recommendations to the Board of Directors;
- propose, where applicable, the remuneration of the Vice-Chairman or Vice-Chairmen;
- examine the remuneration and retirement policy applied to Executive Management and in particular the Executive Committee;
- examine the proposals by Executive Management concerning the granting of stock options and other incentive systems related to the share price to other Group employees and propose their granting to the Board of Directors;
- examine and propose to the Board of Directors the allocation of Directors' fees among Board members.

The Committee can request the assistance of outside experts if necessary. The Company shall provide the Committee in such a case with the corresponding funding."

The Remuneration Committee's work in 2013

The Remuneration Committee met three times in 2013 with an effective attendance rate or attendance rate by telephone of 91% of its members. The Chairman and Chief Executive Officer is not present for any discussions of the Committee relating to him personally. At Board meetings, the Committee Chairman reports on the work of the Remuneration Committee.

Executive officer remuneration

The Committee made recommendations to the Board of Directors for the setting of the variable remuneration of Executive Management members for fiscal year 2013, based on developments in the financial results and individual performance appraisals. It made recommendations regarding the fixed remuneration and the formulas used to calculate the variable remuneration of Executive Management members applicable for fiscal year 2013. It recommended, in particular, that, as from 2014, a Corporate Social and Environmental Responsibility criterion should be structurally included in the personal objectives set for determination of the variable remuneration of the Executive Officers and that the transparency of communication should be increased.

The Committee reviewed the components of the long-term incentive policy and issued recommendations for an evolution in the determination of the performance conditions applicable to Stock Options and the conditional grant of shares to employees (ACAS). On this basis, the Committee recommended, at its meeting in September, (i) the 2013 plan for the conditional grant of shares to employees (ACAS) that now includes a performance condition calculated over a vesting period of three years, (ii) the 2013 stock option plan. It recommended that the Executive Officers and members of the Executive Committee should not be beneficiaries of the conditional grant of shares to employees (ACAS) in 2013. It recommended measures aimed at improving the transparency of communication.

The Committee reviewed the pension schemes in force in the Group for senior executives and Executive Officers and recommended the formal adaptations required in order to take into account the new duties held by Pierre Dufour in Germany.

The Committee reviewed the Company's commitments in terms of termination indemnities for the Executive Officers and recommended toughening the performance conditions which now provide, in particular, for a lower limit below which no indemnity would be paid.

The Committee made its recommendations concerning the draft resolutions to be put to the advisory vote of the Shareholders' Meeting on May 7, 2014 with regard to the remuneration of the Executive Officers for 2013 pursuant to the new recommendations of the AFEP/MEDEF Code (September, January 2014).

The Committee examined the elements of remuneration of the Executive Committee members (April).

Directors' fees

The Committee made recommendations concerning the level of Directors' fees to be allocated in respect of fiscal year 2013 within the scope of the total amount authorized by the Shareholders' Meeting and the revision of the total authorized amount (September, January 2014).

Social Responsibility

The Committee made recommendations concerning the launch of an employee savings transaction in 2013 (April).

Corporate governance

The Committee reviewed the practices adopted by the Company with regard to (i) the provisions of the AFEP/MEDEF Code of corporate governance relating to remuneration as revised in June 2013 and (ii) the recommendations of the AMF's Annual Report on the Remuneration of Executive Officers of Listed Companies and made its recommendations (September, January).

All the Committee's work contributed to determination by the Board of the Executive Officer remuneration policy set out in great detail in the section on remuneration below (see the details on each of the points in the section on remuneration on page 142). After review, the Committee recommended to the Board of Directors that it approve this section.

SHAREHOLDER RELATIONS WORKING GROUP

On the recommendation of the Appointments and Governance Committee, the Board of Directors decided on the creation of the Shareholder Relations working group. Chaired by Benoît Potier, this working group, of which Thierry Desmarest, Paul Skinner and Gérard de La Martinière are also members, met once at the end of the fiscal year to look at the Group's shareholder strategy.

PARTICIPATION AT THE SHAREHOLDERS' MEETING

In accordance with article L. 225-37 of the French Commercial Code, the specific terms and conditions relating to the participation of shareholders at the Shareholders' Meeting are set out in articles 5 to 10 and 18 and 19 of the Company's articles of association (set out on pages 327 to 334 of this Reference Document).

FACTORS LIKELY TO HAVE AN IMPACT IN THE EVENT OF A TAKEOVER BID

In accordance with article L. 225-37 of the French Commercial Code, the factors likely to have an impact in the event of a takeover bid are set out and explained pursuant to article L. 225-100-3 of the French Commercial Code on page 338 of this Reference Document.

Internal control and Risk Management procedures instituted by the Company

The Group Control Director was requested by the Chairman and Chief Executive Officer to compile the elements of this report, which was prepared with contributions from several departments (particularly Finance and Operations Control, Group Control, Legal and Safety and Industrial System).

This report was transmitted to the Statutory Auditors and presented to Executive Management, which deemed it compliant with existing Group measures. It was approved by the Board of Directors, upon the recommendation of the Audit and Accounts Committee.

The report is based on the Internal Control and Risk Management Systems Reference Framework, developed under the supervision of the AMF.

INTERNAL CONTROL OBJECTIVES

In addition to the principles of action, which reaffirm the Group values for each major zone (shareholders, customers, employees, etc.), the Group's policies are grouped together in an overall Reference Document, the BLUEBOOK, which is available to employees on the Intranet. They constitute a set of internal control and risk management procedures, which must be implemented by each entity included in the Group's consolidated financial statements.

The BLUEBOOK is the cornerstone of the Group's internal control system.

The internal control system aims to ensure that:

- the Group's activities and the conduct of its members:
  - comply with laws and regulations, internal standards and applicable best practices,
  - comply with the objectives defined by the Company, especially in terms of risk prevention and management policies,
  - contribute to safeguarding the Group's assets;
- all financial and accounting information communicated either internally or externally gives a true and fair view of the situation and activity of the Group and complies with prevailing accounting standards.

Generally, the Group's internal control system should contribute to the management of its activities, the efficiency of its operations and the efficient use of its resources.

As with other "assurance systems", it cannot provide an absolute guarantee that the Group's objectives will be met.

In 2013, the Group pursued the actions undertaken in previous years, with more than 70 material Group entities (representing over 90% of consolidated Group revenue) reviewing the appropriateness of their internal control system in relation to the Reference Framework. These entities also implemented actions aimed at improving the scope and traceability of operating controls coordinated by the Group Control Department and the Finance and Operations Control Department.

These actions were the subject of audits coordinated between the Group Control Department and the Statutory Auditors to verify their proper implementation. They were monitored by the Group Control Department and the Finance and Operations Control Department, which reported their findings to Executive Management.

In 2013, the Group continued its measures to improve the quality of its internal control and risk management system, with in particular:

- the enhancement and update of the BLUEBOOK in several areas, in particular finance, procurement, human resources, communication, digital security etc;
- the issue of a best practices handbook for the Industrial Customers business line to help with the integration of newly-acquired entities. This handbook is intended to be rolled out at Group level;
- the expansion of training programs with the introduction of e-learning developed under the AL University brand in numerous fields (ethics, industrial security, compliance with competition law, crisis management and communication, etc.). These e-learning programs will help raise awareness of these subjects among Group employees;
- as part of the anti-corruption program, the continuation of training in the Engineering & Construction activities and in the Industrial Gas business line, and its extension to the Healthcare business line in 2013;
- the continuation of the long-term plan aimed at improving the prevention and monitoring of information and communication systems with, in particular:
  - the gradual expansion of security strengthening actions for key information system elements (started in 2012) towards better protection of the most critical business line applications (more than half are currently being processed), as well as specific protection for certain sensitive information aided by the issue of specific procedures for the classification and treatment of these data,
  - the creation of a Digital Security Committee chaired by a member of Executive Management to define the orientations and priorities of this program and ensure its smooth implementation.

ORGANIZATION

The Group is organized based on a highly consistent Group strategy, of which the main driving force is the internal growth of its activities.

This strategy is relayed through management which centers on mid-term objectives that are categorized by business activity, as well as through a steering process based on annual budgetary objectives, which are further categorized down to the individual plan level.

The organization breaks down into:

- entities which ensure the operational management of their activities in the countries where the Group is located;
- geographical zones which supervise and monitor the performance of the entities under their responsibility and ensure that strategies are properly implemented and the main financial indicators maintained;
- World Business Lines:
  - that present mid-term strategic objectives for their related activities to Executive Management,
  - that are responsible for Marketing, the Industrial Policy and the appropriateness of skills in their field of activity,
  - for which the member of the Executive Committee responsible, chairs the Resources and Investment Committee (RIC) meetings that decide on the necessary investments and resources presented by the zones.

This organization also includes Holding and Group Departments, which notably comprise the three key control departments that report independently to Executive Management:

- the Finance and Operations Control Department, which is responsible for:
  - the reliability of accounting and financial information,
  - the Group financial risk management,
  - Management Control through the drafting and monitoring of Group objectives on the basis of financial data prepared by the accounting teams and analyses conducted by the financial teams of the various entities;
- the Group Control Department, which:
  - provides expertise and assistance to entities in the roll-out of their risk management approach (see below) and builds a Group synthesis,
  - verifies the effective application of internal control and risk management procedures through audits carried out according to a defined program presented to the Group's Audit and Accounts Committee. This program, developed based on the risk analysis, is regularly monitored by the Audit and Accounts Committee itself. Audit reports are systematically supplemented by corrective action plans, which are supervised by a member of the Executive Committee. These reports, as well as subsequent follow-up reports, are the subject of various communications and periodic discussions with the Statutory Auditors,
  - helps Group entities ensure compliance with the Group's ethical values, particularly training and awareness-raising actions and the treatment of fraud and deviations,

– provides guidance to Group entities, through the Digital Security Department, which reports directly to the Group Control Department, on the identification and protection of their data and computer applications (definition of rules, roll-out expertise and advice, control of proper implementation);

- the Legal Department, which identifies legal risks, issues internal guidelines and codes, and then oversees their proper implementation. It also monitors the main litigation cases and manages insurance.

Finally, this organization relies on a framework of authorizations and delegations granted by Executive Management:

- to members of the Executive Committee and certain departments and services in order to define their commitment and payment powers for commercial transactions (sales or purchases);
- to certain executives in charge of entities or sites in France, in order to ensure the prevention and control of industrial risks in terms of health and safety;
- to certain financial executives, in order to ensure the security of transactions and financial flows.

The managers of the various Group subsidiaries exercise their duties under the control of the Boards of Directors and in accordance with laws and regulations applicable in the countries where they operate.

RISK MANAGEMENT

To ensure the continued development of its activities, the Group must actively pursue an approach to prevent and manage the risks (especially industrial and financial risks) to which it is exposed.

In terms of the Group's business activities, industrial risk management must essentially focus on prioritizing safety and security while maintaining a permanent focus on the reliability of installations.

Financial risk management requires strict control over investments, combined with prudent and rigorous practices regarding the accounting and financial aspects of the activities.

The Group risk management approach, which has been formalized since 2009, aims to ensure:

- the regular identification of the different forms of risk (industrial, financial and other) encountered by the Group during the pursuit of business activity, which are assessed according to both potential damage and probability of occurrence;
- the assessment of the risk management level based on a common scale with respect to the quality of policies, organizations, processes and controls in place;
- the progress of the main corrective action plans undertaken to mitigate the risks, by focusing monitoring activities on a limited number of priorities.

This three-phase risk management process (mapping, management levels, mitigation plans) covers over 70 entities representing more than 90% of consolidated Group revenue.

The Risk Management Department within the Group Control Department leads this approach using:

- resources dedicated by the zones and business lines to manage the approach in their respective areas of responsibility (under the supervision of the Boards of Directors of the entities concerned) and provide a zone or business line summary;
- the work of members of the Risk Committee that it coordinates. This Committee brings together the main Group support functions, which provide their expertise to the zones and Business Lines. Presided by Executive Management, it meets twice a year to report on the progress of initiatives, particularly in terms of priorities, and to prepare a Group risk management synthesis.

Finally, the Audit and Accounts Committee reviews Group risk management based on presentations covering:

- the progress of the approach (on an annual basis);
- each major risk management system based on a multi-year program structured according to the challenges;
- internal audit summaries of these risk management systems.

In addition, the Board of Directors retains the right to request that certain risk control systems be presented directly to it.

CONTROL ACTIVITIES

Control activities aim to ensure that internal control procedures are properly implemented and respected and notably rely on strict control of Group investments, with:

- a centralized, in-depth review (above certain thresholds) of investment requests and the medium and long-term contractual commitments which may arise therefrom;
- control of investment decisions through the specific follow-up of authorizations granted as well as contributions expected and seen during the initial years. In addition, the subsidiaries are obliged to report all budget overruns and implement corrective action plans aimed at ensuring the profitability of the investment concerned;
- more in-depth analyses (comparative profitability analyses prior and subsequent to completion) for certain significant investments.

The main internal control and risk management procedures drafted and communicated by the Company in the BLUEBOOK aim to:

1. Ensure the safety and security of employees, products and installations, as well as the reliability of operations in compliance with the rules and regulations for accident prevention

To this end, the Company has an Industrial Management System (IMS), which operates based on:

- empowerment of the Management bodies governing the Group's various entities for the effective implementation of this system;
- the issue of key management and organizational procedures that aim to ensure:
  - regulatory compliance,
  - design management,
  - industrial risk management,
  - hygiene, health and environmental management,
  - training and certification of personnel,
  - management of operating and maintenance procedures,
  - management of industrial purchases,
  - change management,
  - analysis and treatment of incidents and accidents,
  - system effectiveness control through management audits and review,
  - shared technical standards within Group entities.

The IMS document base is updated and supplemented on an ongoing basis.

The Safety and Industrial System Department and the Industrial Departments of the relevant World Business Lines supervise and control the effective implementation of the IMS, by notably relying on:

- continually increasing team awareness by providing specifically related training, and the distribution of a monthly security report available to all employees on the Group Intranet;
- the presentation of various indicators designed to monitor performance in terms of the safety and reliability of operations, as well as the deployment of certain Group key standards;
- the process audits conducted by the Safety and Industrial System Department to verify the implementation conditions and compliance of operations with IMS requirements;
- technical audits carried out by the Industrial Departments to ensure the compliance of operations with Group security and technical rules.

Changes in the safety performance of operations and their level of compliance with IMS requirements are regularly monitored by the Executive Committee.

2. Ensure control of energy purchases, particularly with respect to availability and matching with Group commitments to customers

The energy management policy defines rules governing energy purchases and the related decision-making processes. The Enrisk Group Committee reviews the procurement strategies of the entities, validates the most significant commitments and ensures the relevant policies are properly applied.

Each month, the Enrisk Group Committee brings together primarily the Vice-President in charge of the Large Industries Global Business Line, the Energy Group Vice-President and the Group Deputy Chief Financial Officer.

Meeting minutes are sent to Executive Management.

3. Ensure the protection of Group IT data and applications

The Digital Security Policy, which was updated in 2013, sets the basic rules governing the identification and handling of digital security stakes and outlines the roles and responsibilities in this area. It is accompanied by:

- procedures describing, in particular, how to secure data and applications, detect and deal with incidents;
- codes outlining principles to be respected by IT users and administrators.

The Digital Security Department reports directly to the Group Control Department and uses resources set aside by the zones, business lines and entities to coordinate and control the roll-out of this policy, in conjunction with the IT Department. This roll-out is centered on an operational program aimed at defining the key areas and measures to be taken under the supervision of the Digital Security Committee.

4. Ensure the development of the Group's expertise and talents

The Human Resources policy defines the main rules, together with the roles and responsibilities of the different parties in their implementation, with respect to, among others:

- the acquisition and sustaining of requisite skills, in particular through the SPRING program, which identifies critical skills in the Engineering & Construction and Research & Development business lines, and which is intended to be rolled out at the Group level. Training provided under the AL University brand also contributes to this goal, and courses were improved in 2013 in many domains (in particular ethics, industrial security, compliance with competition law, crisis management and communication) by e-learning modules that accelerate the training process and raise awareness among a wider audience;
- accompanying employees in their personal development. Tools are currently being rolled out to improve management of training programs (LMS: Learning Management System), monitor career paths, help manage skills (TMS: Talent Management System) and communicate career advancement opportunities within the Group (TAS: Talent Management System);
- measuring and recognizing performance and contributions for all employees. Other than remuneration policies, the Group's specific programs promote, for example, technical expertise (Technical Career Ladder) and inventors (inventor recognition program).

5. Ensure that laws, regulations and internal management rules are respected within the Group, notably in the legal and intellectual property areas

- In the legal area, with the Group legal policy, which encompasses:
  - a Group procedure relating to Powers (limitations and delegations) for use by Group entities,
  - a Group procedure on subsidiaries governance (Boards of Directors),
  - an Insurance Guide for all Group entities,
  - Group instructions and codes on how to behave in order to comply with competition laws (mainly in Europe and the United States), followed by awareness meetings held in several European and Middle Eastern entities in 2013,
  - a Group code recapping the rules of ethical behavior to prevent the risk of corruption, and related procedures, followed by training sessions in the Engineering and Construction and Gas and Services activities,
  - a memorandum, specifying the rules to be observed to prevent insider trading,
  - various contract guides (for Large Industries, Engineering and Construction, Industrial Merchant, Electronics and Financing) and codes of good practices (for Healthcare).
- In the intellectual property area, with a Group policy and procedures aimed at:
  - ensuring Air Liquide's compliance with valid patents held by third parties in its different areas of activity,
  - protecting Group intellectual property, by protecting its inventions, designs and brands through their identification (on an official filing basis) and favoring the recognition of their inventors.

To this end, the Group relies on an Intellectual Property Department, comprised of professionals located at the Group's head office and in the main countries.

6. Manage and minimize financial risks

Financial decision-making governance is the responsibility of the two Finance Committees, which consider the financing strategy and the practical implementation of the financial policy, respectively.

The Company has defined financial policies, which forbid speculative transactions notably on derivatives, and that are subject to regular review. These policies were brought together in a Group financial policy. These procedures set-out the principles and procedures for the management of financial risk to which the activity is exposed, notably in relation to:

- liquidity risks: the Company has defined rules aimed at ensuring an appropriate level of "confirmation" and diversification (by type and maturity) for all sources of external financing. The Group staggers short- and long-term repayment maturities over time in order to limit amounts to be refinanced each year;
- counterparty risks: the Company has defined rules aimed at ensuring that there is sufficient diversification and financial solidity of counterparties at Group level (commitment limits/minimum rating);
- interest rate risk: the Company has defined methods managed on a centralized basis for the hedging of interest rates related to debt that is carried in major currencies (mainly EUR, USD, JPY, and RMB), which represent 80% of total net debt with:
  - a selection of authorized tools,
  - the hedging decision processes,
  - the methods of executing transactions.

  For other foreign currency debts, rules have been defined in order to ensure that the transactions initiated to hedge interest rate risk are consistent with Group objectives;

- exchange rate risk: the Company has defined methods for hedging exchange rate risk, whether this is carried by the holding companies or the operating entities, in terms of authorized hedging instruments, the decision process and the execution of transactions.

These measures are supplemented by treasury management rules adapted to local circumstances, which are aimed at ensuring secure transactions and forecasting treasury inflows/outflows with an objective of optimizing the management of liquidity (forecasting of cash in/cash out).

The application of this financial policy is controlled by the Finance and Operations Control Department. The majority of transactions are executed on a centralized basis (financing and management of related interest rate risk, hedging of foreign exchange risk), which is completed by consolidated reports provided by various Group entities on a monthly or quarterly basis, depending on the type of risk.

7. Ensure the reliability of financial and accounting information

In order to guarantee the quality and reliability of financial and accounting information produced, the Group primarily relies on a set of accounting principles and standards, as well as a consistent accounting and management reporting system for data which feeds both the Group consolidation process and the business analysis that is under the responsibility of independent departments, which report to the Finance and Operations Control Department.

The Group accounting manual, which includes the Group financial policy, defines the accounting rules and principles as well as the consolidation methods applicable and states the formats applicable for reporting financial and accounting information. This manual is regularly updated by the Finance and Operations Control Department with the amendments to IFRS or their interpretations.

Management and Accounting Reports are each prepared under the responsibility of independent but interactive departments that follow identical methods and principles:

- this independence allows for the enhancement of information and analyses through the use of complementary indicators and data, particularly those which are specific to each activity;
- the fact that these bodies are interactive provides for better control of the reliability of information through the systematic and regular reconciliation of data.

The reports primarily include:

- monthly management reporting, known as the “Monthly Flash Report”, which provides information on revenue and the main financial indicators: income statement, funds from operations (cash flow), net indebtedness and amount of investments authorized and committed;
- quarterly reporting, known as the “Management Control Report”, which provides details of the primary items of the income statement, balance sheet and statement of cash flows;
- a quarterly “variance analysis” report to assess the various components of the change in operating income recurring.

  These three documents are compiled by each management entity according to a predefined yearly timetable.

  They are systematically accompanied by comments on activities drawn up by the Director and the controller within the entity, and are consolidated at Group level with a breakdown for each geographical zone and activity;
- quarterly reporting for accounting consolidation is compiled by each subsidiary which, in addition, must provide (on a semi-annual basis) information on off-balance sheet commitments that may include:
  - energy purchases,
  - financial guarantees and deposits,
  - all other contractual commitments.

Accounting consolidation and monthly reporting is sent to the Central Consolidation Department. This department prepares the consolidated data and works in conjunction with the Operations Control Department, whose duty is to analyze and comment on the results, identify and explain any differences with respect to forecasts, and to update the forecasts.

Within the monthly Executive Operations Meetings, a rolling forecast for the current year is systematically presented by the Finance and Operations Control Department, in order to identify, when applicable, any differences with respect to yearly targets and take the necessary steps.

Through regular controls, the Finance and Operations Control Department ensures the effective application of accounting methods and principles in the various Group entities. The most complex accounting standards, particularly those relating to employee benefits (IAS19), methods of consolidation (IFRS10/11) and derivative financial instruments (IAS32/39, IFRS7) are subject to tighter controls or treated directly by the Finance and Operations Control Department.

It also relies on audits carried out by the Group Control Department, with which it has regular contact.

The quality and reliability of financial and accounting information also depends on information systems which are increasingly integrated (such as ERP), a Group consolidation software package and a treasury consolidation package.

A project was launched to further harmonize the Group’s financial systems and models, based on the definition of an accounting and financial framework tailored to the various business lines.

MONITORING OF CONTROL MEASURES

The Board of Directors exercises its control over Group Management based on the various quarterly reports it receives from Executive Management and the work of the Audit and Accounts Committee, according to the methods and principles described above (reports, debriefings, etc.).

Executive Management exercises its control over risk management, particularly through monthly meetings with the Chairman and Chief Executive Officer, the Senior Executive Vice-President and the Executive Vice-President aided by the Finance and Operations Control Director, and the Legal Director who also acts as secretary.

It also relies on existing reports and:

- Executive Committee Meetings, with, in particular, debriefings from the Safety and Industrial System Department regarding Group performance in terms of security and the progress of current actions;
- work carried out by the Finance and Operations Control Department, and the Group Control Department, which report directly to Executive Management;
- recommendations made by various Group Committees set up to ensure enhanced management of certain commitments and more significant stakes (the role and members of these Committees are described below).

These control measures are enhanced by the involvement of entity departments and the Executive Committee in the implementation and follow-up of actions needed to improve and strengthen the quality of internal controls.

The Risk Committee

This Committee brings together the Group's major support functions: Legal, Finance and Operations Control, Communication, Safety and Industrial Systems, Human Resources and Group Control.

Its purpose is to assess the geographical zones and business lines that must implement and coordinate the risk management approach in their respective areas of responsibility.

Presided by Executive Management, it meets twice a year to report on the progress of initiatives, particularly in terms of priorities, and to prepare a Group risk management synthesis.

The Digital Security Committee

This Committee, created in 2013, brings together members of the Executive Committee responsible for Geographical Zones and Business Units, as well as Heads of IT, Digital Security and Security.

Its mission is to set the program's strategic orientations and priorities aimed at strengthening the prevention and control mechanisms of our information system. It also oversees the implementation of measures necessary to reach the desired level of security.

Chaired by a member of the Group Executive Management, the Digital Security Committee meets twice a year.

The Finance Committees

The Strategic Finance Committee

The purpose of this Committee is to verify the effective application of the Group's financial policy, to approve financial management proposals and suggestions that have been submitted and to approve the rules governing the Group's financial policy, which are subjected to regular review.

It brings together the Group Finance and Operations Control Director, the Corporate Finance and M&A Director and the Group Treasury and Financing Director, who meet under the authority of the Chairman and Chief Executive Officer.

The Committee meets at least three times a year and upon request, if necessary.

The Operational Finance Committee

The purpose of this Committee is to make day-to-day decisions concerning the financial management of the Group, to propose structuring transactions to the Strategic Finance Committee and to ensure their implementation after approval.

It brings together the Group Finance and Operations Control Director, the Corporate Finance and M&A Director and the Group Treasury and Financing Director, assisted by a Committee secretary.

The Committee meets every four to six weeks, and the minutes of these meetings are sent to the Chairman and Chief Executive Officer.

The Resources and Investment Committees

The purpose of these Committees is to assess and approve requests for investments that have been submitted, as well as medium and long-term contractual commitments and Human Resource requirements that may arise therefrom.

They meet once or twice a month for each business line (Large Industries, Industrial Merchant, Electronics and Healthcare). Specific committees also meet regularly for the Engineering and Construction, Information Technologies, Welding, and Diving activities, as well as for the new activities, technologies and Research and Development.

Each Committee Meeting is chaired by the Executive Committee member responsible for the relevant World Business Line, and brings together Directors of the Business Lines and zones concerned by the investments and representatives of the Group Finance and Operations Control Department.

The Committee's decisions are reviewed at Executive Management Meetings.

> REMUNERATION OF THE EXECUTIVE OFFICERS AND DIRECTORS OF L'AIR LIQUIDE S.A.

(pursuant to article L. 225-102-1 of the French Commercial Code)

This section describes the remuneration policy applicable to executive officers determined by the Board of Directors upon the Remuneration Committee's recommendation. It was approved by the Board of Directors on February 17, 2014. It incorporates, by reference, certain sections which should be part of the Report from the Chairman, included here in order to present full information in a single section of the Reference Document, for the purpose of clarity.

To determine all the various components of remuneration of the executive officers, as proposed by the Remuneration Committee, the Board of Directors strives to take into account the principles of comprehensiveness, balance, benchmarking, consistency, understandability and proportionality as recommended by the AFEP/MEDEF Code of corporate governance. Taking account of several external reviews, the Board of Directors adopts a remuneration policy providing strong incentives for the executive officers and related to the steady operational performance that the shareholders expect from Air Liquide over time.

This remuneration policy includes incentive elements reflecting the Group's strategy which is oriented toward profitable long-term growth while acting responsibly with regard to all stakeholders. In a highly capital-intensive industry, profitable long-term growth requires constant attention to be paid to each investment decision and to the competitiveness of every transaction, while maintaining an ongoing effort over time in favor of innovation, employee training, safety and security and energy-saving initiatives. In this context, the remuneration includes:

- a **short-term component,** composed of a fixed portion and a variable portion:
  - the fixed portion is systematically the subject of a comparative study with the practices of companies of a comparable size in France and companies in the same business sector in the world on the basis of market surveys conducted by outside consultants,
  - concerning the variable portion: the amount thereof in respect of 2013 is assessed (i) for 62%, on the basis of objectives concerning an increase in net earnings per share and return on capital employed, which together reflect the balance achieved each year between growth and return on investment; and (ii) for 38%, on the basis of personal objectives which include criteria reflecting the social responsibility strategy developed by the Group with regard to all stakeholders (safety and security and human resources development, for example). The Board of Directors has decided that, as from 2014, a parameter related to Corporate Social and Environmental Responsibility (CSR) would be **structurally** included in the personal objectives set for determination of the variable remuneration.
- a **long-term incentive** via the granting of share subscription options. The share subscription options granted to the executive officers are subject in their entirety to two performance conditions based on the percentage of achievement over a period of three years of:

  (i) an objective of growth in Group undiluted net earnings per share, a criterion which makes it possible to measure the rate of achievement by the Group of its medium-term growth objectives, and

  (ii) an objective of total shareholder return, reflecting the need to monitor share performance for the shareholders.

  The Board has asked the Remuneration Committee to study the possibility of changing this criterion in future, to include in it a reference to a comparative analysis, which remains to be determined. The Committee's recommendations on this point will be discussed at a Board meeting before implementation of the stock option plan for 2014.

  Up until now, the Board of Directors has not awarded performance shares to the executive officers. It has confirmed that, at the time when such an award appears to be appropriate, where applicable, it would be made within the scope of a plan providing for a 3-year vesting period and performance conditions also over three years that would be identical to those provided in respect of stock options;
- **other earnings** attached to the performance of the terms of office of the executive officers, including:

  (i) the **pension plans** applicable to senior managers and executives (see details below),

  (ii) a **collective life insurance plan** (see below),

  (iii) the **death and disability benefits plan** applicable to senior managers,

(iv) **commitments to pay an indemnity in the event of termination of their duties** on the Company's initiative subject to performance conditions based on an average gap between Return on Capital Employed after tax (ROCE) and Weighted Average Cost of Capital (WACC) over a three-year period. Due to the fundamental importance, in the highly capital-intensive industrial gases industry, of the investment management and control process, this gap makes it possible to measure regular value creation over the three years prior to departure: an average ROCE - WACC gap over three years of 300 basis points is now required in order to be entitled to the total amount of the indemnity. This condition is based on a declining percentage formula providing for a minimum variance of 100 basis points, below which no indemnity will be paid. In light of the Group's good recent performance and the decrease in the average cost of capital, the Board of Directors has in fact made these conditions more stringent from 2014 onwards.

Benoît Potier, whose employment contract was terminated on May 5, 2010, is entitled to the **unemployment insurance for Company managers and corporate officers.**

A full description of all these components of remuneration is set out below, and, when such commitments are subject to the regulated agreements and commitments procedure, they are also described in the Statutory Auditors' Special Report on page 314. In accordance with the Code AFEP/MEDEF, the remuneration components of the executive officers are made public after the Board meeting during which they are approved.

The information included in this document takes into account the provisions of the AFEP/MEDEF Code of corporate governance for listed companies (revised in June 2013) and the AMF's recommendations included in the Guide on preparation of reference documents updated by the AMF on December 17, 2013. For the summary of the application of the AFEP/MEDEF Code, see the table on page 156.

Pursuant to the new recommendations of the AFEP/MEDEF Code, from 2014 onwards, the components of remuneration due or awarded to each executive officer in respect of the fiscal year ended are subject to the advisory vote of the Annual Shareholders' Meeting in a specific resolution for each executive officer (see tables on page 157 et seq below).

Short-term benefits

EXECUTIVE MANAGEMENT

Amounts paid during fiscal years 2011, 2012 and 2013

Table 1 below presents a summary of all remuneration components paid to executive officers with regard to fiscal years 2011, 2012 and 2013. They are then more fully described in the other tables below.

Table 1 – Summary of remuneration and stock options granted to each Executive Officer

(in thousands of euros)	**2011**	**2012**	**2013**
Benoît Potier – Chairman & Chief Executive Officer			
Remuneration payable in respect of the fiscal year (see breakdown in Table 2)	2,700	2,743	2,602.8
Value of stock options granted during the fiscal year (see breakdown in Table 4)	1,610	1,660	1,957
TOTAL	**4,310**	**4,403**	**4,559.8**
Pierre Dufour – Senior Executive Vice-President			
Remuneration due in respect of the fiscal year (see breakdown in Table 2)	1,357	1,371.3	1,450.8
Value of stock options granted during the fiscal year (see breakdown in Table 4)	915	943	1,115
TOTAL	**2,272**	**2,314.3**	**2,565.8**

Gross annual remuneration before tax paid to each executive officer of L'Air Liquide S.A. by the Company (and all Group companies), with respect to his corporate office for the Chairman and Chief Executive Officer and both for his duties as corporate officer and other duties in the Group for the Senior Executive Vice-President, including the benefits in kind, amounted to the figures presented in Table 2 below for fiscal years 2011, 2012 and 2013:

Table 2 – Summary of remuneration paid to each Executive Officer

	2011		2012		2013	
(in thousands of euros)	Amounts due	Amounts paid	Amounts due	Amounts paid	Amounts due	Amounts paid
Benoît Potier – Chairman and Chief Executive Officer [(a)] [(b)]						
■ fixed remuneration	1,060	1,060	1,080	1,080	1,100	1,100
including Directors' fees	*0*	*0*	*0*	*0*	*0*	*0*
■ variable annual remuneration	1,630	1,590	1,653	1,630	1,493.8	1,653
■ benefits in kind	10	10	10	10	9	9
TOTAL	**2,700**	**2,660**	**2,743**	**2,720**	**2,602.8**	**2,762**
Pierre Dufour – Senior Executive Vice-President [(b)] [(c)]						
■ fixed remuneration	620	620	627.5	627.5	635	635
including Directors' fees	*0*	*0*	*0*	*0*	*0*	*0*
■ variable annual remuneration	720	720	726.8	720	659.8	726,8
■ benefits in kind	17	17	17	17	6	6
■ other elements of renumeration[(d)]					150	150
TOTAL	**1,357**	**1,357**	**1,371.3**	**1,364**	**1,450.8**	**1,517.8**

(a) In accordance with the recommendations of the AFEP/MEDEF Code of corporate governance, Benoît Potier resigned from his employment contract at the time of the renewal of his terms of office as Director and Chairman and Chief Executive Officer in May 2010. Benoît Potier receives all his remuneration in his capacity as a corporate officer.

(b) During 2013, the Group paid amounts to third parties on behalf of Benoît Potier and Pierre Dufour with respect to supplementary defined contribution pension plans (16,128 euros and 7,274 euros respectively), the collective life insurance contract (189,135 euros and 189,135 euros respectively), and the additional death and disability benefits plan (66,368 euros and 28,805 euros respectively) for a total of 496,845 euros.

These plans are described in further detail below.

(c) For Pierre Dufour, the reported amount includes the remuneration payable in respect of his other duties within the Group.

(d) Amount paid by the German subsidiary in addition to an indemnity corresponding to the benefits in kind (housing) under the previous contract in France.

In 2013, the fixed remuneration has increased by +1.85% for Benoît Potier and by +1.2% for Pierre Dufour as compared with 2012.

Criteria for the fixed remuneration and the variable remuneration

- **Fixed remuneration** is determined based on the level of responsibility and experience in the management function, as well as with reference to current market practices.
- The entire **variable part** of the remuneration, due in respect of a fiscal year, is paid in the following fiscal year, after approval of the financial statements by the Annual Shareholders' Meeting. The criteria, which consist of two financial criteria and personal objectives, are adopted by the Board of Directors at the beginning of the fiscal year in line with the Group's strategic priorities and the results are assessed, after fiscal year-end, on the basis of the consolidated financial statements for the fiscal year approved by the Annual Shareholders' Meeting and the evaluation of the performance of each executive officer by the Board of Directors.

Financial criteria

Variable remuneration is assessed on the basis of the **financial criteria**, which have been the same for a number of years, of (i) growth in net Earnings per Share (excluding significant exceptional items and foreign exchange impact) and (ii) Return On Capital Employed (ROCE) after tax. These financial criteria represent in 2013, 62% of the amount of the variable portion.

The desired level of achievement of these quantitative criteria is precisely set by the Board of Directors every year and is based:

- on an objective of growth in EPS set on a consistent basis with regard to historical performances;
- on a significant outperformance of ROCE as compared to the weighted average cost of capital.

It is not made public for reasons of confidentiality.

Personal objectives

Variable remuneration is also based on **personal objectives:**

In 2012, the objectives shared by the two executive officers were primarily related to keeping control over costs, pursuing investments in growth and the innovation policy, continuous improvement in the Corporate Social and Environmental Responsibility objectives, particularly with regard to safety and security and human resources development.

In 2013, the objectives shared by the two executive officers were related, in particular, to gradual implementation of the market-focused organization, preserving financial balances, pursuit of the CSR objectives, in particular safety and security, and human resources development.

Importance of each criterion

In 2013, the variable portion could amount to a maximum of 170% of fixed remuneration for the Chairman and Chief Executive Officer and a maximum of 130% for the Senior Executive Vice-President. The weight of each criterion expressed as a percentage of the fixed remuneration was as follows:

	Benoît Potier	Pierre Dufour
EPS	65%	50%
ROCE	40%	30%
Personal Objectives	65%	50%
TOTAL *(maximum expressed as a percentage of fixed remuneration)*	**170%**	**130%**

An adjustment formula for each criterion is provided for in the event of an upward or downward variance with regard to the objective set.

Assessment for 2013

At its meeting on February 17, 2014, the Board made an assessment of the performance of the executive officers. **The results obtained in 2013** were below the objectives set for the financial criteria of EPS and ROCE. The variable remuneration in respect of these two criteria amounts to 77.3% of the fixed remuneration for Benoît Potier and 58.9% of the fixed remuneration for Pierre Dufour. The performance of the executive officers as compared to their personal objectives was considered very good, with, in particular, the implementation of the market-focused organization, improvement of the rating and in terms of safety, a lost-time accident frequency rate in Gas & Services, on the basis of a constant scope, which is the lowest in the Group's history. The amount of the variable remuneration in respect of the personal objectives represents 58.5% of the fixed remuneration for Benoît Potier and 45% of the fixed remuneration for Pierre Dufour. In total, the amount of the variable remuneration in respect of 2013 adopted by the Board represents 135.8% of the fixed remuneration for Benoît Potier and 103.9% of the fixed remuneration for Pierre Dufour; it is -9.6% lower for Benoît Potier and -9.2% lower for Pierre Dufour as compared to the variable remuneration for 2012. The total amount of fixed and variable remuneration for 2013 is -5.1% lower than in 2012 for Benoît Potier and -4.4% lower for Pierre Dufour.

Other elements of remuneration

- The benefits in kind paid for the benefit of the executive officers in 2013 include the use of a Company car for each of the two executive officers as well as, for Benoît Potier, contributions to unemployment insurance for Company managers and corporate officers. In addition, the Company paid to third parties the contributions to the supplementary pension plans, the collective life insurance scheme, and the additional death and disability benefits plan shown at the bottom of table 2.
- Other elements of remuneration: Pierre Dufour, who is now in charge of developing the Hub in Frankfurt, moreover received, in his capacity as Managing Director, an amount of 150,000 euros paid by the German subsidiary, in addition to an indemnity corresponding to the benefits in kind (housing) under his previous contract in France.

2014 fiscal year

The Board determined the fixed remuneration and the principles applicable for determination of the variable parts of remuneration for Benoît Potier and Pierre Dufour for 2014.

Fixed remuneration

It was decided that the amounts of **fixed remuneration** would be as follows:

(in thousands of euros)	Benoît Potier	Pierre Dufour
Fixed portion [(a)]	1,100 (unchanged)	650 (+2.4%)

(a) For Pierre Dufour, the reported amount includes the fixed remuneration due in his capacity as Managing Director of the German subsidiary (Air Liquide Global Management Services GmbH) in charge of the hub in Frankfurt.

Variable remuneration

The Board decided that the **variable remuneration** for 2014 will continue to be **based on the financial criteria**, identical to those applied for previous fiscal years, of growth in Earnings per Share (excluding foreign exchange impact and exceptional items) and Return on Capital Employed after tax (ROCE).

The 2014 variable remunerations will also be based on **personal objectives** which will be related notably to the Group's organization and short- and mid-term strategy, preserving financial balances, human resources development and pursuing Corporate Social and Environmental Responsibility objectives—now structurally included in the personal objectives set for the determination of the variable remuneration—and in particular those of safety and reliability, and with regard to indicators.

The weighting **formula** for the various components making up the variable remuneration and the maximum percentage of variable remuneration as compared to the fixed remuneration are unchanged for Pierre Dufour; they are changed as follows for Benoît Potier:

	Benoît Potier
EPS	65%
ROCE	40%
Personal Objectives	65%
TOTAL *(maximum expressed as a percentage of fixed remuneration)*	**180%**

Other elements of remuneration

Pursuant to his German agreement, Pierre Dufour receives an annual amount of 150,000 euros in addition to the indemnity corresponding to the benefits in kind (housing) under his previous contract in France.

BOARD OF DIRECTORS

Amounts paid in 2012, 2013 and 2014

Table 3 below summarizes the Directors' fees (in the absence of payment of any other exceptional remuneration) received by non-executive corporate officers in 2012 and 2013 and the amounts of Directors' fees payable in 2014 in respect of fiscal year 2013:

Table 3 – Directors' fees and other exceptional remuneration received by non-executive corporate officers

(in thousands of euros)	Amounts paid in 2012 in respect of 2011	Amounts paid in 2013 in respect of 2012	Amounts paid in 2014 in respect of 2013
Alain Joly [(c)] [(e)]	49	60	25
Thierry Desmarest	59	74	63
Rolf Krebs [(b)]	71	8	NA
Gérard de La Martinière [(a)]	76	88	82
Béatrice Majnoni d'Intignano	56	69	61
Cornelis van Lede	75	90	80
Thierry Peugeot	40	65	52
Paul Skinner	71	76	80
Jean-Claude Buono [(b)] [(c)]	40	18	NA
Karen Katen	50	75	74
Jean-Paul Agon	40	50	43
Sîan Herbert-Jones [(d)]	29	53	57
TOTAL	**656**	**726**	**617**

(a) *The indicated amounts include additional remuneration of 20,000 euros with respect to the Chairmanship of the Audit and Accounts Committee.*

(b) *Term of office terminated on May 9, 2012.*

(c) *Moreover, in 2013, the following gross amounts were paid to Alain Joly and Jean-Claude Buono as pensions pursuant to the pension plan presented below in the section "Former Executive Officers – Pension benefit obligations" (in thousands of euros): Alain Joly: 1,199 and Jean-Claude Buono: 359.*

(d) *Term of office began on May 4, 2011.*

(e) *Term of office terminated on May 7, 2013.*

Benoît Potier and Pierre Dufour do not receive any Directors' fees with regard to their terms of office as Directors.

Criteria

Total Directors' fees for allocation to members of the Board of Directors were set at 800,000 euros per fiscal year at the Annual Shareholders' Meeting of May 4, 2011. In the light of the growing number of Directors and meetings and the extension of the work handled by the Board and the Committees, it is proposed that the Shareholders' Meeting of May 7, 2014 decide to increase this amount to 1,000,000 euros.

The allocation formula adopted by the Board of Directors comprises fixed remuneration and variable remuneration based on lump-sum amounts per meeting, thereby taking account of the effective participation of each Director in the work of the Board and its Committees/working group as well as a fixed amount per trip for Directors travelling from abroad. The amounts calculated break down as follows:

Fixed remuneration (for a full fiscal year)

- Each member receives fixed annual remuneration of 20,000 euros for fiscal year 2013.
- The Chairman of the Audit and Accounts Committee receives supplementary fixed annual remuneration of 20,000 euros.
- The Chairmen of the Appointments and Governance Committee and the Remuneration Committee each receive supplementary fixed annual remuneration of 10,000 euros.

Variable remuneration

Attendance at the various meetings is remunerated as follows:

■ 1 meeting of the Board of Directors	5,000 euros
■ 1 meeting of the Audit and Accounts Committee	4,000 euros
■ 1 meeting of the Appointments and Governance Committee	1,500 euros
■ 1 meeting of the Remuneration Committee	1,500 euros
■ 1 meeting of the "Shareholder Relations" working group"	1,500 euros
■ 1 trip for a non-resident:	
– in Europe	2,500 euros
– Intercontinental	5,000 euros

Participation by telephone is remunerated at one-half of the lump-sum amounts set for each meeting.

Travel expenses incurred by non-French residents are reimbursed by the Company.

At December 31, 2013, all the non-executive Directors are members of a Committee. The variable remuneration linked to attendance at Board and Committee meetings is predominant as compared with the fixed remuneration.

Stock options

STOCK OPTIONS GRANTED TO EXECUTIVE OFFICERS

Principles of grant

Stock options granted by the Board of Directors to both Executive Officers and employees are a long-term incentive, aligned with the interests of shareholders to create long-term value.

The granting of stock options is examined with regard to the total annual remuneration of the Executive Officer, taking into account several external market surveys and respecting the interests of shareholders. The allocation, examined by the Remuneration Committee at the same time as the allocation plan for Group employees and decided by the Board of Directors, is conducted as part of annual plans, approved at pre-defined periods in the autumn, in the form of share subscription options granted without a discount.

The plan regulations are the same for all option beneficiaries within the Group, it being specified that, since 2009, the Executive Officers have been subject to the additional conditions set out below.

Pursuant to the decision made by the Board of Directors (most recently on September 26, 2013, pursuant to the authorization granted by the Shareholders' Meeting on May 7, 2013 in its eleventh resolution), the total number of options allotted each year to Executive Officers may not grant entitlement to a total number of shares exceeding:

- for all Executive Officers, 0.1% of the share capital (it being specified that a sub-limit on grants amounting to 0.3% of the share capital over a period of 38 months was set by the Annual Shareholders' Meeting on May 7, 2013);
- for each individual Executive Officer, on the basis of valuation of the options under the applicable IFRS, approximately the amount of the Executive Officer's maximum gross annual remuneration in respect of the same fiscal year.

In addition, the Board of Directors specifies (most recently at its meeting on September 26, 2013) that during the "negative window" periods surrounding the publication of the financial statements as determined by the Company, Executive Officers may not exercise the stock options that have been allocated to them. These abstention periods begin 21 days before the date of publication of the results and end at the close of a period of three days after this date.

The Board of Directors has taken due note of the commitment made by Benoît Potier and Pierre Dufour, in accordance with consistent Company practice, not to use hedges during the entire duration of their terms of office, in accordance with the AFEP/ MEDEF Code of corporate governance.

Performance conditions

Pursuant to the AFEP/ MEDEF Code of corporate governance, since 2009, the Board of Directors has decided that stock options granted to Executive Officers would be subject, in their entirety, to performance conditions calculated over 3 years.

At the time of the allocation of options by the Board of Directors' on September 26, 2013, it was thus decided that the number of stock options that could be exercised by each Executive Officer out of the total number of stock options allocated to him under the 2013 plan will be based:

- for 65% on the rate of achievement of a growth objective, set by the Board, in Group undiluted net earnings per share excluding foreign exchange impact and exceptional items (Recurring EPS) for fiscal year 2015, as compared to 2012 Recurring EPS; and
- for 35% on an objective of Total Shareholder Return, set by the Board, defined as the compound annual growth rate for an investment in Air Liquide shares with respect to fiscal years 2013, 2014 and 2015.

These performance conditions are identical to those applied in 2012.

These performance conditions apply, for the members of the Executive Management and Executive Committee members, to 100% of the stock options granted, and for any other beneficiaries of over 1,500 options, to 50% of the stock options allocated over and above such threshold.

As regards EPS, the growth objective set takes account of the economic environment, historical growth and the Group's medium-term ambitions. From the objective set, the grant decreases on a straight-line basis down to no grant for zero growth in EPS.

For information purposes, over the last three years, the objective was very close to the growth rates in EPS as set out in the consolidated annual budgets presented to the Board of Directors.

With regard to Total Shareholder Return (TSR), the objective set is also in line with past performance. From the objective set, the grant decreases on a straight-line basis. The Board has asked the Remuneration Committee to study the possibility of changing this criterion in future, to include in it a reference to a comparative analysis, which remains to be determined. The Committee's recommendations on this point will be discussed at a Board meeting before implementation of the stock option plan for 2014.

It has been decided that the objectives set for each performance condition will be made public ex post, at the close of the Board meeting determining the percentage of achievement of the performance conditions at the time of the closing of the accounts for the fiscal year concerned. The result achieved and the percentage of options that vest will also be communicated.

For the 2011 share subscription option plan for which the level of achievement of the performance conditions is now due to be determined, on the basis of the accounts closed for the 2013 fiscal year, the Board of Directors noted at its meeting on February 17, 2014 that 97.9% of the options granted to Benoît Potier and Pierre Dufour within the framework of this plan can be exercised. Concerning the objectives that were initially set and the percentage of achievement of the performance conditions, see page 168.

Other conditions

It is verified before each allocation that the conditions set by the French law of December 3, 2008, under which all employees in France must be associated with the Company's performance, are met.

The length of the stock option plan has been 10 years since 2011. Furthermore, a requirement of continued presence in the Group at the time of exercise of the options is also defined.

Volume

Table 4 shows the number and value of the share subscription options granted to each of the Executive Officers by the Board of Directors on September 26, 2013.

Table 4 – Share subscription options granted during the 2013 fiscal year to each Executive Officer

	Plan grant date	Option type	Option value (pursuant to IFRS 2) *(in thousands of euros)*	Number of options granted in 2013	Strike price *(in euros)*	Exercise period
Benoît Potier	09/26/2013	Share subscription options	1,957	100,000	102	09/26/2017 to 09/25/2023
Pierre Dufour	09/26/2013	Share subscription options	1,115	57,000	102	09/26/2017 to 09/25/2023

The number of stock options granted has increased for the first time in six years for Benoît Potier and in four years for Pierre Dufour. The options granted to the Executive Officers in 2013 represent 0.05% of the number of shares making up the share capital. These grants are made by the Company to the exclusion of any other Group company.

The adjusted fair value of stock options granted in 2013 to employees and Executive Officers of the Group, and determined according to IFRS 2 (as presented in note 23 Shareholders' equity on page 233) amounts to:

- 20.71 euros for the options not subject to performance conditions and options subject to performance conditions linked to the Group's results;
- 17.44 euros for the options subject to performance conditions linked to the change in the share price.

In accordance with French law, at the time of the grant of the 2013 stock option plan, the Board of Directors defined the rules governing the holding of shares resulting from the exercise of options, applicable to Executive Officers (see the details set out below).

Table 5 presents the total number of stock options exercised by the Executive Officers in 2013.

Table 5 – Share subscription options exercised during the 2013 fiscal year by each Executive Officer

	Plan grant date	Number of options exercised during the fiscal year	Average price *(in euros)*
Benoît Potier	03/20/2006	73,103	58.92
Benoît Potier	05/09/2007	40,000	70.61
Pierre Dufour	03/21/2005	29,948	48.39
Pierre Dufour	03/20/2006	31,367	58.92

Total adjusted stock options granted to Executive Officers and not exercised as of December 31, 2013

	Total adjusted stock options not exercised	Average price *(in euros)*
Benoît Potier	653,041	78.51
Pierre Dufour [(a)]	307,136	80.72

(a) Stock options granted in respect of his corporate office since his appointment in November 2007.

SHAREHOLDING OBLIGATION

- In accordance with article L. 225-185 of the French Commercial Code, the Board of Directors decided that for each allocation of stock options to an Executive Officer, starting with the May 9, 2007 plan and as from the exercise date of the granted options, the Executive Officer should hold a defined minimum quantity of registered shares arising from each exercise of stock options under each plan until the termination of his duties.

  This quantity will be calculated at the option exercise date based on the stock market price of the shares on this date (opening quoted price) and shall represent a minimum amount equal to 50% of the capital gain on acquisition less social security contributions and taxes (calculated at the maximum theoretical tax rate) on each exercise.

  However, this percentage may be revised downwards without falling below 10%, provided that the quantity of shares arising from the exercise of stock options held by an Executive Officer, covering all plans from May 9, 2007 onwards for Benoît Potier and from July 9, 2008 onwards for Pierre Dufour and calculated at the stock market price (opening quoted price), shall represent at the date of each exercise a minimum amount at least equal to 50% of the total capital gains on acquisition less social security contributions and taxes (calculated at the maximum theoretical tax rate) on all plans as from May 9, 2007 (including the exercise of stock options concerned). The rule was observed at the time of the exercise made within the scope of the May 9, 2007 Plan.

  This rule, regularly re-examined by the Board at the time of each stock option plan, was reiterated by the Board of Directors in September 2013 when share subscription options were granted to the Executive Officers.

- In addition, in February 2008, the Board decided to impose on Executive Officers an obligation to hold a number of shares equivalent to double the gross annual fixed remuneration for the Chairman and Chief Executive Officer and equal to the gross annual fixed remuneration for the Senior Executive Vice-President. The number of shares includes the quantity of shares arising from the exercise of stock options that

Executive Officers must hold pursuant to the decisions of the Board of Directors taken in accordance with article L. 225-185 of the French Commercial Code, without however restricting the enforcement of such decisions. The number of shares required to be held is assessed on January 1 and July 1 of each year. The Board noted that the valuation of the shares held at January 1 and July 1, 2013 by the Chairman and Chief Executive Officer and the Senior Executive Vice-President was respectively much higher than the required amounts and concluded that the stock ownership obligation is respected by each of the Executive Officers.

Recommendations encouraging the holding of a minimum number of shares of the Company equivalent to 0.5 times their gross annual fixed remuneration have also been made to Executive Committee members since 2009.

Conditional grants of shares to employees

Tables 6 and 7 – Performance shares awarded to each Executive Officer

Not applicable to L'Air Liquide S.A. at the date hereof.

The possibility of making conditional grants of shares to the Company's Executive Officers was authorized by the Shareholders' Meeting of May 7, 2013 in its twelfth resolution.

The Board of Directors decided at its meeting on September 26, 2013 that no Executive Officer or Executive Committee member would be a beneficiary of the plan for the conditional grant of shares to employees in 2013.

Long-term commitments

FORMER EXECUTIVE OFFICERS

Pension benefit obligations

The Board has agreed that the Company will pay former Chairmen and Chief Executive Officers and Senior Executive Vice-Presidents who, as a result of their age or length of service, were entitled to the pension benefits applicable to all employees covered by the Company's collective agreement of December 12, 1978, as amended, additional benefits, over and above those payable under the normal pension plans, of a fixed amount determined by the Board which is in excess of the capped amount based on the rules of the Company's collective agreement.

These amounts were set on retirement of the parties concerned by the Board of Directors' meeting of November 14, 2001 for Alain Joly, taking into account changes in common practice regarding pension benefits for executive managers then in effect, and by the Board of Directors' meeting of May 10, 2006 for Jean-Claude Buono. All other conditions of this agreement (described in greater detail on page 238), in particular, the conditions regarding changes in amounts and the limits potentially applicable by the Company to its retired employees and the conditions for reverting such pension benefits to the surviving spouse, are applicable to the above-mentioned Executive Officers. This plan, open to retired former employees and to employees aged 45 or older or with more than 20 years of length of service as of January 1, 1996, was closed on February 1, 1996.

In 2013, the amounts indicated in footnote (c) to Table 3 were paid to Alain Joly and Jean-Claude Buono under the aforementioned pension plans.

MEMBERS OF THE EXECUTIVE MANAGEMENT

The long-term commitments set out below are taken into account for the determination of the total remuneration of the Executive Officers.

Pension benefit obligations

The Board of Directors has authorized that Benoît Potier, in his capacity as Chairman and Chief Executive Officer, and Pierre Dufour, in his capacity as Senior Executive Vice-President, who did not meet the age or length of service conditions allowing them to benefit from the above-mentioned collective agreement of December 12, 1978, shall benefit from the supplementary pension plans set up, as of January 1, 2001 for all senior managers and executives meeting certain eligibility conditions. These plans allow senior managers and executives to constitute (i) for the portion of the remuneration up to eight times the annual social security ceiling, under defined contribution plans managed by an insurance company and (ii) for the portion of the remuneration exceeding 24 times the annual social security ceiling under a defined benefit plan, an additional annuity as well as an annuity paid to the surviving spouse, subject to certain conditions, particularly with regard to age.

- For the portion managed as part of defined contribution plans, the Company pays contributions to an outside insurer representing a fixed percentage of the portion of the beneficiary's remuneration concerned. Amounts paid as well as the corresponding investment income will be used to pay an additional pension benefit in the form of a life annuity, supplemented by an annuity paid to the surviving spouse, subject to the beneficiary being able to claim his pension entitlements under the standard old age pension plan applicable to all retired employees. Should the term of office or employment contract be terminated, the contributions will cease to be paid.
- Pension benefits corresponding to the defined benefit plan will be equal to 1% per year of service of the average of the three best years of the last five years of total annual remuneration exceeding 24 times the annual social security ceiling. For beneficiaries' length of service, see the dates when the persons concerned joined the Group set out on pages 176 and 186.) For the calculation, the average of the total variable portions taken into account cannot exceed 100% of the average of the total fixed portions used for this calculation. Where applicable, an annuity equal to 60% of the above-mentioned benefits will be paid to the surviving spouse, if certain age conditions are satisfied. The defined benefit plan only applies if the beneficiary is still with the Company at the time of his retirement. In the event of termination of the relationship at the Company's initiative, the beneficiary may nevertheless maintain his rights if he has reached at least 55 years of age with a length of service of at least five years if he ceases all professional activity until he retires. The condition of ending his career in the Company is then considered as being met as the beneficiary has not performed any other professional activity after his departure from the Company. This rule, which is line with the position of the social security administration, reflects the human resources policy at Air Liquide, encouraging long careers within the Group ; in the light of the length of service of the beneficiaries of this plan, some of whom have spent the whole of their career in the Group, it would not be justified for them to lose the benefit of this plan in the event of a forced departure (except in the event of gross or wilful misconduct) at the end of their careers.
- In accordance with the AFEP/MEDEF Code of corporate governance, a minimum length of service of three years is required for the defined benefit portion and included in the plan regulations to apply to all potentially eligible Executive Officers and senior managers.

As for all senior managers benefiting from the defined benefit plan, total pension benefits, under all pension plans, are capped in all cases at 45% of the reference remuneration (i.e. the average of the three best years of the last five years of total annual remuneration, it being understood that for this calculation, the variable portion taken into account cannot exceed 100% of the fixed remuneration). Should this ceiling be reached, the amount paid under the defined benefit plan would be reduced accordingly.

The regulations for the defined benefit pension plan are being amended slightly in 2014 to (i) limit the basis for calculation of the pension annuity to the fixed and variable remuneration only to the exclusion of any other form of remuneration, whether paid by the Company or any French or foreign subsidiary of the Group; (ii) make the payment of the annuity contingent on the decision to apply for the old age pension whether at the full rate or not.

The individual application of these plans to Benoît Potier and Pierre Dufour has been authorized:

- for the defined contribution plan, limited to the portion of remuneration which does not exceed today eight times the French annual social security ceiling, most recently by the Board of Directors at its meeting on February 12, 2010 in accordance with the regulated agreements and commitments procedure, and was approved by the Annual Shareholders' Meeting on May 5, 2010 (9th and 10th resolutions). Following the resignation from his employment contract with L'Air Liquide S.A., Pierre Dufour no longer benefits from this plan as from January 1, 2014;
- for the defined benefit plan, as amended as set out above, by the Board of Directors at its meeting on February 17, 2014 in accordance with the regulated agreements and commitments procedure. The decision was made public on the Company's website on February 21, 2014, and is submitted to the Annual Shareholders' Meeting of May 7, 2014 in a specific resolution for each Executive Officer (10th and 11th resolutions). For the record, the individual application to Benoît Potier and to Pierre Dufour of the pre-existing defined benefit plan was authorized by the Board of Directors at its meeting on February 12, 2010 in accordance with the regulated agreements and commitments procedure, and approved by the Annual Shareholders" Meeting on May 5, 2010 (9th and 10th resolutions).

During the 2013 fiscal year, the amount paid by the Company to the insurer for the supplementary defined contribution plans in favor of Benoît Potier and Pierre Dufour is disclosed in the footnotes to Table 2.

Life insurance plan

Following the closing of the defined contribution pension plan from which senior managers and executives benefited for the portions of remuneration amounting to between eight and 16 times, and between 16 and 24 times the annual social security ceiling, a collective life insurance contract was entered into for the Executive Officers, which enables the beneficiaries to create savings which are available at any time. The opening of this plan, at an unchanged cost for the Company, responds to a concern for good management. The contributions paid by the Company to the plan manager are assessed on the basis of the portion of the reference remuneration of the beneficiaries amounting to between eight and 16, and 16 and 24 times the annual social security ceiling, in accordance with conditions identical to those of the previous plan.

For the Executive Officers, the subscription of this contract was authorized by the Board of Directors' meetings of November 20, 2012 and February 13, 2013 in accordance with the regulated agreements and commitments procedure. The decision was published on the Company's website in February, 2013, and was approved by the Annual Shareholders' Meeting of May 7, 2013 in a specific resolution for each Executive Officer (7th and 8th resolutions).

The amount paid by the Company during fiscal year 2013 to the insurer for the benefit of Benoît Potier and Pierre Dufour is disclosed in the footnotes to Table 2.

In the light of Pierre Dufour's new situation within the Group as from January 1, 2014 (see paragraph entitled "Change in the situation of Pierre Dufour as from January 1, 2014" below), Pierre Dufour has waived the right to benefit from this plan, in respect of 2013 and for the future.

Death and disability benefits plan

An additional death and disability benefits plan has been subscribed with an insurance company to enable senior managers and executives, whose remuneration exceeds eight times the annual social security ceiling and satisfying certain age and length of service conditions, to receive a capital sum in the event of death or permanent and absolute invalidity. This capital sum is equal to four times the portion of gross annual remuneration exceeding eight times the annual social security ceiling. The contributions corresponding to this plan are paid in full by the Company. Benoît Potier, in his capacity as Chairman and Chief Executive Officer, and Pierre Dufour, in his capacity as Senior Executive Vice-President and employee, benefited from this plan in 2013.

For the 2013 fiscal year, the amount paid by the Company to the insurer for the benefit of Benoît Potier and Pierre Dufour is disclosed in the footnotes to Table 2.

The individual application of this plan, as last amended as of January 1, 2010, to Benoît Potier and Pierre Dufour was authorized by the Board of Directors' meeting of February 12, 2010 in accordance with the regulated agreements and commitments procedure and approved by the Annual Shareholders' Meeting of May 5, 2010 in a specific resolution for each Executive Officer (9th and 10th resolutions). It was also made public on the Company's website as of February 17, 2010.

Following the resignation from his employment contract with L'Air Liquide SA, Pierre Dufour no longer benefits from this plan as from January 1, 2014.

Change in Pierre Dufour's situation as from January 1, 2014

In addition to his office as Senior Executive Vice-President, Pierre Dufour was asked to take charge of the management of the hub in Frankfurt. In this context, a service agreement entered into with the German subsidiary Air Liquide Global Management Services GmbH (ALGMS) defines the terms and conditions applied to Pierre Dufour as Managing Director, effective as of January 1, 2014. Pursuant to this agreement, Pierre Dufour receives annual fixed remuneration and a variable portion limited to 130% of such fixed portion replacing the remuneration received under his previous employment contract. He receives an annual amount of 150,000 euros in addition to the indemnity corresponding to the benefits in kind (housing) under his previous contract in France. As usual, the information set out in Tables 1 and 2 above includes the elements of remuneration received by Pierre Dufour in respect of his other functions within the Group. As was previously the case, Pierre Dufour benefits from a non-competition clause which the company can waive, in which case it will be released from the obligation to pay the corresponding indemnity. The agreement also provides for a notice period indemnity equal to 12 months of remuneration in the event of removal from office with immediate release from his service obligations (excluding in the event of gross misconduct); this indemnity is reduced to six months of remuneration as it gets nearer to the date on which Pierre Dufour has the possibility to apply for a retirement pension in France. Furthermore, concerning retirement, a savings contract into which a contribution is paid by the German subsidiary, which replaces the plans from which Pierre Dufour previously benefited, has been entered into with a bank.

In consequence, Pierre Dufour resigned from his employment contract with L'Air Liquide S.A. as of December 31, 2013 and therefore, since that date, he no longer benefits from the protection of French employment law or from the collective defined contribution pension schemes, the death and disability benefits plan for senior managers and executives, and the collective life insurance plan, which have been replaced by schemes which are equivalent overall in Germany within the scope of his new duties.

Commitments relating to termination of duties

TERMINATION INDEMNITIES

Benoît Potier

In accordance with the "TEPA" law and the AFEP/MEDEF Code of corporate governance, most recently at its meeting on February 12, 2010, the Board of Directors set the terms of the agreement applicable to Benoît Potier as from the renewal of his terms of office as Chairman and Chief Executive Officer in May 2010, along the following main lines:

(i) only the cases of forced departure of Benoît Potier from his offices as Chairman and Chief Executive Officer (removal from office, non-renewal, request for resignation) related to a change of strategy or a change in control may give rise to an indemnity;

(ii) the amount of the indemnity in any of these cases is set at 24 months of gross fixed and variable remuneration;

(iii) the amount of the indemnity due decreases gradually as Benoît Potier, as Chairman and Chief Executive Officer, approaches the age limit defined in the Company's articles of association (63 years of age); in the event of a forced departure in the 24 months preceding the date of departure due to the age limit set by the articles of association, the amount of the indemnity due will be capped at the number of months of gross remuneration separating the date of forced departure from the date when he reaches such age limit. In any case, no indemnity shall be paid should the beneficiary claim his pension entitlements on the date of his forced departure;

(iv) the right to payment of the indemnity is subject to the achievement of performance conditions, with the proportion of the indemnity due decreasing according to the rate of achievement of such conditions according to the formula described below (see section on "Performance conditions applicable to the termination indemnities of the Executive Officers" below).

The decision made by the Board of Directors at its meeting on February 12, 2010 in accordance with the regulated agreements and commitments procedure provided for under the "TEPA" law was published in full on the Company's website. The commitment was approved by the Annual Shareholders' Meeting of May 5, 2010 in a specific resolution concerning Benoît Potier (9th resolution).

Pierre Dufour

In accordance with the "TEPA" law and the AFEP/MEDEF Code of corporate governance, most recently at its meeting on May 4, 2011 following the Annual Shareholders' Meeting during which it renewed the term of office of Pierre Dufour as Senior Executive Vice-President for a term of three years, the Board of Directors set the terms of the agreement applicable to Pierre Dufour as Senior Executive Vice-President, in accordance with the following three points:

(i) only the cases of forced departure of Pierre Dufour from his office as Senior Executive Vice-President (removal from office, non-renewal, request for resignation) related to a change of strategy or a change in control may give rise to an indemnity;

(ii) the amount of the indemnity in any of these cases (including any statutory indemnity or indemnity provided for by the collective bargaining agreement including any non-competition indemnity due, where applicable, in respect of termination of the employment contract or any other indemnity received on a similar basis from subsidiaries) is set at 24 months of gross fixed and variable remuneration;

(iii) no indemnity will be paid if the beneficiary is entitled to claim his full pension entitlements in the short term at the date of a forced departure;

(iv) the right to payment of the indemnity is subject to achievement of the performance conditions, with the proportion of the indemnity due decreasing according to the rate of achievement of such conditions according to the formula described below (see section on "Performance conditions applicable to the termination indemnities of the Executive Officers" below).

The decision made by the Board of Directors at its meeting on May 4, 2011 in accordance with the regulated agreements and commitments procedure provided for under the "TEPA" law was published in full on the Company's website. The commitment was approved by the Annual Shareholders' Meeting of May 9, 2012 in a specific resolution concerning Pierre Dufour (7th resolution).

Proposed amendments

In accordance with French law, these commitments were re-examined at the time of the renewal of his terms of office as Chairman and Chief Executive Officer for Benoît Potier, and for Pierre Dufour, of his term of office as Senior Executive Vice-President, expiring at the close of the Shareholders' Meeting on May 7, 2014.

On this occasion, in order to take into account the expectations of certain shareholders, the Board of Directors decided, at its meeting on February 17, 2014, to increase the performance criteria on which payment of the indemnity is contingent (see the section on "Performance conditions applicable to the termination indemnities of the Executive Officers" below). The other terms of the commitments set out above have been kept identical, subject to a few clarifications of language.

PERFORMANCE CONDITIONS APPLICABLE TO THE TERMINATION INDEMNITIES DUE TO THE EXECUTIVE OFFICERS

- The Board of Directors decided that payment of the termination indemnities due to Benoît Potier and Pierre Dufour mentioned above is subject to compliance, duly acknowledged by the Board of Directors at the time of or subsequent to the termination of their duties, with conditions relating to the beneficiary's performance assessed in relation to the Company's performance, to date defined as follows:

  Entitlement to the indemnity referred to above shall depend on, and the amount of the indemnity paid shall be adjusted on the basis of, the average of the annual gap between the Return On Capital Employed after tax (ROCE) and the Weighted Average Cost of Capital (WACC) (assessed using the net equity method) calculated (based on the certified consolidated financial statements approved by the Annual Shareholders' Meeting) with respect to the last three fiscal years prior to the fiscal year in which the departure occurs. For the purposes of this calculation, the gap between ROCE and WACC will be measured for each fiscal year and the average of the three annual gaps over the three fiscal years prior to the fiscal year during which the departure occurs shall be calculated.

  Within the scope of re-examination of the commitment, the Board of Directors decided, at its meeting on February 17, 2014, on the recommendation of the Remuneration Committee, that an average ROCE-WACC gap over three years of 300 basis points (instead of 200 previously) would now be required to benefit from the total indemnity. The declining formula is also made more strict: the condition decreases down to a minimum variance of 100 basis points (instead of 0 previously), below which no indemnity is paid.

Average ROCE - WACC gap	As from May 7, 2014	Proportion of the indemnity due
≥ 200 bp [(a)]	≥ 300 bp	100%
≥ 100 bp and < 200 bp	≥ 200 bp and < 300 bp	66%
≥ 50 bp and < 100 bp	≥ 150 bp and < 200 bp	50%
≥ 0 bp and < 50 bp	≥ 100 bp and < 150 bp	33%
< 0	< 100 bp	0

(a) bp: basis points.

Due firstly to good management of the Group and secondly a relatively modest WACC, over the last ten years, value creation has continued to be in excess of 400 basis points.

These conditions will be reviewed by the Board of Directors and, where applicable, amended to take account particularly of changes in the corporate environment each time the beneficiary's term of office is renewed and, where applicable, during his term of office.

- Concerning Pierre Dufour, the text of the undertaking regarding his termination indemnity has been amended in order to remove the references to an employment contract. It has been specified that the remuneration used as a basis for calculation of the indemnity is that received by Mr. Dufour on any basis whatsoever from any company of the Group.

  As in the past, the total amount of 24 months of remuneration will include the indemnities received from any subsidiary in the event of concomitant termination of the other functions he performs in the Group. The performance conditions are not applicable to the indemnities, including the non-competition indemnity, received from these subsidiaries. Nevertheless, the German company has reserved the right to waive the non-competition undertaking at any time during the term of the agreement and to be released from the obligation to pay the corresponding indemnity. The portion of the indemnities not subject to performance conditions could thus represent 32% of the total indemnity, in case of waiver of the non-competition undertaking (75% if it is maintained in force). Moreover, it is provided that any potential notice period indemnity will decrease by one-half as he approaches retirement age. In the event of waiver of the non-competition clause and a decrease in the notice period indemnity, the amount of the indemnities that are not subject to performance conditions would then only represent 16% of the total termination indemnity.

- The changes made to the termination indemnities for Benoît Potier and Pierre Dufour subject to the condition precedent of the renewal of their respective terms of office, are subject to the approval of the Annual Shareholders' Meeting of May 7, 2014 in accordance with the regulated agreements and commitments procedure (10th and 11th resolutions); they will be effective at the time of renewal of the terms of office of Benoît Potier and Pierre Dufour at the close of such Annual Shareholders' Meeting.

Unemployment insurance for Company managers and corporate officers

Pursuant to a decision of the May 2006 Board of Directors' meeting, Benoît Potier benefits, in his capacity as a corporate officer, from the unemployment insurance for Company managers and corporate officers subscribed by the Company. The contributions paid by the Company are added back to Benoît Potier's remuneration as benefits in kind.

This decision was approved by the Annual Shareholders' Meeting of May 9, 2007, in accordance with the regulated agreements procedure (7th resolution).

At its meeting in May 2010, the Board of Directors confirmed that Benoît Potier would continue to benefit from this insurance within the scope of the last renewal of his terms of office. Benoît Potier will continue to benefit from this insurance within the scope of the further renewal of his terms of office.

Table 8 (see page 166) **and Table 9** (see page 167)

Table 10

The table below summarizes commitments at December 31, 2013 relating to the termination of duties of the Executive Officers as set out above.

Executive Officers	Employment contract	Supplementary pension plan (see details above)	Indemnities or benefits due or that may be due on termination or a change of duties (see details above)	Non-competition indemnity
Benoît Potier Chairman and Chief Executive Officer Term of office start date: 2006 Date of renewal of term of office: 2010 Term of office end date: 2014*	**NO**	**YES** Pension plan for senior managers and executives: ■ partly a defined contribution plan ■ partly a defined benefit plan	**YES** Termination indemnity: ■ case: forced departure related to a change of strategy or a change in control; ■ maximum amount: 24 months of gross fixed and variable remuneration; ■ subject to performance conditions; ■ reduction as he approaches the age limit pursuant to the articles of association, exclusion should the beneficiary claim his pension entitlements on the date of a forced departure.	**NO**
Pierre Dufour Senior Executive Vice-President Term of office start date: 2007 Date of renewal of term of office: 2011 Term of office end date: 2014*	**YES** until December 31, 2013 **NO** as from January 1, 2014	■ **Defined contribution pension plan for senior managers and executives:** **YES** until December 31, 2013 **NO** as from January 1, 2014 replaced by a savings contract governed by German law ■ **Defined benefit pension plan for senior managers and executives:** **YES**	**YES** Termination indemnity: ■ case: forced departure related to a change of strategy or a change in control; ■ maximum amount (including any indemnity, particularly a non-competition indemnity, received from subsidiaries in respect of termination): 24 months of gross fixed and variable remuneration; ■ subject to performance conditions; ■ exclusion if the beneficiary is entitled to claim his full pension entitlements in the short term on the date of forced departure.	**YES** 16 months of remuneration received under the employment contract until December 31, 2013 then the German agreement as from January 1, 2014, indemnity included in the maximum overall limit of 24 months of fixed and variable remuneration. Possibility for the company to waive the non-competition undertaking at any time during the agreement.

* *Renewal of term of office proposed in May 2014.*

APPLICATION OF THE AFEP/MEDEF CORPORATE GOVERNANCE CODE: SUMMARY TABLE

L'Air Liquide applies the AFEP/MEDEF Code with the exception of the following recommendations:

Recommendations	L'Air Liquide practice and justification
Independence criteria for Directors Article 9.4: In order for a director to qualify as independent, a Director : ■ must not have been an "employee or executive director of the corporation, or an employee or director of its parent or a company that the latter consolidates, and not having been in such a position for the previous five years";	Former employees or officers of the Company whose duties have terminated over five years earlier: the Board of Directors has considered that former employees or officers of the Company may not be considered as independent even if their duties ended more than five years earlier (see page 124).
■ must not have been a "director of the corporation for more than 12 years".	The Board did not consider that terms of office exceeding 12 years disqualify a Board member from being independent. The industrial gases business is characterized by highly capital-intensive investment projects accompanied by long-term contracts, with a typical length of 15 years for Large Industries. The experience acquired on the Board is therefore an asset to ensure the monitoring of the Group's development cycles over the long term and enables the Directors to make an informed judgment on growth strategy for the future with complete autonomy and express it freely (see page 124).
Evaluation of the Board of Directors Article 10.2: One of the objectives of the evaluation of the Board should, in particular, be "to measure the actual contribution of each director to the Board's work through his or her competence and involvement in discussions".	Article 10.2.: In light of the collective nature of the Board, the assessment questionnaire concentrates on an appraisal of the collective contribution of members to the Board's operation; these surveys however offer the possibility for the Directors who so wish to freely express their assessment with regard to the actual individual contributions made within the framework of general comments. In addition, the contribution by each Director is assessed by the Appointments and Governance Committee and then by the Board of Directors at the time of the renewal of the terms of office of Directors and Committee members. It is proposed that an additional section should be included in the questionnaire in future suggesting that Directors make an evaluation of the participation by Directors in the development of the reflections of the Board of Directors (see page 127).
Article 10.4: "It is recommended that the non-executive directors meet periodically without the executive or "in-house" directors"	Article 10.4.: Concerning the possibility for non-executive Directors to meet without the presence of executive Directors, a provision to this effect will be introduced into the internal regulations which will be revised at the close of the Shareholders' Meeting on May 7, 2014 (see pages 123 et 124).
Audit Committee Article16.2.1: "The time available for reviewing the accounts should be sufficient (no less than two days before review by the Board)"	Considering the presence within the Audit Committee of Directors from abroad, the Committee meetings covering the review of the financial statements were held the morning before Board of Directors' meetings. However, Committee members are in a position to review the financial statements well in advance through other means (preparatory meeting with the Committee's Chairman more than one week prior to the meeting; dispatch of files, now also available in electronic form, to Committee members several days in advance) (see page 130).
Remuneration Committee Article 18.2: "When the report on the proceedings of the compensation committee is presented, the Board should deliberate on issues relating to the compensation of the executive directors without the presence of the latter"	During the meeting of the Remuneration Committee, the Chairman and Chief Executive Officer is not present for any discussions by the Committee relating to him personally (see page 133).

Elements of 2013 remuneration of Executive officers submitted for the shareholders' opinion (Say on Pay)

ELEMENTS OF REMUNERATION FOR 2013 DUE OR ALLOCATED TO MR. BENOÎT POTIER, SUBMITTED FOR THE SHAREHOLDERS' OPINION

Elements of remuneration due or allocated to Mr. Benoît Potier in respect of fiscal year 2013

	Amounts	Comments
Fixed remuneration	**€1,100,000**	Fixed remuneration is determined based on the level of responsibility and experience in the management function, as well as with reference to current market practices. It has increased by 1.85% as compared with 2012.
Variable annual remuneration	**€1,493,800**	**The variable remuneration is limited to 170% of the fixed remuneration and linked to the following in 2013:** ■ **two financial criteria** which, as a % of the fixed remuneration, are based on: (i) for 65%, an objective of growth in EPS set on a consistent basis with regard to historical performances, (ii) for 40%, a significant outperformance of ROCE as compared to the weighted average cost of capital. These two elements reflect the balance achieved each year between growth and return on investment; an adjustment for each criterion is provided for in the event of an upward or downward variance; ■ **personal objectives** for 65%, which include criteria reflecting the corporate social responsibility strategy, particularly in terms of safety and security. **Assessment for 2013** At its meeting on February 17, 2014, the Board noted that **the results obtained in 2013** were below the objectives set for EPS and ROCE. The variable remuneration in respect of these two criteria amounts to 77.3% of the fixed remuneration for Benoît Potier. His performance as compared to his personal objectives was considered very good, with, in particular, the implementation of the market-focused organization, improvement of the rating and in terms of safety, a lost-time accident frequency rate in Gas & Services, on the basis of a constant scope, which is the lowest in the Group's history. The amount of the variable remuneration in respect of the personal objectives represents 58.5% of the fixed remuneration. In total, the amount of the variable remuneration adopted by the Board represents 135.8% of the fixed portion, -9.6% lower as compared to 2012. The total amount of fixed and variable remuneration for 2013 is -5.1% lower than in 2012.
There is no deferred annual variable remuneration or multi-annual variable remuneration mechanism and the principle of exceptional remuneration is not provided for.		
Stock options, performance shares or any other element of long-term remuneration	**100,000 share subscription options** **Valuation of the options (according to IFRS 2): €1,957,000**	The granting of stock options is examined with regard to the total annual remuneration of the Executive Officer, taking into account several market surveys. The allocation is conducted as part of annual plans, approved at pre-defined periods, in the form of share subscription options granted without a discount. **2013 Plan** The Board of Directors decided on September 26, 2013, on the authorization of the Annual Shareholders' Meeting of May 7, 2013 (11th resolution), that the total number of options granted for the year to Executive Officers may not exceed: (i) for all Executive Officers, 0.1% of the share capital: the options granted in 2013 represent 0.05% of the capital; and (ii) for each Executive Officer, on the basis of valuation of the options under IFRS, approximately the amount of his maximum gross annual remuneration. The number of stock options granted in 2013 to Benoît Potier has increased for the first time in six years. The stock options granted to Benoît Potier are subject to **performance conditions**, based in 2013 on: ■ for 65%, a growth objective in Group undiluted net earnings per share excluding foreign exchange impact and exceptional items (Recurring EPS) for fiscal year 2015, as compared to 2012 Recurring EPS. This criterion is a measure of the achievement by the Group of its medium-term growth objectives and takes account of the economic environment, historical growth and the Group's medium-term ambitions. From the objective set, the grant decreases on a straight-line basis down to no grant for zero growth in EPS; ■ for 35%, an objective of Total Shareholder Return defined as the compound annual growth rate for an investment in Air Liquide shares with respect to fiscal years 2013, 2014 and 2015. This criterion reflects the need to monitor share performance for shareholders and the objective is in line with past performance. From the objective set, the grant decreases on a straight-line basis. These performance conditions are identical to those adopted in 2012. The objectives set for each performance condition will be made public ex post together with the result achieved and the percentage of options that vest. **Other conditions/Stock ownership obligation** The plan covers a period of 10 years and includes a requirement of continued presence. Benoît Potier has made the commitment not to use hedges during his term of office. An obligation to hold shares that applies to each exercise of stock options since the 2007 Plan is supplemented by an internal rule requiring Benoît Potier to hold a number of shares equivalent to double his annual fixed remuneration.
Performance shares	**N/A**	The Board of Directors decided on September 26, 2013 that no Executive Officer would be a beneficiary of the plan for the conditional grant of shares to employees in 2013.
Other element	**N/A**	No allocation.
Directors' fees	**N/A**	Benoît Potier does not receive any Directors' fees with regard to his term of office as Director.
Valuation of benefits of any kind	**€9,000**	The benefits in kind (accounting valuation) include the use of a Company car and the payment of contributions to a third party in respect of the unemployment insurance for Company managers and corporate officers.

Elements of remuneration due or allocated to Mr. Benoît Potier in respect of fiscal year 2013 which are or have been subject to a vote by the Annual Shareholders' Meeting in accordance with the regulated agreements and commitments procedure

<table>
<tr><th></th><th>Amounts</th><th>Comments</th></tr>
<tr><td>Termination indemnity</td><td>€0 received</td><td>The terms of the agreement applicable to Benoît Potier are as follows:
(i) only the cases of forced departure related to a change of strategy or a change in control may give rise to an indemnity;
(ii) the amount of the indemnity is set at 24 months of gross fixed and variable remuneration;
(iii) it decreases gradually as he approaches the age limit defined in the articles of association;
(iv) entitlement to the indemnity is subject to performance conditions.

The decision made by the Board of Directors on February 12, 2010 in accordance with the regulated agreements and commitments procedure provided for by the "TEPA" law was approved by the Annual Shareholders' Meeting of May 5, 2010 in a specific resolution (9th resolution).

For information purposes, at the time of renewal of Benoît Potier's terms of office, the Board has decided to increase the performance criteria on which payment of the indemnity is contingent.
The amount of the indemnity paid is based on the average of the annual gap between Return On Capital Employed after tax (ROCE) and Weighted Average Cost of Capital (WACC) (net equity method) over the last three fiscal years prior to the year of departure. This gap, in a highly capital-intensive business, is a measure of regular value creation.

An average ROCE - WACC gap over three years of 300 basis points (instead of 200 previously) will now be required to benefit from the total indemnity. The declining formula is also made more strict:
<table>
<tr><th>Average (ROCE - WACC) gap</th><th>from May 7, 2014</th><th>Proportion of the indemnity due</th></tr>
<tr><td>≥ 200 bp (a)</td><td>≥ 300 bp</td><td>100%</td></tr>
<tr><td>≥ 100 bp and < 200 bp</td><td>≥ 200 bp and < 300 bp</td><td>66%</td></tr>
<tr><td>≥ 50 bp and < 100 bp</td><td>≥ 150 bp and < 200 bp</td><td>50%</td></tr>
<tr><td>≥ 0 bp and < 50 bp</td><td>≥ 100 bp and < 150 bp</td><td>33%</td></tr>
<tr><td>≥ 0</td><td>< 100 bp</td><td>0%</td></tr>
</table>
(a) bp: basis points

The changes made by the Board of Directors on February 17, 2014 subject to the condition precedent of renewal of Benoît Potier's term of office, in accordance with the regulated agreements and commitments procedure, are subject to the approval of the Annual Shareholders' Meeting of May 7, 2014 in a specific resolution (10th resolution).</td></tr>
<tr><td colspan="3">Non-competition indemnity: there is no commitment with regard to a non-competition indemnity.</td></tr>
<tr><td>Supplementary pension plans</td><td>€0 received</td><td>Pension benefit obligations under defined-contribution pension schemes
■ For the remuneration up to eight times the annual social security ceiling (PASS), the Company pays contributions to an outside insurer which make it possible to create an additional pension annuity. The application of these plans to Benoît Potier was authorized and approved in accordance with the regulated agreements and commitments procedure, by the Board of Directors on February 12, 2010 and the Annual Shareholders' Meeting on May 5, 2010 (9th resolution). The amount of contributions paid in 2013 totals 16,128 euros.
Pension benefit obligations under a defined benefit pension scheme
■ For the portion of the remuneration exceeding 24 times the PASS, within the scope of a defined benefit pension plan. Benoît Potier benefits from an additional pension annuity equal to 1% per year of service of the reference remuneration. The defined-benefit pension plan only applies if the beneficiary is still with the Company at the time of his retirement; in the event of termination of the relationship at the Company's initiative (except in the event of gross or wilful misconduct), the beneficiary who is over 55 years of age continues to benefit from his rights if he ceases all professional activity until he retires. This rule, which reflects the human resources policy at Air Liquide encouraging long careers within the Group, is in line with the position of the social security administration. Benoît Potier joined the Group in 1981.

Total pension benefits, under all pension plans, are capped at 45% of the reference remuneration. Should this ceiling be reached, the amount paid under the defined benefit plan would be reduced accordingly. The application of this plan was authorized by the Board of Directors on February 12, 2010 and approved by the Annual Shareholders' Meeting on May 5, 2010 (9th resolution).</td></tr>
<tr><td>Collective life insurance plan</td><td>€0 received</td><td>Following the closing of the defined contribution pension plan for senior managers and executives for remuneration amounting to between eight and 16 times, and between 16 and 24 times the PASS, a collective life insurance contract was entered into which enables the beneficiary to create savings which are available at any time. The contributions paid by the Company are calculated in accordance with conditions identical to those of the previous plan. The opening of this plan, at an unchanged cost for the Company, responds to a concern for good management.

For Benoît Potier, the subscription of this contract was authorized by the Board of Directors on November 20, 2012 and February 13, 2013 in accordance with the regulated agreements and commitments procedure and approved by the Annual Shareholders' Meeting of May 7, 2013 (7th resolution).

The amount of the contributions paid in 2013 totals 189,135 euros.</td></tr>
<tr><td>Collective death and disability benefits plan</td><td>€0 received</td><td>The additional death and disability benefits plan enables senior managers and executives whose remuneration exceeds eight times the PASS, under certain conditions, to receive a capital sum in the event of death or permanent and absolute invalidity. This capital sum is equal to four times the portion of gross annual remuneration exceeding eight times the PASS. The contributions are paid by the Company.

The application of this plan to Benoît Potier was authorized by the Board of Directors on February 12, 2010 in accordance with the regulated agreements and commitments procedure and approved by the Annual Shareholders' Meeting of May 5, 2010 (9th resolution).

The amount of the contributions paid in 2013 totals 66,368 euros.</td></tr>
</table>

ELEMENTS OF REMUNERATION FOR 2013 DUE OR ALLOCATED TO MR. PIERRE DUFOUR, SUBMITTED FOR THE SHAREHOLDERS' OPINION

Elements of remuneration due or allocated to Mr. Pierre Dufour in respect of fiscal year 2013

	Amounts	Comments
Fixed remuneration	**€635,000**	Fixed remuneration (including the remuneration under the employment contract) is determined based on the level of responsibility and experience in the management function, as well as with reference to current market practices. It has increased by +1.2% as compared to 2012.
Variable annual remuneration	**€659,800 (including the remuneration under the employment contract)**	**The variable remuneration is limited to 130% of the fixed remuneration and linked to the following in 2013:** ■ **two financial criteria which**, as a % of the fixed remuneration, are based on: (i) for 50%, an objective of growth in EPS set on a consistent basis with regard to historical performances, (ii) for 30%, a significant outperformance of ROCE as compared to the weighted average cost of capital. These two elements reflect the balance achieved each year between growth and return on investment; an adjustment for each criterion is provided for in the event of an upward or downward variance; ■ **personal objectives** for 50%, which include criteria reflecting the corporate social responsibility strategy, particularly in terms of safety and security. **Assessment for 2013** On February 17, 2014, the Board noted that **the results obtained in 2013** were below the objectives set for EPS and ROCE. The variable remuneration in respect of these two criteria amounts to 58.9% of the fixed remuneration for Pierre Dufour. His performance as compared to his personal objectives was considered very good, with, in particular, the implementation of the market-focused organization, improvement of the rating and in terms of safety, a lost-time accident frequency rate in Gas & Services, on the basis of a constant scope, which is the lowest in the Group's history. The amount of the variable remuneration in respect of the personal objectives represents 45% of the fixed remuneration. In total, the amount of the variable remuneration adopted by the Board represents 103.9% of the fixed portion, -9.2% lower as compared to 2012. The total amount of fixed and variable remuneration for 2013 is -4.4% lower than in 2012.
There is no deferred annual variable remuneration or multi-annual variable remuneration mechanism and the principle of exceptional remuneration is not provided for.		
Stock options, performance shares or any other element of long-term remuneration	**57,000 share subscription options Valuation of the options (according to IFRS 2): €1,115,000**	The granting of stock options is examined with regard to the total annual remuneration of the Executive Officer, taking into account several market surveys. The allocation is conducted as part of annual plans, approved at pre-defined periods, in the form of share subscription options granted without a discount. **2013 Plan** The Board of Directors decided on September 26, 2013, on the authorization of the Annual Shareholders' Meeting of May 7, 2013 (11th resolution), that the total number of options granted for the year to Executive Officers may not exceed: (i) for all Executive Officers, 0.1% of the share capital: the options granted in 2013 represent 0.05% of the capital; and (ii) for each Executive Officer, on the basis of valuation of the options under IFRS, approximately the amount of his maximum gross annual remuneration. The number of stock options granted in 2013 to Pierre Dufour has increased for the first time in four years. The stock options granted to Pierre Dufour are subject to **performance conditions** based in 2013 on: ■ for 65%, a growth objective in Group undiluted net earnings per share excluding foreign exchange impact and exceptional items (Recurring EPS) for fiscal year 2015, as compared to 2012 Recurring EPS. This criterion is a measure of the achievement by the Group of its medium-term growth objectives and takes account of the economic environment, historical growth and the Group's medium-term ambitions. From the objective set, the grant decreases on a straight-line basis and down to no grant for zero growth in EPS; ■ for 35%, an objective of Total Shareholder Return defined as the compound annual growth rate for an investment in Air Liquide shares with respect to fiscal years 2013, 2014 and 2015. This criterion reflects the need to monitor share performance for shareholders and the objective is in line with past performance. From the objective set, the grant decreases on a straight-line. These performance conditions are identical to those adopted in 2012. The objectives set for each performance condition will be made public ex post together with the result achieved and the percentage of options that vest. **Other conditions/Stock ownership obligation** The plan covers a period of 10 years and includes a requirement of continued presence. Pierre Dufour has made the commitment not to use hedges during his term of office. An obligation to hold shares that applies to each exercise of stock options since the 2008 Plan is supplemented by an internal rule requiring Pierre Dufour to hold a number of shares equivalent to his annual fixed remuneration.
Performance shares	**N/A**	The Board of Directors decided on September 26, 2013 that no Executive Officer would be a beneficiary of the plan for the conditional grant of shares to employees in 2013.
Other element	**N/A**	No allocation.
Directors' fees	**N/A**	Pierre Dufour does not receive any Directors' fees with regard to his term of office as Director.
Valuation of benefits of any kind	**€6,000**	The benefits in kind (accounting valuation) include the use of a Company car.
Other elements of remuneration	**€150,000**	Amount paid by the German subsidiary in addition to an indemnity corresponding to the benefits in kind (housing) under the previous contract in France.

Elements of remuneration due or allocated to Mr. Pierre Dufour in respect of fiscal year 2013 which are or have been subject to a vote by the Annual Shareholders' Meeting in accordance with the regulated agreements and commitments procedure

	Amounts	Comments
Termination indemnity	**€0 received**	The terms of the agreement applicable to Pierre Dufour are as follows: (i) only the cases of forced departure related to a change of strategy or a change in control may give rise to an indemnity; (ii) the amount of the indemnity (including any statutory indemnity or indemnity provided for by the collective bargaining agreement or any other indemnity including any non-competition indemnity received on a similar basis from subsidiaries) is set at 24 months of gross fixed and variable remuneration; (iii) no indemnity will be paid if the beneficiary has the possibility to claim his full pension entitlements in the short term at the date of a forced departure; (iv) payment of the indemnity is subject to performance conditions. The decision made by the Board of Directors on May 4, 2011 in accordance with the regulated agreements and commitments procedure provided for by the "TEPA" law was approved by the Annual Shareholders' Meeting of May 9, 2012 in a specific resolution (7th resolution). For information purposes, at the time of renewal of Pierre Dufour's term of office, the Board has decided to increase the **performance criteria** on which payment of the indemnity is contingent. The amount of the indemnity paid is based on the average of the annual gap between Return On Capital Employed after tax (ROCE) and Weighted Average Cost of Capital (WACC) (net equity method) over the last three fiscal years prior to the year of departure. This gap, in a highly capital-intensive business, is a measure of regular value creation. An average ROCE - WACC gap over three years of 300 basis points (instead of 200 previously) will now be required to benefit from the total indemnity. The declining formula is also made more strict:

Average (ROCE - WACC) gap	from May 7, 2014	Proportion of the indemnity due
≥ 200 bp (a)	≥ 300 bp	100%
≥ 100 bp and < 200 bp	≥ 200 bp and < 300 bp	66%
≥ 50 bp and < 100 bp	≥ 150 bp and < 200 bp	50%
≥ 0 bp and < 50 bp	≥ 100 bp and < 150 bp	33%
≥ 0	< 100 bp	0%

(a) bp: basis points

- The text of his termination indemnity undertaking specifies that the remuneration used as a basis for calculation of the indemnity is that received by Mr. Dufour from any company of the Group. The total amount of 24 months of remuneration includes the indemnities received from any subsidiary, including the non-competition indemnity, in the event of termination of the other functions.
- The changes made by the Board of Directors at its meeting on February 17, 2014 subject to the condition precedent of renewal of Pierre Dufour's term of office, in accordance with the regulated agreements and commitments procedure, are subject to the approval of the Annual Shareholders' Meeting of May 7, 2014 in a specific resolution (11th resolution).

	Amounts	Comments
Non-competition indemnity	**€0 received**	Pierre Dufour benefits from a non-competition clause for 24 months which could give rise to payment of an indemnity corresponding to 16 months of his remuneration received in respect of his other duties within the Group (employment contract until December 31, 2013; German service agreement since January 1, 2014). The company has reserved the possibility of waiving the undertaking at any time during the agreement, in which case it would be released from the obligation to pay the corresponding indemnity.
Supplementary pension plans	**€0 received**	**Pension benefit obligations under defined-contribution pension schemes** For the remuneration up to eight times the annual social security ceiling (PASS), the Company pays contributions to an outside insurer which make it possible to create an additional annuity. The application of these schemes to Pierre Dufour was authorized and approved in accordance with the regulated agreements and commitments procedure, by the Board of Directors on February 12, 2010 and the Annual Shareholders' Meeting on May 5, 2010 (10th resolution). The amount of contributions paid in 2013 totals 7,274 euros. Following his resignation from his employment contract with L'Air Liquide SA, Pierre Dufour no longer benefits from this scheme as from January 1, 2014. **Pension benefit obligations under a defined benefit pension scheme** For the portion of the remuneration exceeding 24 times the PASS, within the scope of a defined benefit pension plan, Pierre Dufour benefits from an additional pension annuity equal to 1% per year of service of the reference remuneration. The defined-benefit pension plan only applies if the beneficiary is still with the Company at the time of his retirement; in the event of termination of the relationship at the Company's initiative (except in the event of gross or wilful misconduct), the beneficiary who is over 55 years of age continues to benefit from his rights if he ceases all professional activity until he retires. This rule, which reflects the human resources policy at Air Liquide encouraging long careers within the Group, is in line with the position of the social security administration. Pierre Dufour joined the Group in 1997. Total pension benefits, under all pension plans, are capped at 45% of the reference remuneration. Should this ceiling be reached, the amount paid under the defined benefit plan would be reduced accordingly. The application of this plan was authorized by the Board of Directors on February 12, 2010 and approved by the Annual Shareholders' Meeting on May 5, 2010 (10th resolution).

	Amounts	Comments
Collective life insurance plan	**€0 received**	Following the closing of the defined contribution pension plan for senior managers and executives for remuneration amounting to between eight and 16 times, and between 16 and 24 times the PASS, a collective life insurance contract was entered into which enables the beneficiary to create savings which are available at any time. The contributions paid by the Company are calculated in accordance with conditions identical to those of the previous plan. The opening of this plan, at an unchanged cost for the Company, responds to a concern for good management. For Pierre Dufour, the subscription of this contract was authorized by the Board of Directors on November 20, 2012 and February 13, 2013 in accordance with the regulated agreements and commitments procedure and approved by the Annual Shareholders' Meeting of May 7, 2013 (8th resolution). The amount of contributions paid in 2013 totals 189,135 euros. In the light of Pierre Dufour's new situation within the Group, he has waived the right to benefit from this plan, in respect of 2013 and for the future.
Collective death and disability benefits plan	**€0 received**	The additional death and disability benefits plan enables senior managers and executives whose remuneration exceeds eight times the PASS, under certain conditions, to receive a capital sum in the event of death or permanent and absolute invalidity. This capital sum is equal to four times the portion of gross annual remuneration exceeding eight times the PASS. The contributions are paid by the Company. The application of this plan to Pierre Dufour was authorized by the Board of Directors on February 12, 2010 in accordance with the regulated agreements and commitments procedure and approved by the Annual Shareholders' Meeting of May 5, 2010 (10th resolution). The amount of contributions paid in 2013 totals 28,805 euros. Pierre Dufour no longer benefits from this plan as from January 1, 2014.

> STATUTORY AUDITORS' REPORT

Prepared in accordance with article L. 225-235 of the French Commercial Code (Code de commerce), on the report prepared by the Chairman of the Board of Directors of L'Air Liquide S.A.

This is a free translation into English of a report issued in the French language and is provided solely for the convenience of English speaking users. This report should be read in conjunction with, and construed in accordance with, French law and professional standards applicable in France.

To the Shareholders,

In our capacity as Statutory Auditors of L'Air Liquide S.A., and in accordance with article L. 225-235 of the French Commercial Code (Code de commerce), we hereby report to you on the report prepared by the Chairman of the Board of Directors of your Company in accordance with article L. 225-37 of the French Commercial Code (Code de commerce) for the year ended December 31, 2013.

It is the Chairman's responsibility to prepare, and submit to the Board of Directors for approval, a report on internal control and risk management procedures implemented by the Company and to provide the other information required by articles L. 225-37 of the French Commercial Code (Code de commerce) relating to matters such as corporate governance.

It is our responsibility:

- to report to you on the information contained in the Chairman's report in respect of the internal control procedures relating to the preparation and processing of financial and accounting information; and
- confirm that the report also includes the other information required by article L. 225-37 of the French Commercial Code (Code de commerce), it being specified that it is not our responsibility to verify the fairness of this other information.

We conducted our work in accordance with professional standards applicable in France.

INFORMATION ON INTERNAL CONTROL AND RISK MANAGEMENT PROCEDURES RELATING TO THE PREPARATION AND PROCESSING OF ACCOUNTING AND FINANCIAL INFORMATION

The professional standards require that we perform the necessary procedures to assess the fairness of the information provided in the Chairman's report in respect of the internal control and risk management procedures relating to the preparation and processing of the accounting and financial information. These procedures consist mainly in:

- obtaining an understanding of the internal control and risk management procedures relating to the preparation and processing of the accounting and financial information on which the information presented in the Chairman's report is based, and of the existing documentation;
- obtaining an understanding of the work involved in the preparation of this information and of the existing documentation;
- determining if any material weaknesses in the internal control procedures relating to the preparation and processing of financial and accounting information that we would have noted in the course of our work are properly disclosed in the Chairman's report.

On the basis of our work, we have no matters to report on the information relating to the Company's internal control and risk management procedures relating to the preparation and processing of the accounting and financial information contained in the report prepared by the Chairman of the Board of Directors in accordance with article L. 225-37 of the French Commercial Code (Code de commerce).

OTHER INFORMATION

We confirm that the report prepared by the Chairman of the Board of Directors also contains the other information required by article L. 225-37 of the French Commercial Code (Code de commerce).

Paris-La Défense, March 4, 2014

The Statutory Auditors
French original signed by

Ernst & Young et Autres		Mazars	
Jean-Yves Jégourel	Emmanuelle Mossé	Lionel Gotlib	Daniel Escudeiro

> TRANSACTIONS INVOLVING COMPANY SHARES PERFORMED BY EXECUTIVE OFFICERS AND MEMBERS OF EXECUTIVE MANAGEMENT

In 2013, the following transactions involving Company shares were performed by Executive Officers and members of Executive Management, pursuant to article L. 621-18-2 of the French Monetary and Financial Code:

	Nature of the transactions	**Date of transaction**	**Average price** *(in euros)*
Pierre Dufour	Exercise of 24,000 options of L'Air Liquide S.A.	February 22, 2013	48.39
Pierre Dufour	Sale of 24,000 shares of L'Air Liquide S.A.	February 25, 2013	92.25
Benoît Potier	Exercise of 42,000 options of L'Air Liquide S.A.	February 26, 2013	58.92
Pierre Dufour	Exercise of 5,948 options of L'Air Liquide S.A.	February 28, 2013	48.39
Person related to Benoît Potier	Sale of 9,300 shares of L'Air Liquide S.A.	March 5, 2013	95.16
Person related to Benoît Potier	Sale of 9,300 shares of L'Air Liquide S.A.	March 5, 2013	95.16
Person related to Benoît Potier	Sale of 9,300 shares of L'Air Liquide S.A.	March 5, 2013	95.16
Béatrice Majnoni d'Intignano	Purchase of 57 shares of L'Air Liquide S.A.	June 5, 2013	98.49
Person related to Benoît Potier	Purchase of 250 shares of L'Air Liquide S.A.	June 24, 2013	92.97
Person related to Benoît Potier	Purchase of 250 shares of L'Air Liquide S.A.	June 24, 2013	92.98
Person related to Benoît Potier	Purchase of 250 shares of L'Air Liquide S.A.	June 24, 2013	92.97
Jean-Pierre Duprieu	Exercise of 20,735 options of L'Air Liquide S.A.	September 18, 2013	70.61
Pierre Dufour	Exercise of 29,367 options of L'Air Liquide S.A.	December 16, 2013	58.92
Pierre Dufour	Sale of 29,367 shares of L'Air Liquide S.A.	December 17, 2013	98.25
Benoît Potier	Sale of 35,000 shares of L'Air Liquide S.A.	December 17, 2013	97.73
Pierre Dufour	Exercise of 2,000 options of L'Air Liquide S.A.	December 18, 2013	58.92
Benoît Potier	Sale of 35,000 shares of L'Air Liquide S.A.	December 18, 2013	98.00
Benoît Potier	Exercise of 31,103 options of L'Air Liquide S.A.	December 19, 2013	58.92
Benoît Potier	Exercise of 40,000 options of L'Air Liquide S.A.	December 19, 2013	70.61

> DESCRIPTION OF SHARE SUBSCRIPTION OPTION PLANS AND PLANS FOR THE CONDITIONAL GRANT OF SHARES TO EMPLOYEES (CGSE)

Allotment policy

Each year, the Company sets up in principle:

- a share subscription option plan for its Executive Officers and employees; and
- since 2008, plans for Conditional Grants of Shares to Employees (CGSE plans).

These allotments are decided by the Board of Directors pursuant to the authorizations granted by the Shareholders' Meeting, and most recently by the Combined Shareholders' Meeting of May 7, 2013.

The introduction of CGSE Plans since 2008 has enabled the Company to offer a medium-term remuneration tool with features that are complementary to the long-term remuneration solution represented by the share subscription option plan and to increase the number of beneficiaries.

The current share subscription option and conditional share grant system is therefore intended for three groups of beneficiaries:

- the Company's Executive Officers and Executive Committee members, who have up until now only been the beneficiaries of options to the exclusion of any participation in Conditional Grants of Shares to Employees, in accordance with the Board's decision on September 26, 2013 relating to the share subscription option and CGSE plans for 2013, made on the recommendation of the Remuneration Committee;
- Group managers who have a high level of responsibility or make specific contributions to the Group and benefit from an allotment of a mixture of options and conditional shares (the conditional share grant partially replaces the options at a ratio of four options for one share), and specific contributors, such as employees who have distinguished themselves for the quality of their conduct in exceptional situations, inventors and innovators, who are rewarded with an exceptional option allotment;
- other employees corresponding to middle managers and a wider category of new employee beneficiaries, who receive conditional shares only.

The criteria used to draw up the lists of employee beneficiaries reflect the business segments and geographical areas in which the Group conducts its business, as well as the specific contribution, potential, or individual or collective effort of the relevant persons. The list of employee beneficiaries is also prepared in such a way as to ensure a certain turnover and an increase in the number of beneficiaries.

Performance conditions apply to the options granted to certain beneficiaries and to the CGSE granted to all beneficiaries. Since 2013 they are calculated for CGSE as well as for options over a period of three years. The Board of Directors has decided that the objectives set for each performance condition will be made public ex post, along with the result achieved and the percentage of options / CGSE acquired.

The total outstanding number of shares as of December 31, 2013 for CGSE plans, for which the definitive grant date has not yet occurred, and share subscription options not yet exercised, represents a number of shares amounting to less than 1.70% of the share capital at this same date.

The number of share grant plan beneficiaries is growing steadily. The changes in overall volume of option allotments and CGSE plans over the last five years break down as follows:

	2008	2009	2010	2011	2012	2013
Total number of options/option equivalents [(a)] granted	977,944	977,036	1,107,640	1,102,312	1,173,931	1,259,246
% of capital [(a)]	0.38%	0.37%	0.39%	0.39%	0.38%	0.4%
Number of beneficiaries	660	908	965	1,200	1,352	1,453
% of employees	1.65%	2.1%	2.4%	2.67%	2.8%	2.9%

(a) Based on a ratio of four options for one share for the CGSE plans.

Total numbers of options/option equivalents are in historical data not restated for free share attributions.

Share subscription option plans

(Information to be regarded as the Special Report of the Board of Directors within the meaning of article L. 225-184 of the French Commercial Code)

Pursuant to the decisions of the Board of Directors, the Supervisory Board and the Management Board, following the authorizations of the Shareholders' Meeting and on the recommendation of the Remuneration Committee, the Company has adopted share subscription option plans for certain employees (including Executive Officers) of the Companies and its subsidiaries worldwide.

Stock options are granted for a price that may not be lower than the average of the trading prices over the 20 trading days prior to the date they are granted. The maximum exercise period is seven years for options granted between June 14, 2002 and April 8, 2004 inclusive, eight years for options granted between November 30, 2004 and June 28, 2010 inclusive, and 10 years as from the October 14, 2011 option plan.

Stock options can only be exercised after a four-year minimum term from the date they were granted. The Board of Directors has the option of removing this lock-in period in the event of a takeover bid with regard to the Company's shares and the Company's merger or absorption.

The total number of stock options granted by the Board of Directors, the Supervisory Board, and the Management Board under the plans authorized by Shareholders' Meetings, but not exercised as of December 31, 2013, amounted to 4,765,205 options (average price of 79.04 euros) after adjustment, or 1.52% of the share capital, of which 960,177 options (average price of 79.22 euros) were granted to Executive Officers present as of December 31, 2013 during their term of office.

Out of the total number of options issued pursuant to the authorization of the May 7, 2013 Shareholders' Meeting, a possible allotment of 5,487,768 options remained as of December 31, 2013.

STOCK OPTIONS GRANTED IN 2013 (SEPTEMBER 26, 2013 PLAN)

Pursuant to the authorization of the Combined Shareholders' Meeting on May 7, 2013, the Board of Directors, at its meeting on September 26, 2013, granted 768,866 share subscription options, representing 0.25% of the capital in terms of number of shares, at a unit price of 102 euros, without a discount, equal to 100% of the average of the opening trading prices of the Air Liquide share during the 20 trading days preceding the date on which the options were granted to 727 beneficiaries.

The options granted as part of the September 26, 2013 plan are subject to performance conditions according to the following terms:

(i) the performance conditions apply, for the members of the Executive Management and Executive Committee members, to 100% of the stock options granted, and for any other beneficiaries of over 1,500 options, to 50% of the stock options allocated over and above such threshold;

(ii) these performance conditions are depending, for 65%, on the rate of achievement of an objective of Recurring EPS over three years, and, for 35%, on an objective of total shareholder return, defined as the compound annual growth rate for an investment in Air Liquide shares also over three years.

A requirement of continued employment or presence in the Group at the time the options are exercised is also stipulated.

Breakdown between the various beneficiary categories

In 2013	Number of beneficiaries	Number of options
Executive officers of L'Air Liquide S.A.	2	157,000
Senior executives (not Executive Officers of L'Air Liquide S.A.) and exceptional contributors	725	611,866

Table 8 – Options granted during the last ten years

	2004	2004	2005	2006	2007	2007	2008	2009	2010	2011	2012	2012	2013	Total
Date of authorization by the EGM	04/30/02	05/12/04	05/12/04	05/12/04	05/09/07	05/09/07	05/09/07	05/09/07	05/05/10	05/05/10	05/05/10	05/05/10	05/07/13	
Date of grant by the Board of Directors or the Management Board	04/08/04	11/30/04	03/21/05	03/20/06	05/09/07	11/08/07	07/09/08	06/15/09	06/28/10	10/14/11	05/11/12 [g]	09/27/12	09/26/13	
Total share subscription options granted [a] [e]	500,000	35,385	428,000	444,000	431,150	4,000	513,392	484,292	532,760	675,680	6,000	704,791	768,866	
including to officers and Directors	*57,000*	*15,000*	*70,000*	*90,000*	*75,000*		*168,300*	*128,000*	*138,000*	*138,000*		*138,000*	*157,000*	
Benoît Potier [a] [b]	40,000		40,000	50,000	40,000		88,000	88,000	88,000	88,000		88,000	100,000	
Jean-Claude Buono [b]	17,000		15,000	20,000	15,000									
Klaus Schmieder [a] [b]		15,000	15,000	20,000	20,000		44,000							
Pierre Dufour [a] [b]							36,300	40,000	50,000	50,000		50,000	57,000	
including to the top ten employees (excluding corporate officers) receiving the highest number of options	*77,000*	*12,325*	*61,800*	*62,000*	*59,000*		*92,620*	*124,180*	*165,000*	*172,000*		*183,000*	*208,000*	
Number of beneficiaries	448	38	520	500	535	1	328	308	305	578	1	672	727	
Share capital rate represented by each attribution	0.51%	0.03%	0.39%	0.41%	0.36%	NS	0.20%	0.18%	0.19%	0.24%	NS	0.23%	0.25%	
Performance requirement achievement rate [h]	No performance requirement							100%	100%	97.9%	determined in February 2016	determined in February 2015	determined in February 2016	
Exercise period start date	04/08/08	11/30/08	03/21/09	03/20/10	05/09/11	11/08/11	07/09/12	06/15/13	06/28/14	10/14/15	05/11/16	09/27/16	09/26/17	
Expiration date	04/07/11	11/29/12	03/20/13	03/19/14	05/08/15	11/07/15	07/08/16	06/14/17	06/27/18	10/13/21	05/10/22	09/26/22	09/25/23	
Subscription price in euros	139.00	131.00	138.00	168.00	183.00	94.00	84.00	65.00	83.00	87.00	97.00	96.61	102.00	
Subscription price in euros as of 12/31/2013 [c]	48.86	45.94	48.39	58.92	70.61	72.54	71.31	55.18	75.28	78.90	87.97	96.61	102.00	
Restated total number of share subscription options granted as of 12/31/2013 [c] [e]	1,339,630	89,028	1,118,332	1,201,390	1,097,107	5,185	603,533	570,201	586,668	743,058	6,616	704,791	768,866	
Total shares subscribed as of 12/31/2013 [e]	1,304,606	74,866	1,090,368	904,811	325,711		84,467	43,336	442 [f]					
Total share subscription options cancelled as of 12/31/2013 [c] [d] [e]	35,024	14,162	27,964	29,763	46,938		14,109	12,079	14,838	35,325		10,391		
TOTAL SHARE SUBSCRIPTION OPTIONS REMAINING AS OF 12/31/2013 [c]				**266,816**	**724,458**	**5,185**	**504,957**	**514,786**	**571,388**	**707,733**	**6,616**	**694,400**	**768,866**	**4,765,205**
													As a percentage of share capital	**1.52%**

(a) *Stock options granted from November 2007 take into account the one-for-two share split on June 13, 2007 (par value split from 11 euros to 5.50 euros).*

(b) *Stock options granted during office as corporate officer (historical data).*

(c) *Adjusted to take into account share capital increases through free share attributions (2012, 2010, 2008, 2006, 2004) and the two-for-one share split (11 euros par value split to 5.50 euros) on June 13, 2007.*

(d) *Loss of exercise rights.*

(e) *Number of shares or stock options expressed historically.*

(f) *Early exercise of rights provided for in the stock option plan.*

(g) *As delegated by the Board of Directors on May 9, 2012.*

(h) *The stock options attributed to Executive Officers depend on the following performance conditions:*

- *For 2011, 2012, and 2013 plans: the terms of the performance conditions are identical to those set for the 2013 plan which are described on page 164. The objectives set will be made public ex post. For the 2011 plan, the objectives set are described on page 168.*
- *The May 2012 plan, regarding one employee, is based on an average difference target: ROCE – WACC (weighted average cost of capital) over seven years.*

Table 9

Table 9.1 – Options granted to the 10 employees (excluding Executive Officers) who were granted the highest number of options

In 2013	Number of options	Average price *(in euros)*
For L'Air Liquide S.A.	158,600	102
For L'Air Liquide S.A. and its subsidiaries	208,000	102

The specific conditions applicable to Executive Officers of the Company with regard to the share subscription options granted in 2013 are described on pages 147 et seq.

STOCK OPTIONS EXERCISED IN 2013

Some of the options granted, as the case may be, from 2005 to 2010, by the Board of Directors or the Supervisory Board and the Management Board were exercised in fiscal year 2013 for a total of 801,245 shares at an average price of 58.61 euros.

Table 9.2 – Options exercised by the 10 employees of L'Air Liquide S.A. and its subsidiaries (excluding Executive Officers) with the highest number of options exercised

Grant date	Number of options exercised	Average price *(in euros)*
March 21, 2005	9,614	48.39
March 20, 2006	43,022	58.92
May 9, 2007	33,092	70.61
July 9, 2008	14,073	71.31
June 15, 2009	18,273	55.18
TOTAL	**118,074**	**62.24**

Table 9.3 – Options exercised by the 10 employees of L'Air Liquide S.A. (excluding Executive Officers) with the highest number of options exercised

Grant date	Number of options exercised	Average price *(in euros)*
March 21, 2005	15,721	48.39
March 20, 2006	7,005	58.92
May 9, 2007	31,097	70.61
July 9, 2008	16,665	71.31
June 15, 2009	6,799	55.18
TOTAL	**77,287**	**63.82**

In accordance with the decision of the Board of Directors, the rates of achievement of performance conditions for the 2011 option plan are reported here below.

Rate of achievement of performance conditions for the 2011 option plan

The 2011 share subscription option plan provided that the number of options that could effectively be exercised by the beneficiary of a conditional option grant would depend on the rate of achievement:

(i) for 65%, of the objective of growth in recurring EPS for fiscal year 2013 as compared to that for fiscal year 2010 set at 115% in order to be able to exercise all the options subject to that criterion, and declining on a straight-line basis down to 0% of growth; the Board of Directors placed on record that growth in recurring EPS for the above-mentioned period amounted to 114.5%.

(ii) for 35%, of an objective of total shareholder return, defined as the compound annual growth rate for an investment in Air Liquide shares with respect to fiscal years 2011, 2012 and 2013, set at 8% in order to be able to exercise all the options subject to that criterion, and declining on a straight-line basis down to 4%. The Board of Directors recorded that the total shareholder return for the above-mentioned period was 8.77%.

Accordingly, the Board of Directors recorded that the total proportion of the options subject to conditions that could be exercised by the beneficiary was equal to 97.9%.

Conditional grant of shares to employees

(Information to be regarded as the Special Report of the Board of Directors within the meaning of article L. 225-197-4 of the French Commercial Code)

DESCRIPTION

In order to retain and motivate talented employees and compensate their medium-term performance, an additional compensation system was set up in 2008 involving conditional share grants to employees (CGSE).

The 12th resolution adopted by the Extraordinary Shareholders' Meeting of May 7, 2013 authorized the Board of Directors to grant free shares to Group employees, up to a maximum of 0.5% of the Company's share capital over a period of 38 months; it sets the limit on the number of shares that may be awarded to the Executive Officers at 0.15% of the capital over the same period.

Under this authorization, the Board of Directors adopted two different plans regulations on September 26, 2013 ("France" Plan and "World" Plan) governing the conditional grant of Company shares to employee beneficiaries determined by the Board of Directors. The differences between the "France" and "World" Plans are mainly the number of years of service required—paragraph a) below, and the correlative absence of any holding requirement for the "World" Plan—paragraph c) below.

Conditional employee share grants are subject to:

a) a continued employment requirement during the vesting period

   Shares granted to a beneficiary shall only finally vest if he or she has been an employee or Executive Officer of a Group company during a vesting period, calculated as from the grant date, of three years for "France" Plan beneficiaries (instead of two years previously) and four years for "World" Plan beneficiaries. In the event of retirement, the beneficiary retains his or her rights, but is no longer required to satisfy the continued employment requirement;

b) a performance condition for all CGSE

   In order for the performance criterion to reflect the Company's growth over time, since 2013, this performance condition is calculated over three fiscal years (instead of two years previously) and is identical to the corresponding criterion adopted for options; see the performance condition in the summary table of conditional share grants to employees below);

c) a holding requirement

   As from the final grant date, the beneficiaries of the "France" Plan are required to hold their shares for two additional years during which such shares may not be transferred (except in the event of disability or death).

To date, the CGSE delivered represent treasury shares from the Company's buyback program (see pages 296 and 324 the report on the share buyback program).

The outstanding shares under the CGSE plans thus granted by the Board of Directors pursuant to the authorizations approved by Shareholders' Meetings, for which the definitive grant date has not yet occurred, amounted, after adjustment, to 401,005 shares as of December 31, 2013, or 0.13% of the share capital.

Out of the total number of shares for which the conditional grant was authorized by the Annual Shareholders' Meeting of May 7, 2013, a possible allotment of 1,441,563 CGSE remained at December 31, 2013.

CONDITIONAL SHARE GRANTS TO EMPLOYEES DECIDED IN 2013

Within the scope of the “France” Plan and the “World” Plan of September 26, 2013, a total of 122,595 shares representing 0.04% of the capital in terms of number of shares were granted on a conditional basis to 1,077 beneficiaries (40,410 shares allotted to “France” Plan beneficiaries and 82,185 shares allotted to “World” Plan beneficiaries). The Board of Directors decided, at its meeting on September 26, 2013, not to include any Executive Officer or Executive Committee members in the list of beneficiaries of the 2013 Plan for the conditional grant of shares to employees.

The fair unit value of these shares at December 31, 2013 is 100.53 euros in respect of the “France” Plan and 95.94 euros in respect of the “World” Plan (calculated in accordance with IFRS). Subject to fulfilment of the continued employment requirement and the performance conditions, these shares will finally vest for the beneficiaries on September 26, 2016 for the “France” Plan (although they may not be sold prior to September 26, 2018) and on September 26, 2017 for the “World” Plan.

For both Plans, the Board adopted as a performance condition an objective of growth, set by the Board, in Group undiluted earnings per share excluding foreign exchange impact and exceptional items (recurring EPS), now calculated over three fiscal years (instead of two years previously), identical to that set for options (see page 148). Accordingly, the number of shares that finally vest for the employee beneficiaries will depend on the rate of achievement of the objective of growth, set by the Board, in recurring EPS for fiscal year 2015 as compared to recurring EPS for fiscal year 2012.

The growth objective set takes account of the economic environment, historical growth and the Group’s medium-term ambitions. Beginning from the objective set, the grant decreases on a straight-line basis and no grant is made if there is zero growth in EPS.

For information purposes, over the last three years, the objective was very close to the rates of growth in EPS as set out in the consolidated annual budgets presented to the Board of Directors.

It has been decided that the objective set for the performance condition will be made public ex post, at the close of the Board meeting determining the rate of achievement of the performance conditions at the time of the approval of the financial statements for the fiscal year concerned. The result achieved and the percentage of shares that vest will also be communicated.

For the 2013 grant, the rate of achievement of the performance condition shall be determined by the Board of Directors at the meeting held to approve the 2015 financial statements.

Breakdown between the various beneficiary categories

	2012	2013
	Number of shares	Number of shares
Senior executives (excluding Executive Officers and Executive Committee members of L’Air Liquide S.A.) receiving a mixture of options and conditional shares	47,385	48,165
Other executives and employees receiving conditional shares only	69,900	74,430

Shares granted to the 10 employees (excluding Executive Officers and Executive Committee members of L’Air Liquide S.A.) who were granted the highest number of shares

	2012	2013
	Number of shares	Number of shares
For L’Air Liquide S.A.	2,405	2,295
For L’Air Liquide S.A. and its subsidiaries	2,650	2,500

Summary table of conditional share grants to employees

	CGSE 2008	CGSE 2009	CGSE 2010	CGSE 2011	CGSE 2012	CGSE 2013	Total
Date of authorization by the EGM	05/09/2007	05/09/2007	05/05/2010	05/05/2010	05/05/2010	05/07/2013	
Date of grant by the Board of Directors	07/09/2008	06/15/2009	06/28/2010	10/14/2011	09/27/2012	09/26/2013	
Total number of conditional shares granted	116,138	123,186	143,720	106,658	117,285	122,595	
including to the top ten employees (excluding corporate officers) receiving the highest number of shares	*5,720*	*4,955*	*4,700*	*2,625*	*2,650*	*2,500*	
% of share capital represented by each attribution	0.04%	0.05%	0.05%	0.04%	0.04%	0.04%	
Number of beneficiaries	651	897	952	972	1,022	1,077	
Performance requirement ("France" and "World" Plans)	Achievement rate of the average growth target set for net profit – Group share (excluding foreign exchange impact and exceptional items) for fiscal years 2008 (compared to 2007) and 2009 (compared to 2008) [(a)]	Achievement rate of the average growth target set for recurring net earnings per share for fiscal year 2010 compared to recurring net earnings per share for fiscal year 2008	Achievement rate of the average growth target set for recurring net earnings per share for fiscal year 2011 compared to recurring net earnings per share for fiscal year 2009	Achievement rate of the average growth target set for recurring net earnings per share for fiscal year 2012 compared to recurring net earnings per share for fiscal year 2010	Achievement rate of the average growth target set for recurring net earnings per share for fiscal year 2013 compared to recurring net earnings per share for fiscal year 2011	Achievement rate of the average growth target set for recurring net earnings per share for fiscal year 2015 compared to recurring net earnings per share for fiscal year 2012	
Number of conditional shares cancelled before definitive grant	9,823	9,678	9,040	5,445	1,850		
Performance requirement achievement rate	25% [(a)]	100%	100%	100%	62% [(e)]	Determined in 2016	
"France" Plan definitive grant date	07/09/2010	06/15/2011	06/28/2012	10/14/2013	09/27/2014	09/26/2016	
"France" Plan definitive grant before adjustment	10,280 [(a)]	44,610	53,335	34,165			
"France" Plan definitive grant after adjustment	11,094 [(a) (b)]	47,780 [(c)]	59,009 [(d)]	39,432			
Total number of "France" Plan conditional shares not definitively granted after adjustment					**42,685**	**40,410**	
End of "France" Plan holding period	07/09/2012	06/15/2013	06/28/2014	10/14/2015	09/27/2016	09/26/2018	
"World" Plan definitive grant date	07/09/2012	06/15/2013	06/28/2014	10/14/2015	09/27/2016	09/26/2017	
"World" Plan definitive grant before adjustment	16,372 [(a)]	68,898					
"World" Plan definitive grant after adjustment	19,575 [(a) (b)]	81,595 [(c)]					
Total number of "World" Plan conditional shares not definitively granted after adjustment			**90,053**	**72,922**	**72,750**	**82,185**	
TOTAL NUMBER OF CONDITIONAL SHARES NOT DEFINITIVELY GRANTED AFTER ADJUSTMENT							**401,005**

(a) The performance requirement of the 2008 CGSE Plan has been partially realized. The definitive grant amounted to 25% of the number of shares granted in 2008.

(b) For the 2008 CGSE Plan, the definitive grant corresponds to the "France" Plan and the "World" Plan and has been adjusted to take into account the share capital increase through the free share attribution of May 28, 2010 for both plans and the free share attribution of May 31, 2012 for the "World" Plan.

(c) For the 2009 CGSE Plan, the definitive grant corresponds to the "France" Plan and the "World" Plan and has been adjusted to take into account the share capital increase through the free share attribution of May 28, 2010 for both plans and the free share attribution of May 31, 2012 for the "World" Plan.

(d) For the 2010 CGSE Plan, the definitive grant corresponds to the "France" Plan and has been adjusted to take into account the share capital increase through the free share attribution of May 31, 2012.

(e) The Board of Directors determined the 2012 CGSE Plan performance requirement achievement rate during its meeting held to approve the 2013 financial statements. Subject to the approval of the financial statements, the proportion of shares subject to performance conditions definitively granted to the beneficiaries shall amount to 62%.

In accordance with the decision of the Board of Directors, the rate of achievement of the performance condition for the 2012 CGSE Plan is reported here below.

Rate of achievement of the performance condition for the 2012 CGSE Plan

The 2012 CGSE Plan (of which the members of the Executive Management and of the Executive Committee are not beneficiaries) provided that the number of shares that would vest would depend on the rate of achievement of the objective of growth in recurring EPS for fiscal year 2013 as compared to that for fiscal year 2011 set by the Board at 110% in order for all the shares to vest, and decreasing on a straight-line basis to 0% growth.

The Board of Directors placed on record that growth in recurring EPS over the above-mentioned period amounted to 106.2%. Accordingly, the Board of Directors recorded that the proportion of shares subject to performance conditions which will be definitely acquired by the beneficiaries will be 62%.

> EMPLOYEE SAVINGS AND SHARE OWNERSHIP

For many years, Air Liquide has pursued an active policy promoting employee profit-sharing and incentive schemes in connection with the Group's development and the association of its employees with the Company's capital.

Profit-sharing

Profit-sharing and incentive schemes have been organized for many years in Group companies in France and lead to pay 40 million euros for 2012 performance. This year they cover over 95% of employees in France, thus complying with the requirements of the Law of December 3, 2008 aimed at associating all employees in France with the Company's performance.

In 2013, L'Air Liquide S.A. paid 7.3 million euros in respect of profit-sharing and incentives. The number of beneficiaries decreased to 1,429 employees. Company contributions to the Company Savings Plan are negotiated every year and amounted to nearly 0.847 million euros in 2013. Profit-sharing and incentives represent an average of 5,811 euros per employee without Company contributions.

Under the Profit-sharing Bonus Law, a supplementary incentive payment or otherwise an average gross bonus of 300 euros was paid in almost all companies in France.

Under the main Company Savings Plans, Group employees in France can make payments to diversified investment funds, on a voluntary basis or based on profit-sharing, incentives and, where applicable, contributions, and benefit from the preferential tax regime applicable in consideration for the blocking of their assets over a period of five years.

In 2013, 82% of L'Air Liquide S.A. employee profit-sharing and incentives was invested respectively in bond-weighted assets (67%) and equity-weighted assets (33%).

A total of 53% of employee savings was invested in corporate mutual funds holding only Air Liquide securities (40% in Air Liquide bonds, 13% in Air Liquide shares).

Employee share ownership

The Group is keen to involve its employees in its development. These employee share ownership transactions contribute significantly to increasing employee motivation and sense of belonging to the Group.

Since 1986, the Company has regularly performed share capital increases reserved for Group employees, for which subscription is offered at a preferential rate. The most recent capital increase, conducted in December 2013, resulted in the subscription of 749,272 shares by 16,812 Group employees, representing 33.9% of the eligible employees in 73 countries (for details of this operation, see the Board of Directors' Supplementary Report hereafter, and the Statutory Auditors' Supplementary Report on page 320). For four shares subscribed, L'Air Liquide S.A. and its French subsidiaries supplemented the employee's subscription with one free share. The total supplement was limited to three free shares, representing 15 shares acquired for 12 subscribed. In 2013, the demand for shares exceeded supply, and the operation was more than 12% oversubscribed.

In France, the shares subscribed in these capital increases are also eligible for the preferential tax regime applicable provided that they are blocked over a period of five years, while those held abroad are governed by the legal regulations prevailing in each relevant country.

At the end of 2013, the share of capital held by Group employees and former employees was estimated at 2.4%, of which 1.6% corresponds (within the meaning of article L. 225-102 of the French Commercial Code) to shares subscribed by employees under employee-reserved capital increases or held through mutual funds. The percentage of Group employees holding L'Air Liquide S.A. shares totaled more than 55% of the workforce.

Air Liquide wishes to pursue this strategy and further the development of its employee share ownership, by regularly offering share capital increases to employees.

Increase in capital reserved for employees (2013) Supplementary report

To the Shareholders,

We set out below the supplementary report pursuant to article R. 225-116 of the French Commercial Code on the use we have made of the delegation of authority you granted us, at the Combined Shareholders' Meeting of the Company on May 7, 2013, in the 15th resolution, for a maximum period of 26 months, in order, in accordance with the provisions of article L. 225-138-1 of the French Commercial Code and articles L. 3332-18 et seq. of the French Labor Code, to increase the share capital, on one or more occasions, within the limit of 5.5 million shares with a par value of 5.50 euros each, the subscription of such shares being reserved for employees of the Company and French or foreign companies that are related to it within the meaning of article L. 225-180 of the French Commercial Code and article L. 3344-1 of the French Labor Code, who adhere to a savings plan referred to in articles L. 3332-1 et seq. of the French Labor Code.

1. AUTHORIZATIONS AND DECISIONS

We wish to remind you, pursuant to this delegation of authority by the Shareholders' Meeting:

- at its meeting on May 7, 2013, the Board of Directors decided on the principle of a capital increase limited to 750,000 shares in favor of the employees of the Group who have adhered to an employee savings plan in accordance with the provisions of articles L. 3332-18 et seq. of the French Labor Code and article L. 225-138-1 of the French Commercial Code;
- for this purpose, at its meeting on May 7, 2013, the Board of Directors delegated to the Chairman and Chief Executive Officer all the necessary powers to decide on the completion of this capital increase and implement this transaction and in particular:
  - to decide on the list of companies eligible for the transaction,
  - to set the subscription price (including, where applicable, the subscription prices applicable locally),
  - to set the terms and conditions and deadline for paying up the shares subscribed,
  - to adopt the dates for the opening and closing of the subscription period,
  - to record the creation of the new shares and completion of the corresponding capital increase,
  - to deduct the expenses, duties and fees incurred due to the issue, where applicable, from the amount of the corresponding issue premium,
  - to amend the articles of association accordingly,
  - and to do everything that is useful and necessary for the implementation of the transaction.

Accordingly, making use of the delegation of authority granted by the Board of Directors, the Chairman and Chief Executive Officer decided, on October 29, 2013, to carry out this transaction, set the opening and closing dates for the subscription period and set the subscription price for the new Air Liquide shares within the scope of the increase in capital reserved for employees, the principle of which was decided by the Board of Directors on May 7, 2013.

2. MAIN FEATURES OF THE TRANSACTION

The increase in capital reserved for employees falls within the scope, provided for by the applicable legal and regulatory provisions, of the France Group Share Purchase Plan and the International Group Share Purchase Plan currently in force.

The subscription to this increase in capital was open to employees of French and foreign companies of the Group that were more than 50%-owned by L'Air Liquide S.A. in terms of share capital or voting rights and who have adhered to the France Group Share Purchase Plan or the International Group Share Purchase Plan, on condition that these employees have been employed for at least three months at the date of the end of the subscription period (stricter conditions with regard to length of service are set by certain countries pursuant to local regulations).

For reasons related to the local context, the employees of certain foreign subsidiaries of the Group for whom the required authorizations could not be obtained in time were unable to participate in the transaction.

It is to be noted that, pursuant to decisions made by the Chairman and Chief Executive Officer on March 30, 2009 and November 2, 2010, in accordance with the regulations of the France Group Share Purchase Plan and those of the International Group Share Purchase Plan, certain Group companies, in France, Morocco, Lebanon, the People's Republic of China, South Africa and Qatar, of which L'Air Liquide S.A. directly or indirectly holds 40%-50% of the share capital or voting rights, were allowed to adhere to the France Group Share Purchase Plan and the International Group Share Purchase Plan; as they had adhered, these companies, and accordingly their employees, were therefore included within the scope of the 2013 capital increase. Furthermore, pursuant to a decision by the Chairman and Chief Executive Officer on October 29, 2013, it was decided to give the same possibility to certain Group companies, located in Kuwait, Saudi Arabia, the People's Republic of China, the United Arab Emirates or Malaysia, the employees of which were therefore allowed to participate in the 2013 transaction.

3

The subscription price was set at 80.70 euros (85.75 euros for the United States) per share, the amount corresponding to the average of the opening trading prices of the Air Liquide share over the 20 trading days prior to the date of the decision by the Chairman and Chief Executive Officer setting the dates of the subscription period, i.e. 100.87 euros per share ("the Reference Price"); this amount was then reduced by 20% (15% for the United States) and rounded up to the nearest euro cent.

The maximum subscription amount per eligible employee was limited to 25% of the gross annual remuneration of each subscriber in accordance with the regulations on employee savings plans (with this limit including in France all other voluntary payments made into employee savings plans or employee retirement savings plans in 2013). An additional employer contribution in shares was proposed by L'Air Liquide S.A. and the French subsidiaries that have adhered to the France Group Share Purchase Plan and adopted the 2013 amendment agreement with regard to this point, on the basis of one free share for four shares subscribed with a maximum of three free shares per employee.

The subscription period for the shares was open from November 4, 2013 to November 14, 2013 inclusive.

As the total amount of subscription requests made by the employees was greater than the total number of shares proposed within the scope of this increase in capital, subscription requests were reduced by limiting the number of shares allotted starting with the biggest individual subscription requests, in accordance with the decision made by the Board of Directors on May 7, 2013.

Pursuant to the powers given to him by the Board of Directors at its meeting on May 7, 2013, the increase in capital was recorded by the Chairman and Chief Executive Officer on December 6, 2013.

The total number of new shares issued is 749,272 with a par value of 5.50 euros each, for a total number of 16,812 subscribers.

The new shares issued are Air Liquide ordinary shares of the same class and that are immediately assimilated to the Air Liquide shares already admitted for trading on the Euronext Paris market (compartment A). They will be admitted for trading on the Euronext Paris market under the same ISIN code (FR0000120073) as the existing Air Liquide shares and shall grant entitlement to any dividend distribution decided after their creation. The new shares will be subject to all the provisions of the articles of association.

3. IMPACT OF THE ISSUE OF 749,272 SHARES ON THE SITUATION OF SHAREHOLDERS AND THEIR PERCENTAGE OF SHAREHOLDERS' EQUITY AND THEORETICAL IMPACT ON THE STOCK MARKET VALUE OF THE SHARE

3.1 Impact on the shareholder's holding in the Company's share capital

On the basis of the share capital of L'Air Liquide S.A. at December 6, 2013 prior to the increase in capital reserved for employees, namely 311,951,873 shares, the impact of the issue on the shareholding of a shareholder who owns 1% of the share capital of L'Air Liquide S.A. prior to the issue and not subscribing to the issue is as follows:

	Percentage of capital held by the shareholder	
	Undiluted basis	**Diluted basis** (a)
Prior to the issue of new shares resulting from this capital increase	1%	0.985%
After the issue of new shares resulting from this capital increase	0.998%	0.983%

(a) The calculations are made on the basis of an assumption of exercise of all the Company's dilutive instruments existing at December 6, 2013.

3.2. Impact of the issue on the percentage of the Company's shareholders' equity

On the basis of the Company's shareholders' equity as shown by the individual financial statements at December 31, 2013, the impact of the issue on the percentage of shareholders' equity for the holder of one Air Liquide share prior to the issue and not subscribing to the issue is as follows:

	Percentage of shareholders' equity *(in euros)*	
	Undiluted basis	**Diluted basis** [a]
Prior to the issue of new shares resulting from this capital increase	14.96	15.70
After the issue of new shares resulting from this capital increase	15.12	15.86

(a) The calculations are made on the basis of an assumption of exercise of all the Company's dilutive instruments existing at December 6, 2013.

3.3 Theoretical impact on the stock market value of the Air Liquide share

The theoretical impact of the issue of 749,272 shares at the issue price on the stock market value of the share is calculated as follows:

Theoretical share price prior to the transaction = average of the last 20 opening trading prices of the Air Liquide share prior to the decision by the Chairman and Chief Executive Officer setting the dates of the subscription period (calculated as the average of the last opening trading prices of the share between October 1 and October 28, 2013). This theoretical price amounts to 100.87 euros.

Share price after the transaction = ((average of the last 20 opening trading prices of the share prior to the transaction x number of shares prior to the transaction) + (issue price x number of new shares)) / (number of shares prior to the transaction + number of new shares).

The average issue price of the reserved capital increase amounts to 80.98 euros.

In light of these assumptions, the theoretical stock market value of the share post-transaction would amount to 100.82 euros for a theoretical value of the share price prior to the transaction of 100.87 euros.

It is specified that this theoretical approach is given purely as an indication and does not in any way prejudge future trends in the share price.

Paris, February 17, 2014

The Board of Directors of L'Air Liquide S.A.

INFORMATION CONCERNING MEMBERS OF THE BOARD OF DIRECTORS AND EXECUTIVE MANAGEMENT

(Information as of December 31, 2013) [(a)]

Listed companies are indicated by an asterisk (*).

BENOÎT POTIER

Chairman and Chief Executive Officer

Nationality: French

Born in 1957
Date of first appointment: 2000
Start of current term: 2010
End of current term: 2014 [(b)]
Number of shares owned as of December 31, 2013: 170,469

Business address
Air Liquide, 75, quai d'Orsay – 75321 Paris Cedex 07

CAREER

A graduate of École Centrale de Paris, Benoît Potier joined Air Liquide in 1981 as a Research and Development engineer. After serving as a Project Manager in the Engineering and Construction Division, he was made Vice-President of Energy Development in the Large Industries business line. In 1993, he became Director of Strategy & Organization and, in 1994, was put in charge of the Chemicals, Metal & Steel, Oil and Energy Markets. He was made an Executive Vice-President of Air Liquide in 1995 with additional responsibilities over the Engineering & Construction Division and the Large Industries operations in Europe.

Benoît Potier was appointed Chief Executive Officer in 1997. He was appointed to the Board of Directors in 2000 and became Chairman of the Management Board in November 2001.

In 2006, he was appointed Chairman and Chief Executive Officer of L'Air Liquide S.A.

POSITIONS AND ACTIVITIES HELD DURING 2013

Functions within the Air Liquide Group

- **Chairman and Chief Executive Officer:** L'Air Liquide S.A.* (Chairman of the Working Group "Shareholders Relations"), Air Liquide International, Air Liquide International Corporation (ALIC)
- **Director:** American Air Liquide Holdings, Inc.
- Chairman of the Air Liquide Foundation

Positions or activities outside the Air Liquide Group

- **Director:** Danone* (member of the Appointment and Governance Committee)
- **Member of the Supervisory Board:** Michelin* (member of the Audit Committee) (until May 2013)
- **Vice-Chairman:** European Round Table (ERT)
- **Director:** École Centrale de Paris, Association nationale des sociétés par actions (ANSA), Cercle de l'Industrie, La Fabrique de l'industrie
- **Member of the Board:** Association française des entreprises privées (AFEP)
- **Member of the French Board:** INSEAD

POSITIONS AND ACTIVITIES HELD DURING THE LAST FIVE YEARS AND THAT HAVE EXPIRED

2010

- **Chairman and member of the Audit Committee:** Danone* (until February 2010)

2009

- **Chairman and Chief Executive Officer:** American Air Liquide Inc. (AAL) (until September 2009)
- **Chairman:** American Air Liquide Holdings, Inc. (until September 2009)

(a) Pursuant to article L. 225-102-1, paragraph 4 of the French Commercial Code and Annex 1 of EC Regulation No.809/2004 of April 29, 2004 (point 14.1).
(b) Renewal of term proposed to the Shareholders' Meeting of May 7, 2014.

THIERRY DESMAREST

Independent Director

Nationality: French

Born in 1945
Date of first appointment: 1999
Start of current term: 2013
End of current term: 2017
Number of shares owned as of December 31, 2013: 6,775

Business address
Total, Tour Coupole, 2, place Jean-Millier – 92078 Paris-La Défense

CAREER

A graduate of École polytechnique and École des Mines, Thierry Desmarest spent four years with the New Caledonia Department of Mines, before serving as a Technical Advisor at the Ministry of Industry in 1975, and then at the Ministry of Economic Affairs in 1978.

He joined Total in 1981 as Managing Director of Total Algeria. He held various executive positions within Total Exploration Production, ultimately becoming its Chief Executive Officer in 1989 and a member of the Group's Executive Committee that same year. He became Chairman and Chief Executive Officer of Total in 1995, of Totalfina in 1999, and then of Elf Aquitaine and TotalFinaElf in 2000.

Thierry Desmarest was Chairman and Chief Executive Officer of Total S.A. from 2003 to February 2007, when he became Chairman of the Total S.A. Board of Directors. Appointed Honorary Chairman of Total S.A. in May 2010, he remains a Director and Chairman of the Total Foundation.

POSITIONS AND ACTIVITIES HELD DURING 2013

Functions within the Air Liquide Group

- **Director:** L'Air Liquide S.A.* (Chairman of the Appointments and Governance Committee, member of the Remuneration Committee and member of the Working Group "Shareholders Relations")

Positions or activities outside the Air Liquide Group

- **Honorary Chairman, Director:** Total S.A.* (Chairman of the Governance and Ethics Committee, member of the Remuneration Committee and member of the Strategy Committee)
- **Director:** Sanofi-Aventis* (member of the Remuneration Committee, member of the Appointments and Governance Committee, member of the Strategic Committee), Renault S.A.* (member of the Remuneration Committee, Chairman of the International Strategy Committee, member of the Industrial Strategy Committee), Renault S.A.S. and Bombardier Inc.*
- **Director:** École polytechnique, Musée du Louvre
- **Chairman:** Total Foundation, École polytechnique Foundation

POSITIONS AND ACTIVITIES HELD DURING THE LAST FIVE YEARS AND THAT HAVE EXPIRED

2010

- **Chairman of the Board of Directors:** Total S.A.* (until May 2010)
- **Member of the Supervisory Board:** Areva* (until March 2010)

3

NB: Independent Director within the meaning of the Board of Directors' internal regulations. For information regarding independence criteria, please refer to this Reference Document – p. 156.

GÉRARD DE LA MARTINIÈRE

Independent Director

Nationality: French

Born in 1943
Date of first appointment: 2003
Start of current term: 2011
End of current term: 2015
Number of shares owned as of December 31, 2013: 3,952

CAREER

A graduate of École polytechnique and École nationale d'administration, Gérard de La Martinière held several positions with the French Ministry of Finance from 1969 to 1984. He was then General Secretary of the COB (formerly the French securities and exchange regulatory body) from 1984 to 1986, Chairman of the Paris Financial Instruments Clearing House from 1986 to 1988, and Chief Executive Officer of the Paris Stock Exchange (SBF) from 1988 to 1989.

Gérard de La Martinière joined the AXA Group in 1989 as Chairman and Chief Executive Officer of the Meeschaert-Rouselle brokerage unit. In 1991, he was named Executive Vice-President in charge of the Group's investments and financial services operations. In 1993, he took responsibility for the Group's Holding Companies and Corporate Affairs. He was a member of the Management Board between 1997 and 2003, and Vice-President of Finance, Audit and Strategy between 2000 and 2003.

Gérard de La Martinière was Chairman of the French Federation of Insurance Companies, the Fédération française des sociétés d'assurances, from May 2003 to September 2008. He was also Chairman of the European Insurance and Reinsurance Federation (CEA) from 2004 to 2008 and then Vice-Chairman until November 2009.

POSITIONS AND ACTIVITIES HELD DURING 2013

Functions within the Air Liquide Group

- **Director:** L'Air Liquide S.A.* (Chairman of the Audit and Accounts Committee and member of the Working Group "Shareholders Relations")

Positions or activities outside the Air Liquide Group

- **Director:** Schneider Electric S.A.* (Chairman of the Audit Committee)
- **Director:** Standard & Poor's Credit Market Services France SAS
- **Chairman:** Comité de la Charte du don en confiance (French Donations Charter Committee)
- Member of the Haut Conseil à la vie associative (French High Council for Associations)
- **Director:** Allo Finance

POSITIONS AND ACTIVITIES HELD DURING THE LAST FIVE YEARS AND THAT HAVE EXPIRED

2012

- **Member of the Supervisory Board:** EFRAG (until October 2012)

2010

- **Director:** Banque d'Orsay (until November 2010)

2009

- **Vice-Chairman:** European Insurance and Reinsurance Federation (until November 2009)

NB: Independent Director within the meaning of the Board of Directors' internal regulations. For information regarding independence criteria, please refer to this Reference Document – p. 156.

CORNELIS VAN LEDE

Independent Director

Nationality: Dutch

Born in 1942
Date of first appointment: 2003
Start of current term: 2011
End of current term: 2015
Number of shares owned as of December 31, 2013: 1,612

Business address
Jollenpad 1 0A – 1081 KC Amsterdam – The Netherlands

CAREER

With a law degree from the University of Leiden and an MBA from INSEAD, Cornelis van Lede successively worked for Shell from 1967 to 1969 and McKinsey from 1969 to 1976 before joining Koninklijke Nederhorst Bouw B.V. as Chairman and Chief Executive Officer from 1977 to 1982. He was then member of the Management Committee of Hollandse Beton Groep from 1982 to 1984.

From 1984 to 1991, he was Chairman of the Federation of Netherlands Industries, then Vice-President of the Union of Industrial and Employer's Confederations of Europe (UNICE) from 1991 to 1994.

In 1991, Cornelis van Lede joined Akzo N.V. as a member of the Management Board. Then, he became Vice-Chairman of the Management Board in 1992 and was Chairman of the Management Board of Akzo Nobel N.V. from 1994 to 2003. He was a member of the Supervisory Board of Akzo Nobel N.V. from 2003 to 2007.

POSITIONS AND ACTIVITIES HELD DURING 2013

Functions within the Air Liquide Group

- **Director:** L'Air Liquide S.A.* (member of the Appointments and Governance Committee, Chairman of the Remuneration Committee)

Positions or activities outside the Air Liquide Group

- **Director:** Air France-KLM*, D.E Master Blenders* (until March 2013)
- **Member of the Supervisory Board:** Royal Philips Electronics N.V.*
- **Chairman of the Supervisory Board:** Heineken N.V.* (until May 2013)
- **Chairman of the Supervisory Board:** Royal Imtech NV* (Chairman of the Governance & Nomination Committee, member of the Human Resources & Remuneration Committee) (since August 2013)

POSITIONS AND ACTIVITIES HELD DURING THE LAST FIVE YEARS AND THAT HAVE EXPIRED

2012

- **Director:** Sara Lee Corporation (until July 2012)

2010

- **Member of the Board of Directors:** INSEAD (until December 2010)

NB: Independent Director within the meaning of the Board of Directors' internal regulations. For information regarding independence criteria, please refer to this Reference Document – p. 156.

BÉATRICE MAJNONI D'INTIGNANO

Independent Director

Nationality: French

Born in 1942
Date of first appointment: 2002
Start of current term: 2010
End of current term: 2014 [(a)]
Number of shares owned as of December 31, 2013: 2,063

CAREER

Having graduated with a high-level teaching degree in economics in 1975, Béatrice Majnoni d'Intignano is professeur émérite (Professor Emerita of University) (Paris-Est – Créteil). Béatrice Majnoni d'Intignano was professeur agrégé (tenured senior university professor) at the Paris-Est – Créteil University from 1980 to 2012 (currency, international relations, macroeconomics, economics of healthcare). She was also conseiller économique à l'Assistance publique (business consultant) for Paris Hospitals, from 1980 to 1987, and has been a temporary consultant with the World Health Organization from 1980 to 2001.

She is a member of the Editorial Committee of the magazine Commentaire. She was also a member of the Economic Analysis Council of the French Prime Minister from 1997 to 2008 and a member of Société d'économie politique until 2009.

Béatrice Majnoni d'Intignano is the author of a large number of books and articles about economics, employment, Europe, the economics of healthcare and women's role in society.

POSITIONS AND ACTIVITIES HELD DURING 2013

Functions within the Air Liquide Group

- **Director:** L'Air Liquide S.A.* (member of the Audit and Accounts Committee)

Positions or activities outside the Air Liquide Group

- Professor Emerita of the University (Paris-Est – Créteil)

POSITIONS AND ACTIVITIES HELD DURING THE LAST FIVE YEARS AND THAT HAVE EXPIRED

2012

- Tenured professor at the University (Paris-Est—Créteil) (until August 2012)

(a) Renewal of term not requested.

NB: Independent Director within the meaning of the Board of Directors' internal regulations. For information regarding independence criteria, please refer to this Reference Document – p. 156.

THIERRY PEUGEOT

Independent Director

Nationality: French

Born in 1957
Date of first appointment: 2005
Start of current term: 2013
End of current term: 2017
Number of shares owned as of December 31, 2013: 1,454

Business address
Peugeot S.A., 75, avenue de la Grande-Armée – 75116 Paris Cedex 16

CAREER

A graduate of ESSEC, Thierry Peugeot began his career with the Marrel Group in 1982 as Export Manager for the Middle East and English-speaking Africa for Air Marrel, and then Director of Air Marrel America. He joined Automobiles Peugeot in 1988 as Regional Manager of the South-East Asia zone, then Chief Executive Officer of Peugeot do Brasil in 1991 and Chief Executive Officer of Slica in 1997. In 2000, he became International Key Accounts Director of Automobiles Citroën and then, in 2002, Vice-President of Services and Spare Parts before being appointed to the PSA Peugeot Citroën Vice-Presidents Committee. Thierry Peugeot has been Chairman of the Supervisory Board of Peugeot S.A. since 2002. He is also a member of the Board of Faurecia.

POSITIONS AND ACTIVITIES HELD DURING 2013

Functions within the Air Liquide Group

- **Director:** L'Air Liquide S.A.* (member of the Audit and Accounts Committee)

Positions or activities outside the Air Liquide Group

- **Chairman of the Supervisory Board:** Peugeot S.A.*
- **Vice-Chairman:** Établissements Peugeot Frères
- **Vice-Chairman of the Supervisory Board:** Gefco (since January 2013)
- **Director:** Société FFP*, La Société anonyme de participations, Faurecia*, Compagnie Industrielle de Delle
- Permanent representative of the Compagnie Industrielle de Delle on the LISI* Board of Directors
- **Chairman:** Association nationale des sociétés par actions (ANSA)

POSITIONS AND ACTIVITIES HELD DURING THE LAST FIVE YEARS AND THAT HAVE EXPIRED

2010

- **Director:** La Française de Participations Financières (until July 2010), Immeubles et Participations de l'Est (until November 2010)

NB: Independent Director within the meaning of the Board of Directors' internal regulations. For information regarding independence criteria, please refer to this Reference Document – p. 156.

PAUL SKINNER

Independent Director

Nationality: British

Born in 1944
Date of first appointment: 2006
Start of current term: 2010
End of current term: 2014 [(a)]
Number of shares owned as of December 31, 2013: 1,439

Business address
P.O. Box 65129, London SW1P 9LY

CAREER

Paul Skinner has a law degree from the University of Cambridge and is a graduate of the Manchester Business School. He started his career in 1966 with the Royal Dutch/Shell group. After having been responsible for managing several subsidiaries in Greece, Nigeria, New Zealand and Norway, Paul Skinner was President of the Shell International Trading and Shipping Company from 1991 to 1995. He was later appointed Chief Executive Officer of Royal Dutch/Shell's global Oil Products business and then Group Managing Director of the Royal Dutch/Shell group from 2000 to 2003.

After his retirement from Shell, he was Chairman of Rio Tinto plc, the global mining company, over the period 2003-2009, and was Chairman of Infrastructure UK, a division of HM Treasury, between 2009-2013. He is a non-Executive Director of Standard Chartered plc and Tetra Laval Group, and a member of the Public Interest Body of PricewaterhouseCoopers LLP.

POSITIONS AND ACTIVITIES HELD DURING 2013

Functions within the Air Liquide Group

- **Director:** L'Air Liquide S.A.* (member of the Audit and Accounts Committee, member of the Working Group "Shareholders Relations")

Positions or activities outside the Air Liquide Group

- **Non-Executive Director:** Standard Chartered plc*, Tetra Laval Group
- **Chairman:** Infrastructure UK (a division of HM Treasury) (until December 2013)
- **Member:** Public Interest Body of PricewaterhouseCoopers LLP

POSITIONS AND ACTIVITIES HELD DURING THE LAST FIVE YEARS AND THAT HAVE EXPIRED

2011

- **Member of the Board of Directors:** INSEAD (until November 2011)

2009

- **Chairman:** Rio Tinto plc* (until April 2009), Rio Tinto Ltd.* (until April 2009)
- **Member of the Board:** UK Ministry of Defense (until July 2009)

(a) Renewal of term proposed to the Shareholders' Meeting of May 7, 2014.

NB: Independent Director within the meaning of the Board of Directors' internal regulations. For information regarding independence criteria, please refer to this Reference Document – p. 156.

KAREN KATEN
Independent Director

Nationality: American

Born in 1949
Date of first appointment: 2008
Start of current term: 2012
End of current term: 2016
Number of shares owned as of December 31, 2013: 1,776

Business address
Essex Woodlands Health Ventures – 280 Park Avenue, 27th Floor East – New York, NY 10017-USA

CAREER

Karen Katen, a US citizen, is a graduate of the University of Chicago (BA in Political Science and MBA).

In 1974, she joined Pfizer and carried out various management and executive positions during more than 30 years. In her last position with Pfizer, she was Vice-Chairman of Pfizer Inc. and President of Pfizer Human Health, the Group's main operating department. Karen Katen played a major role in the introduction of new medicines for the treatment of cardiovascular and mental diseases, as well as diabetes and cancer. She also successfully oversaw the integration of Warner Lambert (acquired in 2000) and Pharmacia (acquired in 2003) in the Pfizer Group. Having retired from Pfizer in March 2007, she was recently Chairman of the Pfizer Foundation. Currently she is a Senior Advisor at Essex Woodlands Health Ventures, a healthcare venture and growth equity firm, based in their New York office.

POSITIONS AND ACTIVITIES HELD DURING 2013

Functions within the Air Liquide Group

- **Director:** L'Air Liquide S.A.* (member of the Appointments and Governance Committee)

Positions or activities outside the Air Liquide Group

- **Director:** Harris Corporation*, Home Depot*, Armgo Pharmaceuticals, Catamaran Inc.*
- **Chairman and Director:** Rand Corporation's Health Board of Advisors
- **Director:** The Economic Club of New York Board of Trustees, Peterson Institute for International Studies, Takeda Global Advisory Board
- **Senior Advisor:** Essex Woodlands Health Ventures
- **Trustee:** University of Chicago
- **Trustee:** University of Chicago Graduate School of Business

POSITIONS AND ACTIVITIES HELD DURING THE LAST FIVE YEARS AND THAT HAVE EXPIRED

2009

- **Director:** General Motors Corporation* (until July 2009)

NB: Independent Director within the meaning of the Board of Directors' internal regulations. For information regarding independence criteria, please refer to this Reference Document – p. 156.

JEAN-PAUL AGON

Independent Director

Nationality: French

Born in 1956
Date of first appointment: 2010
Start of current term: 2010
End of current term: 2014 [(a)]
Number of shares owned as of December 31, 2013: 1,172

Business address
L'Oréal – 41, rue Martre – 92110 Clichy

CAREER

A graduate of HEC Business School, Jean-Paul Agon began his career with the L'Oréal Group in 1978. From 1981 to 1997, he held various senior management positions first as General Manager of L'Oréal Greece and General Manager of L'Oréal Paris, then International Managing Director for Biotherm International, Managing Director for L'Oréal Germany and finally Managing Director for L'Oréal Asia Zone. From 2001 to 2005, he was Chairman and Chief Executive Officer of L'Oréal USA as well as several subsidiaries of the L'Oréal Group in the USA. In 2005, he was appointed Deputy Chief Executive Officer of the L'Oréal Group, and became Chairman and Chief Executive Officer of the Group in 2006. He is Chairman and Chief Executive Officer of L'Oréal since March 2011.

POSITIONS AND ACTIVITIES HELD DURING 2013

Functions within the Air Liquide Group

- **Director:** L'Air Liquide S.A.* (member of the Remuneration Committee)

Positions or activities outside the Air Liquide Group

- **Chairman and Chief Executive Officer:** L'Oréal*
- **Director:** L'Oréal USA Inc. (United States)
- **Director:** Galderma Pharma S.A. (Switzerland)
- **Chairman:** Fondation d'entreprise L'Oréal (L'Oréal Foundation)

POSITIONS AND ACTIVITIES HELD DURING THE LAST FIVE YEARS

2012

- **Chairman of the Board of Directors:** Galderma Pharma S.A. (Switzerland) (until April 2012)
- **Vice-Chairman and Director** (until March 2012): The Body Shop International plc (United Kingdom)—L'Oréal Group

(a) Renewal of term proposed to the Shareholders' Meeting of May 7, 2014.

NB: Independent Director within the meaning of the Board of Directors' internal regulations. For information regarding independence criteria, please refer to this Reference Document – p. 156.

SIÂN HERBERT-JONES

Independent Director

Nationality: British

Born in 1960
Date of first appointment: 2011
Start of current term: 2011
End of current term: 2015
Number of shares owned as of December 31, 2013: 660

Business address
255, quai de la Bataille-de-Stalingrad – 92866 Issy-les-Moulineaux Cedex 9

CAREER

Holder of a Master of Art degree in History from Oxford University and a graduate from the Institute of Chartered Accountants in England and Wales, Siân Herbert-Jones first practiced for 13 years with the firm of PriceWaterhouseCoopers, in the London office from 1983-1993 in particular in the capacity of Corporate Finance Manager, then in the Paris office from 1993 to 1995 in the capacity of Mergers & Acquisitions Manager. She then joined the Sodexo Group in 1995 in which she was successively in charge of international development from 1995 to 1998 and the Group's treasury department from 1998 to 2000 then Deputy Chief Financial Officer in 2000. Since 2001, she has been the Sodexo Group's Chief Financial Officer; she is a member of the Executive Committee.

POSITIONS AND ACTIVITIES HELD DURING 2013

Functions within the Air Liquide Group

- **Director:** L'Air Liquide S.A.* (member of the Audit and Accounts Committee)

Positions or activities outside the Air Liquide Group

- **Chief Financial Officer and member of the Executive Committee:** Sodexo Group*
- **Chairman:** ETIN SAS (France); Sodexo Etinbis SAS (France); Sofinsod SAS (France)
- **Director:** Sodexho Awards Co, Sodexo Japan Kabushiki Kaisha Ltd, Sodexho Mexico SA de CV, Sodexho Mexico Servicios de Personal SA de CV, Sodexo Remote Sites the Netherlands B.V., Sodexo Remote Sites Europe Ltd, Universal Sodexho Eurasia Ltd, Sodexo, Inc., Sodexo Management, Inc., Sodexo Remote Sites USA, Inc., Sodexo Services Enterprises LLC, Universal Sodexho Services de Venezuela SA, Universal Sodexho Empresa de Servicios y Campamentos SA, Sodexo Global Services UK Ltd.
- **Member of the Management Board:** Sodexo en France SAS (France), Sodexo Entreprises SAS (France), Sodexo Pass International SAS (France), One SAS (France)
- Permanent representative of Sofinsod SAS on the Supervisory Board of One SCA (France)

POSITIONS AND ACTIVITIES HELD DURING THE LAST FIVE YEARS AND THAT HAVE EXPIRED

2011

- **Director:** Sodexo Remote Sites Support Services Ltd, Universal Sodexho Kazakhstan LTD, Universal Sodexo Euroasia Ltd, Sodexo Motivation Solutions Mexico SA de CV, Sodexo Motivation Solutions UK Ltd

2010

- **Director:** Sodexo Solutions de Motivation France SA (France), Universal Services Asia LLC (USA), Sodexo Pass Belgium SA (Belgium), Sodexo Pass Luxembourg SA
- ***Gérant:*** Imagor Services & Cie (Belgium)

2009

- **Director:** Sodexo Asia Pacific Pte Ltd (Singapore), Sodexo Scandinavian Holding AB (Sweden)
- **Chairman and Chief Executive Officer:** Armement Lebert Buisson SA (France)

NB: Independent Director within the meaning of the Board of Directors' internal regulations. For information regarding independence criteria, please refer to this Reference Document – p. 156.

PIERRE DUFOUR

Senior Executive Vice-President and Director

Nationality: Canadian

Born in 1955
Date of first appointment: 2012
Start of current term: 2012
End of current term: 2016
Number of shares owned as of December 31, 2013: 83,684

Business address
Air Liquide, 75, quai d'Orsay – 75321 Paris Cedex 07

CAREER

A graduate of École polytechnique, Montréal University, Stanford University (California) and Harvard University (Massachusetts), Pierre Dufour began his career in 1976 at SNC-Lavalin, a leading engineering contractor in Montreal, Canada. From 1991 to 1997, he was Chief Executive Officer of SNC-Lavalin Inc.

In 1997, he joined the Air Liquide Group as Vice-President of Worldwide Engineering. In 1998, he was appointed Group Industrial Director, overseeing the technical aspects of Group operations worldwide. In 2000, he was appointed Chairman and Chief Executive Officer of American Air Liquide Holdings Inc., in Houston, Texas and joined L'Air Liquide S.A. Executive Committee. He became Vice-President of L'Air Liquide S.A. in 2001, Executive Vice-President in 2002 and was appointed Senior Executive Vice-President in November 2007. He is currently responsible for Large Industries, Engineering, Research and Safety business lines in the Americas, Africa, the Middle East and Asia Pacific.

POSITIONS AND ACTIVITIES HELD DURING 2013

Functions within the Air Liquide Group

- **Senior Executive Vice-President and Director:** L'Air Liquide S.A.*
- **Senior Executive Vice-President and Director:** Air Liquide International
- **Chairman of the Board of Directors and Director:** Air Liquide Middle East
- **Director:** American Air Liquide Holdings, Inc., Air Liquide Japan (until December 2013), Société d'Oxygène et d'Acétylène d'Extrême-Orient (SOAEO) (since October 2013)
- **Chairman and Director:** American Air Liquide Inc.
- **Managing Director:** Air Liquide Global Management Services GmbH

Positions or activities outside the Air Liquide Group

- **Director:** Archer Daniels Midland Company* (member of the Audit Committee)

POSITIONS AND ACTIVITIES HELD DURING THE LAST FIVE YEARS AND THAT HAVE EXPIRED

2012

- **Director:** Air Liquide Arabia (until May 2012)

2009

- **Chairman and Chief Executive Officer:** American Air Liquide Holdings, Inc. (until September 2009)

New candidates proposed to the Shareholders' Meeting of May 7, 2014

SIN LENG LOW

Nationality: Singaporean

Born in 1952

STUDIES AND CARRIES

Sin Leng Low is a graduate of the University of Alberta (Canada) in Electrical engineering, has a Master of Business Administration from the Catholic University of Leuven (Belgium) and completed the Advanced Management Program at Harvard Business School (USA). After spending part of her career in the Singapore government administrative service, Sin Leng Low held the duties of Executive Vice President at electricity provider Singapore Power and Managing Director of its telecommunications subsidiary from 1995 to 2000. In 2000, she joined energy, water, marine and urban development group Sembcorp Industries, where she successively held the positions of Group Chief Operating Officer and Executive Chairman of the subsidiary spearheading the industrialization and urbanization development business in China, Vietnam and Indonesia until end 2012.

POSITIONS AND ACTIVITIES

Positions or activities outside the Air Liquide Group

- **Senior Advisor:** Sembcorp Development Ltd.
- **Chairman:** Sino-Singapore (Chengdu) Innovation Park Development Co., Ltd. (in which Sembcorp Development holds a 50% stake)
- **Board of Trustees:** Singapore University of Technology & Design (SUTD)
- **Chairman:** Nanyang Academy of Fine Arts (NAFA)

ANNETTE WINKLER

Nationality: German

Born in 1959

STUDIES AND CARRIES

Doctor in Economics from the University of Frankfurt (Germany), Annette Winkler became the Managing Shareholder of a medium-sized construction company. In 1995, she joined the Mercedes-Benz group, where she held a variety of positions and in particular that of Senior Director/Head Public Relations and Communications. After spending two years as Head of the Mercedes-Benz sales and service outlet in Braunschweig, she became Chief Executive Officer of DaimlerChrysler Belgium and Luxembourg (1999-2005), then Vice President of Global Business Management & Wholesale Europe (2006-2010). Vice-President of Daimler AG, since 2010 she is Chief Executive Officer of smart (with overall responsibility for the brand, also in charge of the smart factory in Lorraine).

POSITIONS AND ACTIVITIES

Positions or activities outside the Air Liquide Group

- **Vice-President:** Daimler AG, head of Smart.
- Member of the Counsel for Foreign Economic Affairs of the German Ministry for Economics

> STATUTORY AUDITORS' OFFICES AND REMUNERATIONS

Statutory Auditors' offices

Ernst & Young et Autres

Principal Statutory Auditor

Ernst & Young et Autres is represented by Jean-Yves Jégourel and Emmanuelle Mossé

Tour First – TS 14444 – 1, place des Saisons

92037 Paris-La Défense Cedex (Courbevoie)

Deputy Statutory Auditor

Auditex

Tour First – TS 14444 – 1, place des Saisons

92037 Paris-La Défense Cedex (Courbevoie)

Mazars S.A.

Principal Statutory Auditor

The Mazars S.A. firm is represented by Lionel Gotlib and Daniel Escudeiro

61, rue Henri-Regnault

92400 Courbevoie

Deputy Statutory Auditor

Patrick de Cambourg with Mazars S.A.

61, rue Henri-Regnault

92400 Courbevoie

Statutory Auditors' remunerations

(in thousands of euros)	2013 Ernst & Young		Mazars		Other		Total	
Statutory audit, certification, review of individual and consolidated financial statements	5,539	75.2%	4,452	89.7%	765	64.8%	10,756	79.6%
■ Issuer	723		549		0		1,272	
■ Fully consolidated subsidiaries	4,816		3,903		765		9,484	
Other statutory audit services and engagements	627	8.5%	367	7.4%	4	0.3%	998	7.4%
■ Issuer	245		161		0		406	
■ Fully consolidated subsidiaries	382		206		4		592	
Total of audit services	**6,166**	**83.7%**	**4,819**	**97.1%**	**769**	**65.1%**	**11,754**	**87.0%**
Legal, employee and tax services	1,179	16.1%	140	2.8%	347	29.4%	1,666	12.3%
Other services	18	0.2%	6	0.1%	65	5.5%	89	0.7%
Total other services rendered by the network to the fully consolidated subsidiaries	**1,197**	**16.3%**	**146**	**2.9%**	**412**	**34.9%**	**1,755**	**13.0%**
TOTAL OF AUDITORS' REMUNERATIONS	**7,363**	**100.0%**	**4,965**	**100.0%**	**1,181**	**100.0%**	**13,509**	**100.0%**

(in thousands of euros)	2012 Ernst & Young		Mazars		Other		Total	
Statutory audit, certification, review of individual and consolidated financial statements	5,606	69.1%	4,468	90.6%	815	69.3%	10,889	76.6%
■ Issuer	723		574		0		1,297	
■ Fully consolidated subsidiaries	4,883		3,894		815		9,592	
Other statutory audit services and engagements	1,005	12.4%	387	7.8%	18	1.5%	1,410	9.9%
■ Issuer	298		169		0		467	
■ Fully consolidated subsidiaries	707		218		18		943	
Total of audit services	**6,611**	**81.5%**	**4,855**	**98.4%**	**833**	**70.8%**	**12,299**	**86.5%**
Legal, employee and tax services	1,159	14.3%	73	1.5%	234	19.9%	1,466	10.3%
Other services	337	4.2%	3	0.1%	110	9.3%	450	3.2%
Total other services rendered by the network to the fully consolidated subsidiaries	**1,496**	**18.5%**	**76**	**1.6%**	**344**	**29.2%**	**1,916**	**13.5%**
TOTAL OF AUDITORS' REMUNERATIONS	**8,107**	**100.0%**	**4,931**	**100.0%**	**1,177**	**100.0%**	**14,215**	**100.0%**

In addition, the Group used other audit firms for audit services amounting to 769 thousand euros in 2013 and 833 thousand euros in 2012.

Other than Audit, fees concern services provided outside of France that relate to the application of local tax regulations within the foreign countries where the Group operates.

4 Financial statements

> CONSOLIDATED FINANCIAL STATEMENTS

Consolidated income statement

For the year ended December 31

(in millions of euros)	Notes	2012	2012 restated [(a)]	2013
Revenue	**(5)**	**15,326.3**	**15,326.3**	**15,225.2**
Other income	(6)	134.5	134.5	189.3
Purchases	(6)	(6,098.6)	(6,098.6)	(5,985.1)
Personnel expenses	(6)	(2,666.7)	(2,674.2)	(2,751.1)
Other expenses	(6)	(2,903.2)	(2,903.2)	(2,861.4)
Operating income recurring before depreciation and amortization		**3,792.3**	**3,784.8**	**3,816.9**
Depreciation and amortization expense	(6)	(1,231.8)	(1,231.8)	(1,236.3)
Operating income recurring		**2,560.5**	**2,553.0**	**2,580.6**
Other non-recurring operating income	(7)	13.4	13.4	235.1
Other non-recurring operating expenses	(7)	(40.5)	(40.5)	(209.2)
Operating income		**2,533.4**	**2,525.9**	**2,606.5**
Net finance costs	(8)	(248.1)	(248.1)	(219.9)
Other financial income	(8)	69.2	10.2	14.4
Other financial expenses	(8)	(133.0)	(93.2)	(99.1)
Income taxes	(9)	(566.0)	(557.6)	(611.9)
Share of profit of associates	(16)	20.0	20.0	14.5
PROFIT FOR THE PERIOD		**1,675.5**	**1,657.2**	**1,704.5**
■ Minority interests		66.1	66.1	64.2
■ Net profit (Group share)		1,609.4	1,591.1	1,640.3
Basic earnings per share *(in euros)*	**(10)**	**5.17**	**5.11**	**5.28**
Diluted earnings per share *(in euros)*	**(10)**	**5.15**	**5.09**	**5.26**

(a) Corresponds to the amounts as of December 31, 2012 restated for the impacts of IAS19 revised "Employee Benefits".

Accounting principles and notes to the Consolidated financial statements begin on page 201.

Statement of net income and gains and losses recognized directly in equity

For the year ended December 31

(in millions of euros)	2012	2012 restated [a]	2013
Profit for the period	**1,675.5**	**1,657.2**	**1,704.5**
Items recognized in equity			
Change in fair value of financial instruments	27.9	27.9	31.5
Change in foreign currency translation reserve	(83.2)	(83.2)	(503.4)
Items that may be subsequently reclassified to profit	**(55.3)**	**(55.3)**	**(471.9)**
Actuarial gains/ (losses)	(332.1)	(319.6)	117.3
Items that may not be subsequently reclassified to profit	**(332.1)**	**(319.6)**	**117.3**
Items recognized in equity, net of taxes	**(387.4)**	**(374.9)**	**(354.6)**
Net income and gains and losses recognized directly in equity	**1,288.1**	**1,282.3**	**1,349.9**
■ Attributable to minority interests	61.1	61.1	46.8
■ Attributable to equity holders of the parent	1,227.0	1,221.2	1,303.1

(a) Corresponds to the amounts as of December 31, 2012 restated for the impacts of IAS19 revised "Employee Benefits".

Consolidated balance sheet

For the year ended December 31

ASSETS *(in millions of euros)*	**Notes**	**December 31, 2012**	**December 31, 2012 restated** [a]	**December 31, 2013**
Goodwill	(12)	5,132.7	5,132.7	5,089.8
Other intangible assets	(13)	726.5	726.5	713.2
Property, plant and equipment	(14)	12,784.7	12,784.7	13,225.7
Non-current assets		**18,643.9**	**18,643.9**	**19,028.7**
Non-current financial assets	(15)	435.8	435.8	435.5
Investments in associates	(16)	221.7	221.7	201.7
Deferred tax assets	(17)	365.5	372.8	301.7
Fair value of non-current derivatives (assets)	(29)	53.8	53.8	122.4
Other non-current assets		**1,076.8**	**1,084.1**	**1,061.3**
TOTAL NON-CURRENT ASSETS		**19,720.7**	**19,728.0**	**20,090.0**
Inventories and work-in-progress	(18)	775.8	775.8	792.3
Trade receivables	(19)	2,826.5	2,826.5	2,691.1
Other current assets	(21)	422.3	422.3	449.8
Current tax assets		71.3	71.3	90.7
Fair value of current derivatives (assets)	(29)	33.2	33.2	40.6
Cash and cash equivalents	(22)	1,154.2	1,154.2	940.1
TOTAL CURRENT ASSETS		**5,283.3**	**5,283.3**	**5,004.6**
TOTAL ASSETS		**25,004.0**	**25,011.3**	**25,094.6**

EQUITY AND LIABILITIES *(in millions of euros)*	**Notes**	**December 31, 2012**	**December 31, 2012 restated** [a]	**December 31, 2013**
Share capital		1,717.5	1,717.5	1,720.6
Additional paid-in capital		20.8	20.8	81.2
Retained earnings		6,939.0	6,936.0	7,271.2
Treasury shares		(75.0)	(75.0)	(88.2)
Net profit (Group share)		1,609.4	1,591.1	1,640.3
Shareholders' equity		**10,211.7**	**10,190.4**	**10,625.1**
Minority interests		**232.6**	**232.6**	**263.0**
TOTAL EQUITY [b]	**(23)**	**10,444.3**	**10,423.0**	**10,888.1**
Provisions, pensions and other employee benefits	(24, 25)	2,216.1	2,246.9	2,040.5
Deferred tax liabilities	(17)	1,134.8	1,132.6	1,196.3
Non-current borrowings	(26)	5,789.0	5,789.0	5,817.5
Other non-current liabilities	(27)	195.6	195.6	191.0
Fair value of non-current derivatives (liabilities)	(29)	85.1	85.1	29.4
TOTAL NON-CURRENT LIABILITIES		**9,420.6**	**9,449.2**	**9,274.7**
Provisions, pensions and other employee benefits	(24, 25)	243.2	243.2	246.5
Trade payables	(28)	1,896.1	1,896.1	1,922.6
Other current liabilities	(27)	1,325.6	1,325.6	1,407.7
Current tax payables		176.6	176.6	156.8
Current borrowings	(26)	1,484.7	1,484.7	1,188.8
Fair value of current derivatives (liabilities)	(29)	12.9	12.9	9.4
TOTAL CURRENT LIABILITIES		**5,139.1**	**5,139.1**	**4,931.8**
TOTAL EQUITY AND LIABILITIES		**25,004.0**	**25,011.3**	**25,094.6**

(a) Corresponds to the amounts as of December 31, 2012 restated for the impacts of IAS19 revised "Employee Benefits".

(b) A breakdown of changes in shareholders' equity and minority interests is presented from pages 198 to 200.

Consolidated cash flow statement

For the year ended December 31

(in millions of euros)	Notes	2012	2012 restated [(a)]	2013
Operating activities				
Net profit (Group share)		**1,609.4**	**1,591.1**	**1,640.3**
Minority interests		**66.1**	**66.1**	**64.2**
Adjustments:				
■ Depreciation and amortization	(6)	1,231.8	1,231.8	1,236.3
■ Changes in deferred taxes [(b)]	(9)	52.0	43.6	108.5
■ Increase (decrease) in provisions		(19.7)	(19.7)	152.3
■ Share of profit of associates (less dividends received)	(16)	(6.1)	(6.1)	12.3
■ Profit/loss on disposal of assets		(20.9)	(20.9)	(265.4)
Cash flows from operating activities before changes in working capital		**2,912.6**	**2,885.9**	**2,948.5**
Changes in working capital	(20)	(67.3)	(67.3)	(18.7)
Others		(136.8)	(110.1)	(127.1)
Net cash flows from operating activities		**2,708.5**	**2,708.5**	**2,802.7**
Investing activities				
Purchase of property, plant and equipment and intangible assets	(13,14)	(2,007.9)	(2,007.9)	(2,156.1)
Acquisition of subsidiaries and financial assets	(3)	(879.4)	(879.4)	(391.9)
Proceeds from sale of property, plant and equipment and intangible assets		49.1	49.1	312.9
Proceeds from sale of financial assets		1.2	1.2	4.2
Net cash flows used in investing activities		**(2,837.0)**	**(2,837.0)**	**(2,230.9)**
Financing activities				
Dividends paid [(c)]				
■ L'Air Liquide S.A.		(722.6)	(722.6)	(820.2)
■ Minority interests		(58.0)	(58.0)	(56.4)
Proceeds from issues of share capital [(c)]		37.3	37.3	125.5
Purchase of treasury shares [(c)]		(104.2)	(104.2)	(114.6)
Increase (decrease) in borrowings		373.5	373.5	36.4
Transactions with minority shareholders		(10.5)	(10.5)	(9.1)
Net cash flows from (used in) financing activities		**(484.5)**	**(484.5)**	**(838.4)**
Effect of exchange rate changes and change in scope of consolidation		(12.9)	(12.9)	33.1
Net increase (decrease) in net cash and cash equivalents		**(625.9)**	**(625.9)**	**(233.5)**
NET CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD		**1,712.4**	**1,712.4**	**1,086.5**
NET CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		**1,086.5**	**1,086.5**	**853.0**

(a) Corresponds to the amounts as of December 31, 2012 restated for the impacts of IAS19 revised "Employee Benefits".

(b) Changes in deferred taxes shown in the consolidated cash flow statement do not include changes in deferred taxes relating to disposals of assets.

(c) A breakdown of dividends paid, share capital increase and treasury share purchases is provided from pages 198 to 200.

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

(in millions of euros)	Notes	2012	2012 restated [(a)]	2013
Cash and cash equivalents	(22)	1,154.2	1,154.2	940.1
Bank overdrafts (included in current borrowings)		(67.7)	(67.7)	(87.1)
NET CASH AND CASH EQUIVALENTS		**1,086.5**	**1,086.5**	**853.0**

(a) Corresponds to the amounts as of December 31, 2012 restated for the impacts of IAS19 revised "Employee Benefits".

NET INDEBTEDNESS CALCULATION

(in millions of euros)	Notes	2012	2012 restated [(a)]	2013
Non-current borrowings (long-term debt)	(26)	(5,789.0)	(5,789.0)	(5,817.5)
Current borrowings (short-term debt)	(26)	(1,484.7)	(1,484.7)	(1,188.8)
TOTAL GROSS INDEBTEDNESS		**(7,273.7)**	**(7,273.7)**	**(7,006.3)**
Cash and cash equivalents	**(26)**	**1,154.2**	**1,154.2**	**940.1**
Derivative instruments (assets) - fair value hedge of borrowings	(26)	17.0	17.0	4.3
TOTAL NET INDEBTEDNESS AT THE END OF THE PERIOD		**(6,102.5)**	**(6,102.5)**	**(6,061.9)**

(a) Corresponds to the amounts as of December 31, 2012 restated for the impacts of IAS19 revised "Employee Benefits".

STATEMENT OF CHANGES IN NET INDEBTEDNESS

(in millions of euros)	Notes	2012	2012 restated [(a)]	2013
Net indebtedness at the beginning of the period		**(5,248.1)**	**(5,248.1)**	**(6,102.5)**
Net cash flows from operating activities		2,708.5	2,708.5	2,802.7
Net cash flows used in investing activities		(2,837.0)	(2,837.0)	(2,230.9)
Net cash flows used in financing activities excluding increase (decrease) in borrowings		(858.0)	(858.0)	(874.8)
Total net cash flows		**(986.5)**	**(986.5)**	**(303.0)**
Effect of exchange rate changes, opening net indebtedness of newly acquired companies and others		132.1	132.1	343.6
Change in net indebtedness		**(854.4)**	**(854.4)**	**40.6**
NET INDEBTEDNESS AT THE END OF THE PERIOD	**(26)**	**(6,102.5)**	**(6,102.5)**	**(6,061.9)**

(a) Corresponds to the amounts as of December 31, 2012 restated for the impacts of IAS19 revised "Employee Benefits".

Consolidated statement of changes in equity

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FROM JANUARY 1, 2013 TO DECEMBER 31, 2013

(in millions of euros)	Notes	Share capital	Additional paid-in capital	Retained earnings (including net profit)	Net income recognized directly in equity: Fair value of financial instruments	Net income recognized directly in equity: Translation reserves	Treasury shares	Shareholders' equity	Minority interests	Total equity
Equity and minority interests as of January 1, 2013		**1,717.5**	**20.8**	**8,761.5**	**(3.3)**	**(209.8)**	**(75.0)**	**10,211.7**	**232.6**	**10,444.3**
Adjustment of equity as of January 1, 2013				(21.3)				(21.3)		(21.3)
Restated Equity and minority interests as of January 1, 2013 [(a)]		**1,717.5**	**20.8**	**8,740.2**	**(3.3)**	**(209.8)**	**(75.0)**	**10,190.4**	**232.6**	**10,423.0**
Profit for the period				**1,640.3**				**1,640.3**	**64.2**	**1,704.5**
Items recognized in equity				117.1	31.5	(485.8)		(337.2)	(17.4)	(354.6)
Net income and gains and losses recognized directly in equity [(b)]				**1,757.4**	**31.5**	**(485.8)**		**1,303.1**	**46.8**	**1,349.9**
Increase (decrease) in share capital		8.6	98.1					106.7	18.5	125.2
Distribution	(11)			(820.6)				(820.6)	(56.4)	(877.0)
Cancellation of treasury shares [(e)]		(5.5)	(37.7)	(49.4)			92.6			
Purchase of treasury shares [(e)]							(114.4)	(114.4)		(114.4)
Share-based payments				14.6			8.6	23.2		23.2
Put options granted to minority shareholders				1.5				1.5	(4.8)	(3.3)
Transactions with minority shareholders recognized directly in equity				(68.2)				(68.2)	(12.2)	(80.4)
Others				3.4 [(f)]				3.4	38.5	41.9
EQUITY AND MINORITY INTERESTS AS OF DECEMBER 31, 2013		**1,720.6** [(c)]	**81.2** [(d)]	**9,578.9**	**28.2**	**(695.6)**	**(88.2)** [(e)]	**10,625.1**	**263.0**	**10,888.1**

(a) Corresponds to the amounts as of December 31, 2012 restated for the impacts of IAS19 revised "Employee Benefits".

(b) The statement of net income and gains and losses recognized directly in equity is presented on page 194.

(c) Share capital as of December 31, 2013 was made up of 312,831,676 shares at a par value of 5.50 euros. During the fiscal year, movements affecting share capital were as follows:
- *issuance of 801,245 shares in cash resulting from the exercise of options;*
- *issuance of 749,272 shares in cash resulting from a capital increase reserved for employees;*
- *share capital decrease resulting from the cancellation of 1,000,000 treasury shares.*

(d) "Additional paid-in capital" was increased by the amount of share premiums related to share capital increases net of fees for 98.1 million euros and reduced by the amount of share premiums incorporated into share capital for -37.7 million euros.

(e) The number of treasury shares as of December 31, 2013 amounts to 1,093,367 (including 995,745 held by L'Air Liquide S.A.). During the fiscal year, movements affecting treasury shares were as follows:
- *acquisitions net of disposals of 1,211,000 shares at an average price of 94,45 euros;*
- *cancellation of 1,000,000 shares;*
- *allocation of 121,027 shares as part of conditional grants of shares.*

(f) Changes in "Retained earnings" primarily result from the cancellation of gains and losses arising from disposals of treasury shares and from the tax impacts related to items recognized directly in equity.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FROM JANUARY 1, 2012 TO DECEMBER 31, 2012 AS RESTATED

(in millions of euros)	Share capital	Additional paid-in capital	Retained earnings (including net profit)	Net income recognized directly in equity: Fair value of financial instruments	Net income recognized directly in equity: Translation reserves	Treasury shares	Shareholders' equity	Minority interests	Total equity
Equity and minority interests as of January 1, 2012	**1,561.0**	**122.6**	**8,329.4**	**(31.2)**	**(131.6)**	**(91.6)**	**9,758.6**	**237.1**	**9,995.7**
Adjustment of equity as of January 1, 2012			(15.5)				(15.5)		(15.5)
Restated Equity and minority interests as of January 1, 2012 [(a)]	**1,561.0**	**122.6**	**8,313.9**	**(31.2)**	**(131.6)**	**(91.6)**	**9,743.1**	**237.1**	**9,980.2**
Profit for the period			**1,591.1**				**1,591.1**	**66.1**	**1,657.2**
Items recognized in equity			(319.6)	27.9	(78.2)		(369.9)	(5.0)	(374.9)
Net income and gains and losses recognized directly in equity [(b)]			**1,271.5**	**27.9**	**(78.2)**		**1,221.2**	**61.1**	**1,282.3**
Increase (decrease) in share capital	3.6	34.8					38.4	(1.5)	36.9
Free share attribution	159.5	(27.2)	(132.3)						
Distribution			(722.6)				(722.6)	(58.0)	(780.6)
Cancellation of treasury shares	(6.6)	(109.4)				116.0			
Purchase of treasury shares						(105.1)	(105.1)		(105.1)
Share-based payments			10.8			5.7	16.5		16.5
Put options granted to minority shareholders			0.7				0.7	(3.4)	(2.7)
Transactions with minority shareholders recognized directly in equity			(5.1)				(5.1)	(2.7)	(7.8)
Others			3.3				3.3		3.3
EQUITY AND MINORITY INTERESTS AS OF DECEMBER 31, 2012	**1,717.5**	**20.8**	**8,740.2**	**(3.3)**	**(209.8)**	**(75.0)**	**10,190.4**	**232.6**	**10,423.0**

(a) Corresponds to the amounts as of January 1, 2012 restated for the impacts of IAS19 revised "Employee Benefits".

(b) The statement of net income and gains and losses recognized directly in equity is presented on page 194.

4

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FROM JANUARY 1, 2012 TO DECEMBER 31, 2012

(in millions of euros)	Share capital	Additional paid-in capital	Retained earnings (including net profit)	Net income recognized directly in equity: Fair value of financial instruments	Net income recognized directly in equity: Translation reserves	Treasury shares	Shareholders' equity	Minority interests	Total equity
Equity and minority interests as of January 1, 2012	**1,561.0**	**122.6**	**8,329.4**	**(31.2)**	**(131.6)**	**(91.6)**	**9,758.6**	**237.1**	**9,995.7**
Profit for the period			**1,609.4**				**1,609.4**	**66.1**	**1,675.5**
Items recognized in equity			(332.1)	27.9	(78.2)		(382.4)	(5.0)	(387.4)
Net income and gains and losses recognized directly in equity [(a)]			**1,277.3**	**27.9**	**(78.2)**		**1,227.0**	**61.1**	**1,288.1**
Increase (decrease) in share capital	3.6	34.8					38.4	(1.5)	36.9
Free share attribution	159.5	(27.2)	(132.3)						
Distribution			(722.6)				(722.6)	(58.0)	(780.6)
Cancellation of treasury shares	(6.6)	(109.4)				116.0			
Purchase of treasury shares						(105.1)	(105.1)		(105.1)
Share-based payments			10.8			5.7	16.5		16.5
Put options granted to minority shareholders			0.7				0.7	(3.4)	(2.7)
Transactions with minority shareholders recognized directly in equity			(5.1)				(5.1)	(2.7)	(7.8)
Others			3.3				3.3		3.3
EQUITY AND MINORITY INTERESTS AS OF DECEMBER 31, 2012	**1,717.5**	**20.8**	**8,761.5**	**(3.3)**	**(209.8)**	**(75.0)**	**10,211.7**	**232.6**	**10,444.3**

(a) The statement of net income and gains and losses recognized directly in equity is presented on page 194.

Accounting principles

BASIS FOR PREPARATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

Due to its listing on the Paris Stock Exchange and pursuant to EC Regulation No.1606/2002 of July 19, 2002, the consolidated financial statements of the Air Liquide Group for the year ended December 31, 2013 have been prepared in accordance with International Financial Reporting Standards (IFRS), as endorsed by the European Union as of December 31, 2013 and in accordance with IFRSs without use of the carve-out option, as published by the International Accounting Standards Board (IASB). The IFRS standards and interpretations as adopted by the European Union are available at the following website:

http://ec.europa.eu/internal_market/accounting/ias/index_en.htm

The Group has not anticipated any new standards, amendments to existing standards or new interpretations published by the IASB but not yet approved or not yet mandatory in the European Union, as of December 31, 2013.

The financial statements are presented in millions of euros. They were approved by the Board of Directors on February 17, 2014 and will be submitted for approval to the Annual General Meeting on May 7, 2014.

NEW IFRS AND INTERPRETATIONS

1. Standards, interpretations and amendments whose application is mandatory as of January 1, 2013

The Group applied the revised IAS19 “Employee Benefits” retrospectively from January 1, 2012.

The Group had applied the option offered by IAS19 of recognizing immediately all actuarial gains and losses subsequent to January 1, 2004 and adjustments arising from the asset ceiling in the gains and losses recognized directly in equity in the period in which they occur, net of tax. The impacts related to the application of the revised IAS19 are detailed in Note 2.

Among the texts which are mandatory as of January 1, 2013, IFRS13 “Fair Value Measurement”, published on May 12, 2011 does not have a material impact on the Group financial statements.

The following texts will not have any impact on the Group financial statements:

- amendment to IFRS1 “First-time Adoption of International Financial Reporting Standards”, published on December 20, 2010;
- amendment to IAS12 “Deferred Tax: Recovery of Underlying Assets”, published on December 20, 2010;
- amendment to IAS1 “Presentation of Items of Other Comprehensive Income”, published on June 16, 2011;
- IFRIC20 “Stripping Cost in the Production Phase of a Surface Mine”, published on October 19, 2011;
- amendment to IFRS7 “Offsetting Financial Assets and Financial Liabilities”, published on December 16, 2011;
- amendment to IFRS1 “Government Loans”, published on March 13, 2012;
- improvements to IFRSs (2009-2011), published on May 17, 2012.

2. Standards, interpretations and amendments endorsed by the European Union whose application is optional in 2013

The Group financial statements for the year ended December 31, 2013 do not include any potential impacts from the standards, interpretations and amendments endorsed by the European Union as of December 31, 2013 for which adoption is only mandatory as of fiscal years beginning after December 31, 2013.

The following texts will not have a material impact on the Group financial statements:

- IAS27 revised “Separate Financial Statements”, published on May 12, 2011;
- IAS28 revised “Investments in Associates and Joint Ventures”, published on May 12, 2011;
- IFRS10 “Consolidated Financial Statements”, published on May 12, 2011;
- IFRS11 “Joint Arrangements”, published on May 12, 2011;
- IFRS12 “Disclosure of Interests in Other entities”, published on May 12, 2011;
- amendments to the transition guidance for IFRSs 10, 11 and 12, published on June 28, 2012;
- amendments to IFRS10, IFRS12 and IAS27 “Investment Entities”, published on October 31, 2012;
- amendments to IAS36 “Recoverable Amount Disclosures for Non-Financial Assets”, published on May 29, 2013;
- amendments to IAS39 “Novation of Derivatives and Continuation of Hedge Accounting”, published on June 27, 2013.

Additionally, the amendment to IAS32 “Offsetting Financial Assets and Financial Liabilities”, published December 16, 2011 will not have impact on the Group financial statements.

3. Standards, interpretations and amendments not yet endorsed by the European Union

The following texts published by the IASB as of December 31, 2013 and not yet endorsed by the European Union should not have a significant impact on the Group financial statements:

- IFRS9 "Financial Instruments: Classification and Measurement", published on November 12, 2009;
- amendments to IFRS9 and to IFRS7 "Application date", published on December 16, 2011;
- IFRIC21 "Levies", published on May 20, 2013.

USE OF ESTIMATES AND ASSUMPTIONS

The preparation of the financial statements requires Group or subsidiary Management to make estimates and use certain assumptions which have a significant impact on the carrying amounts of assets and liabilities recorded in the consolidated balance sheet, the notes related to these assets and liabilities, the profit and expense items in the income statement and the commitments relating to the period-end. Balance sheet, income statement and cash flow statement line items could differ should the subsequent actual results differ from the estimates. The most significant estimates and assumptions concern the following:

- the estimated useful life of property, plant and equipment used for calculation of depreciation and amortization: these estimates are described in section 5.e. of the Accounting policies;
- the assumptions used to determine provisions for employee retirement benefit obligations: the actuarial assumptions used (employee turnover, mortality, retirement age, salary increase, etc.), and the discount rates used to determine the present value of obligations, as described in Notes 25.2 and 25.4;
- the estimates and assumptions concerning asset impairment tests, as described in section 5.f. and in note 12.2;
- the methods used to recover deferred tax assets on the balance sheet;
- the risk assessment to determine the amount of provisions for contingencies and losses.

ACCOUNTING POLICIES

The consolidated financial statements were prepared under the historical cost convention, except for available-for-sale financial assets and financial assets and liabilities measured at fair value through profit or loss in accordance with IAS32/39. The carrying amount of other assets and liabilities hedged against fair value risk is adjusted to take into account the changes in fair value attributable to the hedged risks. In addition, the principles of fairness, going concern, and consistency were applied.

1. CONSOLIDATION METHODS

The consolidation methods used are:

- full consolidation method for subsidiaries;
- proportionate method for joint ventures.

Investments in associates are accounted for using the equity method.

a. Subsidiaries

All the subsidiaries or companies in which the Air Liquide Group exercises control are fully consolidated. Control exists when the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Control is presumed to exist when the Group owns, directly or indirectly, more than 50% of the voting rights. Companies are fully consolidated until the date on which control is transferred outside the Group.

b. Joint ventures

Joint ventures are proportionately consolidated. Joint ventures are entities in which the Group has joint control with one or several partners through a contractual arrangement. Under this consolidation method, assets and liabilities and profits and expenses are shared between the partners in proportion to their percentage of control in the consolidated financial statements. These amounts are recorded on each line of the financial statements as for the consolidated entities.

c. Associates

The equity method applies to investments in associates over which the Air Liquide Group has significant influence (generally when the Group has more than a 20% interest), but no control. Under the equity method, the net assets and net profit of a company are recognized prorata to the interest held by the parent in the share capital.

On acquisition of an investment in an associate, the goodwill relating to the associate is included in the carrying amount of the investment.

The financial statements of subsidiaries, joint ventures and associates included in the consolidated financial statements are prepared as of December 31.

2. ADJUSTMENTS ARISING FROM CONSOLIDATION

a. Inter-company transactions

All inter-company receivables and payables, income and expenses and profits or losses are eliminated.

b. Tax-driven provisions

Movements in the provisions, which have been established in compliance with tax regulations or which are similar to reserves, are eliminated in the determination of consolidated net profit.

c. Deferred taxes

Deferred taxes are recognized for all temporary differences between the carrying amount of assets and liabilities and their tax base, excluding non-deductible goodwill and the other exceptions provided in IAS12. Deferred tax assets are recognized on all deductible temporary differences provided that it is highly probable that the tax benefits will be realized in future years.

Deferred taxes are calculated at the tax rate applicable when the temporary difference is reversed and allowed under local regulations at the period-end date. The liability method is applied and any changes to the tax rates are recognized in the income statement, except those related to items directly recognized in equity.

Deferred tax assets and liabilities are offset if the entities have a legally enforceable right to offset and if they relate to income tax levied by the same taxation authority. Deferred taxes are not discounted.

3. TRANSLATION OF THE FINANCIAL STATEMENTS OF FOREIGN SUBSIDIARIES

At the balance sheet date, the financial statements of foreign subsidiaries are translated into euros as follows:

- balance sheet items, at the official year-end exchange rates;
- income statement and cash flow statement items, using the average exchange rate over the period for each currency.

Exchange differences are recognized under a separate item "translation reserves" in gains and losses recognized directly in equity.

Cumulative foreign exchange gains and losses as of January 1, 2004 arising from the translation into euros of the financial statements of foreign subsidiaries located outside the Euro zone have been maintained as a separate component of equity.

On removal from the scope of consolidation, the cumulative exchange differences of a company whose functional currency is not the euro are recognized in the income statement.

4. REVENUE RECOGNITION

a. Revenue from the sales of goods and services

Revenue from the sale of goods is recognized when the significant risks and rewards of ownership have been transferred to the buyer, net of sales taxes, rebates and discounts and after eliminating sales within the Group.

Revenue associated with service delivery is recognized in reference to the stage of completion of the transaction when it can be reliably measured.

b. Engineering and construction Contracts

Contract revenue and costs associated with construction contracts are recognized as revenue and expenses respectively, based on the stage of completion of the contracts at the balance sheet date.

The margin realized at the stage of completion is recognized only when it can be reliably measured. When it is probable that total contract costs will exceed total contract revenue, the expected loss is immediately recognized as an expense.

The stage of completion is assessed by using the ratio of contract costs incurred at the balance sheet date versus total estimated contract costs.

5. NON-CURRENT ASSETS

a. Goodwill and business combinations

Business combinations as of January 1, 2010

The Group has prospectively applied IFRS3 revised and IAS27 revised since January 1, 2010.

When the Group obtains control of an acquiree, the business combination is accounted for by applying the acquisition method on the acquisition date, in accordance with IFRS3 revised:

- the identifiable assets acquired and the liabilities and contingent liabilities assumed are measured at fair value;
- any minority interests in an acquiree are measured as the minority interest's proportionate share of the acquiree's net identifiable assets or at fair value. This option is applied on a case-by-case basis;

- the consideration transferred and any contingent consideration are measured at fair value;
- acquisition-related costs are recorded as expenses in the periods in which they are incurred.

For a business combination achieved in stages, any previously held equity interests in the acquiree are measured at the acquisition-date fair value. Any resulting gains or losses are recognized in profit or loss.

The measurement period of a business combination shall not exceed 12 months as of the acquisition date. Any adjustments to the consideration transferred after the measurement period are recognized in the income statement.

On the acquisition date, goodwill is recognized in the consolidated balance sheet as the difference between:

- the consideration transferred plus the amount of minority interests in the acquiree and the fair value of the previously held equity interest;
- the fair value of the identifiable assets acquired and the liabilities and contingent liabilities assumed.

Negative goodwill is recognized immediately through profit or loss.

Business combinations prior to January 1, 2010

Business combinations achieved prior to January 1, 2010 have been accounted for in accordance with the former versions of IFRS3 and IAS27. These standards had already adopted the acquisition method in the version published by the IASB in March 2004. The main provisions which differ from the revised standards are as follows:

- minority interests were measured based on their share of the net identifiable assets of the acquiree and the fair value measurement option did not exist;
- earn-outs were included in the acquisition cost, without time limits, when the payment was deemed probable and the amount could be reliably measured;
- acquisition-related costs were recorded in the cost of the business combination.

For an acquisition achieved in stages, the fair value remeasurement of any previously held net asset was recognized in equity.

For an acquisition of minority interests in a previously held company, the difference between the acquisition cost and the net carrying amount of the minority interests was recorded in goodwill.

At the time of the transition to IFRS and in accordance with the exemption offered by IFRS1, the Group decided not to apply IFRS3 "Business combinations" retrospectively for acquisitions that took place prior to January 1, 2004.

Goodwill is allocated to cash-generating units (CGU) or groups of cash-generating units. Subsequently, goodwill is not amortized but is tested for impairment annually or more frequently if there are any indications of impairment, in accordance with the method described in section 5.f.

b. Research and Development expenditures

Research and Development expenditures include all costs related to the scientific and technical activities, patent work, education and training necessary to ensure the development, manufacturing, start-up, and commercialization of new or improved products or processes.

According to IAS38, development costs shall be capitalized if, and only if, the Group can meet all of the following criteria:

- the intangible asset is clearly identified and the related costs are itemized and reliably monitored;
- the technical and industrial feasibility of completing the intangible asset;
- there is a clear intention to complete the intangible asset and use or sell it;
- its ability to use or sell the intangible asset arising from the project;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset.

Research expenditure is recognized as an expense when incurred.

c. Internally generated intangible assets

Internally generated intangible assets primarily include the development costs of information management systems. These costs are capitalized only if they satisfy the criteria as defined by IAS38 and described above.

Internal and external development costs on management information systems arising from the development phase are capitalized. Significant maintenance and improvement costs are added to the initial cost of assets if they specifically meet the capitalization criteria.

Internally generated intangible assets are amortized over their useful lives.

d. Other intangible assets

Other intangible assets include separately acquired intangible assets such as software, licenses, and intellectual property rights. They also include the technology, brands and customer contracts valued upon the acquisition of companies in accordance with IFRS3 "Business Combinations".

With the exception of brands, intangible assets are amortized using the straight-line method over their useful lives. Information management systems are generally amortized over five and seven years and customer contracts over a maximum period of 25 years, considering the probabilities of renewal.

e. Property, plant and equipment

Land, buildings and equipment are carried at cost less any accumulated depreciation and any accumulated impairment losses.

In the event of mandatory dismantling or asset removals, related costs are added to the initial cost of the relevant assets and provisions are recognized to cover these costs.

Interest costs on borrowings to finance the construction of property, plant, and equipment are capitalized during the period of construction when they relate to the financing of industrial projects over a twelve-month construction period, or longer.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for separately and depreciated over their own useful lives.

Repair and maintenance costs are recognized as expenses when incurred. The costs of major inspections and overhauls of cogeneration plants are recognized as a separate component of the asset and are depreciated over the period between two major overhauls.

Depreciation is calculated according to the straight-line method over the estimated useful lives as follows:

- buildings: 20 to 30 years;
- cylinders: 10 to 20 years;
- production units: 15 to 20 years;
- pipelines: 15 to 35 years;
- other equipment: 5 to 30 years.

Land is not depreciated.

f. Impairment of assets

In accordance with IAS36, the Group regularly assesses whether there are any indications of asset impairment. If such indications exist, an impairment test is performed to assess whether the carrying amount of the asset is greater than its recoverable amount, defined as the higher of the fair value less costs to sell (net fair value) and the value in use.

Impairment tests are performed systematically once a year for goodwill and intangible assets with indefinite useful lives.

Assets that do not generate largely independent cash flows are grouped according to the cash-generating units (CGU) to which they belong. A cash-generating unit is an identifiable group of assets that generates cash inflows that are largely independent of the cash inflows of other assets or groups of assets. They are mainly determined on a geographical basis and by reference to the markets in which the Group operates.

In practice, the Group performs impairment tests at various levels pursuant to these principles and in accordance with IAS36:

- dedicated and on-site plants are tested individually;
- pipelines and plants that provide these pipelines are tested at the network level;
- liquid gas and hydrogen/CO plants are grouped together according to the plants' customer market;
- other assets are allocated to cash-generating units or groups of cash-generating units.

The cash-generating units of the Gas and Services activity are determined on a geographical basis. The Other Activities are managed at the European (Welding) or worldwide (Engineering and Technology) levels.

Goodwill is allocated to cash-generating units or groups of cash-generating units that benefit from business combination synergies and which represent the levels at which goodwill is monitored by the Group.

When performing impairment tests on cash-generating units or groups of cash-generating units comprising goodwill, the Group uses the market multiples approach to determine if the goodwill is subject to impairment. Insofar as the fair value is not significantly greater than the net carrying amount of the cash-generating unit or group of cash-generating units, the Group confirms the recoverable amount of the cash-generating unit or group of cash-generating units using the estimated cash flow approach (value in use).

For other cash-generating units or groups of cash-generating units, and assets whose value is tested on an individual basis, the

Group determines the recoverable amount using the estimated cash flow approach (value in use).

The market multiples used are determined based on the market value of the Air Liquide Group. The differences between the resulting multiples and those of comparable companies are not material.

The growth rates, taken into account with respect to the cash flow estimates for cash-generating units or groups of cash-generating units, are determined based on the activity and geographical location of the CGU considered.

In assessing value in use for property, plant and equipment, the estimated future cash flows are discounted to their present value. Cash flows are measured over the asset's estimated period of use, taking into account customer contract terms and technical obsolescence.

The discount rate depends on the nature, the location of the asset and the customer market. It is determined according to the minimum level of profitability expected from the investment considering industrial and commercial risks and credit terms.

When the recoverable amount of an asset, a cash-generating unit or a group of cash-generating units is lower than its carrying amount, an impairment loss is recognized immediately through profit and loss. An impairment loss of a cash-generating unit is first allocated to goodwill.

When the recoverable amount exceeds the carrying amount again, the previously recognized impairment loss is reversed to the income statement, with the exception of impairment losses on goodwill, which cannot be reversed.

g. Leases

Finance leases

Leases of property, plant and equipment that transfer virtually all the risks and rewards of ownership to the Group are classified as finance leases. Items of property, plant and equipment acquired under finance leases are depreciated over the shorter of the asset's useful life or the lease term.

Operating leases

Leases where the lessor does not retain substantially all the risks and rewards incidental to ownership are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the lease term.

IFRIC4 "Determining Whether an Arrangement Contains a Lease" has no impact on the Group consolidated financial statements. In fact, the risks and rewards arising from the use of assets potentially affected by this interpretation are not transferred to the Group's customers. Consequently, the gas supply contracts related to these assets are not classified as finance leases.

6. FINANCIAL INSTRUMENTS

a. Non-current financial instruments

Non-consolidated investments

According to IAS39, investments in non-consolidated companies that are not accounted for using the equity method are classified as available for sale assets.

The fair value of investments in listed companies is recognized at their quoted market price at year-end. Investments whose fair value cannot be reliably measured are recognized at cost less any accumulated impairment losses. For this purpose, the recoverable amount is based on the Group's share of net assets, expected future profitability and the business plan of the entity representing the investment.

Changes in fair value are recognized in a separate equity line item until the investment is effectively sold. However, unrealized capital losses are immediately recognized in the income statement when the impairment loss is permanent.

Unrealized gains or losses previously recognized in equity are recorded in profit or loss on sale of the investments.

Loans and other financial assets

Loans and other financial assets are initially recognized at their fair value and subsequently carried at amortized cost. Impairment tests are performed at each closing date. Any impairment losses are recognized immediately in the income statement.

b. Trade and other receivables

Trade and other receivables are carried at fair value upon initial recognition and then at amortized cost less any impairment losses.

Impairment losses are recognized when it becomes probable that the amount due will not be collected and the loss can be reasonably estimated. Impairment losses are estimated by taking into account historical losses, age and a detailed risk estimate.

c. Cash and cash equivalents

Cash and cash equivalents include cash balances, current bank accounts, and short-term highly liquid investments that are readily convertible into cash and do not present a material risk of a change in value.

As cash investments maturing in less than three months are exposed to a negligible risk of a change in value, they are recognized at historical cost (including accrued interest) which is considered to approximate fair value.

d. Current and non-current borrowings

Borrowings include bond debentures and other bank borrowings (including borrowings arising from finance leases and the put options granted to minority shareholders).

At inception, borrowings are recognized at fair value corresponding to the net proceeds collected. At each balance sheet date, except for put options granted to minority shareholders, they are measured at amortized cost using the effective interest rate (EIR) method. Under this method, the borrowing cost includes the redemption premiums and issuance costs initially deducted from the nominal amount of the borrowing in liabilities.

Borrowings maturing in less than one year are classified as current borrowings.

Borrowings hedged by interest rate swaps are recognized on a hedge accounting basis.

e. Derivative assets and liabilities

Derivative financial instruments are mainly used to manage exposures to foreign exchange, interest rate and commodity risks relating to the Group's financial and operating activity. For all these transactions, the Group applies hedge accounting and documents, at the inception of the transaction, the type of hedging relationship, the hedging instruments, and the nature and term of the hedged item.

However, in very limited circumstances, some derivatives do not qualify for hedge accounting.

Applying hedge accounting has the following consequences:

- fair value hedges for existing assets and liabilities: the hedged portion of the item is carried at fair value in the balance sheet. Any changes in fair value are recognized in the income statement, where it is offset by the corresponding changes in fair value of the hedging instruments (except for the impact of premiums/discounts);
- future cash flow hedges: the effective portion of the change in fair value of the hedging instrument is recorded directly in equity (other comprehensive income), while the change in the fair value of the hedged item is not recognized in the balance sheet. The change in fair value of the ineffective portion is recognized in other financial income or expenses. Amounts recorded in other comprehensive income are reclassified in the income statement when the hedged transactions occur and are recorded;
- hedges of net investments in a foreign entity: the effective portion of the changes in fair value of the derivative instrument is recognized in gains and losses recognized directly in equity under translation reserves. The ineffective portion of the changes in fair value is recognized in the income statement. Once the foreign entity subject to the net investment hedge is sold, the loss or profit initially recognized in translation reserves is recognized in profit or loss. This method also applies for foreign exchange hedging on dividends payable by subsidiaries.

Derivative financial instruments which do not qualify for hedge accounting are carried at fair value through profit or loss with an offsetting entry in financial assets and financial liabilities.

The fair value of assets, liabilities and derivatives is based on the market price at the balance sheet date.

7. ASSETS CLASSIFIED AS HELD FOR SALE

Non-current assets or disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. Assets classified as held for sale are no longer depreciated (amortized) as of the date they are classified as assets or disposal groups held for sale.

Assets or disposal groups are measured at the lower of their carrying amount or fair value less costs to sell.

8. INVENTORIES AND WORK-IN-PROGRESS

Inventories are measured at the lower of cost or net realizable value. Cost includes direct raw materials, direct and indirect labour costs and other costs incurred in bringing the inventories to their present location and condition.

Net realizable value is the estimated selling price in the normal course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

9. SHARE CAPITAL, RESERVES AND TREASURY SHARES

Air Liquide's share capital is composed of ordinary shares.

Retained earnings include the following items:

- **Translation reserves:** Exchange differences arising from the translation into euros of financial statements prepared by foreign subsidiaries whose functional currency is not the euro are recorded in translation reserves. Fair value changes in net investment hedges of these foreign subsidiaries are also recorded in this reserve.

- **Fair value of financial instruments:** This item records accumulated fair value changes in the effective portion of cash flow hedge derivatives (transactions not yet recognized in the accounts).
- **Actuarial gains and losses:** As stipulated by revised IAS19, all actuarial gains and losses and adjustments arising from the asset ceiling, net of deferred taxes, are recognized in consolidated reserves in the period in which they occur.

When the Group buys back its own shares, they are classified as treasury shares at the purchase price and presented as a deduction from equity for the consideration paid. The profit or loss from the sale of treasury shares is recognized directly in equity, net of tax.

Furthermore, IAS27 revised, applicable as of January 1, 2010, introduced several changes, in particular:

- acquisitions or disposals of minority interests, without change in control, are considered as transactions with Group shareholders. Thus, the difference between the price paid to increase the percentage of interest in entities that are already controlled and the additional share of equity thus acquired is recognized in Shareholders' equity. Similarly, a decrease in the Group's percentage interest in a controlled entity is accounted for as an equity transaction with no impact on profit or loss;
- disposals of shares with loss of control give rise to the recognition in disposal gains or losses of the change in fair value calculated for the total investment at the date of disposal. Any investments retained, where applicable, will be measured at fair value at the date when control is lost.

10. MINORITY INTERESTS

In accordance with IAS32, put options granted to minority shareholders are recorded as borrowings at the option's estimated strike price.

The share in the net assets of subsidiaries is reclassified from minority interests to borrowings.

Due to the absence of any specific IFRS guidances, the Group has elected to recognize the consideration for the difference between the strike price of the option granted and the value of the minority interests reclassified as borrowings as follows:

- for options granted prior to January 1, 2010, in goodwill;
- for options granted after January 1, 2010, in shareholders' equity.

Minority interests in profit and loss do not change and still reflect present ownership interests.

11. PROVISIONS

a. Provisions

Provisions are recognized when:

- the Group has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation;
- a reliable estimate can be made of the amount of the obligation.

Restructuring provisions include only the direct costs arising from the restructuring and are recognized in the period in which the Group has approved a detailed and formal restructuring plan and the restructuring has either begun or been announced. When these plans involve termination benefits, the resulting provision are recognized at the earlier of the following dates:

- when the Group can no longer withdraw the offer of those benefits;
- when the provision of the related restructuring is recognized.

A provision for losses on contracts is recognized when the expected benefits from the contract are lower than the cost of satisfying the obligations under the contract.

b. Pensions and employee benefits

The Group provides its employees with various pension plans, termination benefits, jubilees and other post-employment benefits for both active employees and retirees. These plans vary according to the laws and regulations applicable in each country as well as the specific rules in each subsidiary.

These benefits are covered in two ways:

- by defined contribution plans;
- by defined benefit plans.

Defined contribution plans are plans under which the employer is committed to pay regular contributions. The employer's obligation is limited to payment of the planned contributions. The employer does not grant any guarantees on the future level of benefits paid to the employee or retiree (means-based obligation). The annual pension expense is equal to the contribution paid during the fiscal year which relieves the employer from any further obligations.

Defined benefit plans are plans under which the employer guarantees the future level of benefits defined in the agreement, most often depending on the employee's salary and seniority (result-based obligation). Defined benefit plans can be:

- either financed by contributions to specialized funds that manage the amounts received;
- or managed internally.

The Group grants both defined benefit and defined contribution plans.

For defined benefit plans, retirement and similar commitments are measured by independent actuaries, based on the projected unit credit method in accordance with IAS19. The actuarial calculations mainly take into account the following assumptions: salary increases, employee turnover, retirement date, expected salary trends, mortality, inflation and appropriate discount rates for each country.

Defined benefit plans are covered by external pension funds in certain cases. The assets of these plans are mostly invested in bonds or equities carried at their fair value.

In accordance with IFRS1, the Group opted to recognize in equity all cumulative deferred actuarial gains and losses relating to employee benefits recorded in the balance sheet as of January 1, 2004, the transition date.

All actuarial gains and losses subsequent to January 1, 2004 and adjustments arising from the asset ceiling are recognized immediately in the gains and losses recognized directly in equity in the period in which they occur.

Valuations are carried out annually by independent actuaries for significant plans and every three years for other plans unless there are material changes in circumstances that necessitate a new calculation.

12. FOREIGN CURRENCY TRANSACTIONS AND BALANCES

Foreign currency transactions are recognized according to the following principles:

- foreign currency transactions are translated by each company into its functional currency at the exchange rate prevailing on the date of the transaction;
- at year-end, monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the closing exchange rate.

Exchange differences relating to commercial transactions are recognized in operating profit. For financial transactions, exchange differences are recognized in financial income and expenses except for differences resulting from the hedge of a net investment that are directly recognized in equity until the net investment is removed from the consolidation scope.

13. CONTINGENT ASSETS AND LIABILITIES

Contingent assets and liabilities arise from past events, the outcome of which depends on future uncertain events.

Contingent liabilities represent:

- possible obligations arising from past events whose existence will be confirmed only by the occurrence of uncertain future events not wholly within the control of the entity; or,
- present obligations that arise from past events but that are not recognized because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or because the amount of the obligation cannot be measured with sufficient reliability.

Contingent assets and liabilities that are material are disclosed in the notes to the consolidated financial statements, except for contingent liabilities assumed in a business combination, which are recognized in accordance with IFRS3 revised.

14. DISCONTINUED OPERATIONS

A discontinued operation is a clearly distinguishable Group component that:

- either has been separated, or is classified as held for sale;
- represents a separate major line of business or geographical area of operations;
- is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations;
- is a subsidiary acquired exclusively with a view to resale.

The results of discontinued operations are presented separately in the income statement.

15. GOVERNMENT GRANTS

Government grants received are initially recognized in other non-current liabilities. They are then recognized as income in the income statement for the period:

- on the same basis as the subsidized assets are depreciated in the case of government grants related to assets;
- deducted from the costs intended to be compensated in the case of government grants other than those related to assets.

The Group analyzes the substance of government incentives delivered through the tax system and select an accounting treatment coherent with such substance.

16. SHARE-BASED PAYMENTS

The Group grants stock options to management and some employees. Employees also benefit from conditional share allocations. In accordance with IFRS2, stock options and conditional share allocations are measured at fair value on the grant date. The valuation model used is the binomial mathematical model. Any changes in value subsequent to the grant date do not call into question the initial measurement.

In accordance with IFRS2, performance conditions, other than market conditions, have no impact on the fair value measurement of goods and services received but adjust the expense that is recognized according to the number of equity instruments actually granted.

In accordance with IFRS2, the fair value of options granted and conditional share allocations is recognized as an employee expense in the income statement with a corresponding increase in equity, and amortized on a straight-line basis over the vesting period.

The dilution effect of non-vested stock option plans and conditional share allocations is reflected in the calculation of diluted earnings per share.

For employee savings plans, the capital increases reserved for employees and performed under conditions that differ from market conditions result in the recognition of an expense. This expense corresponds to the contribution paid by the Company and the discount on the share price less the cost of non-transferability for the employees.

17. GREENHOUSE GAS EMISSION QUOTAS

In certain countries, the Group is subject to greenhouse gas emission trading systems. In Europe, the third phase of the ETS Directive modified the conditions for allocation of EUAs (European Emission Allowances). As of January 1, 2013, the Group is required to obtain CO_2 quotas for emissions not covered by free allocations.

In the absence of any specific IFRS guidance, the Group has elected to apply the ANC regulation N° 2012-03. The Group does not buy CO_2 quotas for the purpose of generating profits from fluctuations in price; therefore, at each closing date:

- a liability is recognized if the greenhouse gas emissions are higher than the CO_2 quotas held by the Group. It corresponds to the cost of CO_2 quotas in shortfall to cover the greenhouse gas already emitted, or;
- an asset is recognized if the greenhouse gas emissions are lower than the CO_2 quotas held by the entity. It corresponds to the CO_2 quotas available to cover the future greenhouse gas emission, valorised at historical cost.

Basis for presentation of financial information

1. SEGMENT INFORMATION

The Group is structured according to the following activities: Gas and Services, Engineering and Technology, and Other Activities (Welding and Diving).

The Group's main operational decision-making body is the Executive Management assisted by the Executive Committee.

The Gas and Services activity is organized by geographical area, which is the responsible level for operations management and performance monitoring. These geographical areas are as follows:

- Europe;
- Americas;
- Asia-Pacific;
- Middle East and Africa.

Within the Gas and Services segment, the geographical areas determine sales policies and development projects in liaison with the four business lines (Large Industries, Industrial Merchant, Healthcare and Electronics).

The Engineering & Technology segment is managed separately at the international level. The segment designs, develops and builds industrial gas production plants for the Group and third parties. It also designs and manufactures plants in the traditional, renewable and alternative energy sectors.

Information on the Welding and Diving segments is presented in "Other Activities".

Research and Development and corporate activities do not meet the Operating segments definition and are thus presented within reconciliation.

The information communicated in the tables covering segment information is presented according to the same accounting principles as those used for the Group Consolidated financial statements.

Revenue is analyzed by geographical area of production (country of origin).

Inter-segment revenue for the Gas and Services activity is not material and therefore not specifically presented. The Engineering & Technology inter-segment revenue corresponds to the sales involving the Gas and Services operating segments.

The Group operating performance is assessed on the basis of each segment's recurring operating income.

Segment assets include non-current assets, with the exception of "Deferred tax assets", "Investments in associates", "Fair value of non-current derivatives (assets)", as well as "Inventories and work-in-progress", "Trade receivables" and "Other current assets".

Segment liabilities correspond to "Provisions, pensions and other employee benefits", "Trade payables", "Other current liabilities" and "Other non-current liabilities".

Segment profits, assets and liabilities consist of amounts directly attributable to each segment, provided they can be allocated to the segment on a reasonable basis.

2. NET INDEBTEDNESS

Net indebtedness includes:

- current and non-current borrowings minus the fair value of hedging derivative assets to cover borrowings;

reduced by:

- cash and cash equivalents, as defined in Note 6.c., minus the fair value of hedging derivative liabilities to cover loans.

3. OPERATING INCOME OR LOSS RECURRING

The Group's operating performance is measured based on operating income or loss recurring determined in accordance with CNC recommendation 2009-R.03.

4. OTHER NON-RECURRING OPERATING INCOME AND EXPENSES

Material non-recurring transactions that could affect operating performance readability are classified under "Other non-recurring operating income" and "Other non-recurring operating expenses". They mainly include:

- gains or losses on the disposal of activities;
- restructuring costs resulting from plans whose unusual and material nature distort the readability of the operating income recurring;
- very significant charges to provisions and impairment losses for property, plant and equipment and intangible assets;
- acquisition-related costs accounted for as expenses.

Notes to the consolidated financial statements for the year ended December 31, 2013

Note 1 – Major events

On December 2, 2013, Air Liquide disposed of its investment in Laboratoires Anios, a company specialized in disinfectant and antiseptic products in order to refocus the development of its hygiene business on Schülke & Mayr GmbH, a company it wholly owns. The gain on disposal is included in "Other operating income and expenses" (see note 7).

Note 2 – Effect of first-time adoption of IAS19 revised

The effects on the financial statements of the change in accounting method described in the accounting principles are as follows:

(in millions of euros)	January 1, 2012	December 31, 2012
Deferred tax assets	7.8	7.3
Non-current assets	**7.8**	**7.3**
Retained earnings	(15.5)	(3.0)
Net profit (Group share)		(18.3)
Shareholders' equity	**(15.5)**	**(21.3)**
Provisions, pensions and other employee benefits	23.3	30.8
Deferred tax liabilities		(2.2)
Non-current liabilities	**23.3**	**28.6**

(in millions of euros)	2012	Impact of IAS19 revised	2012 restated
Revenue	**15,326.3**		**15,326.3**
Other income	134.5		134.5
Purchases	(6,098.6)		(6,098.6)
Personnel expenses	(2,666.7)	(7.5)	(2,674.2)
Other expenses	(2,903.2)		(2,903.2)
Operating income recurring before depreciation and amortization	**3,792.3**	**(7.5)**	**3,784.8**
Depreciation and amortization expense	(1,231.8)		(1,231.8)
Operating income recurring	**2,560.5**	**(7.5)**	**2,553.0**
Other non-recurring operating income	13.4		13.4
Other non-recurring operating expenses	(40.5)		(40.5)
Operating income	**2,533.4**	**(7.5)**	**2,525.9**
Net finance costs	(248.1)		(248.1)
Other financial income	69.2	(59.0)	10.2
Other financial expenses	(133.0)	39.8	(93.2)
Income taxes	(566.0)	8.4	(557.6)
Share of profit of associates	20.0		20.0
PROFIT FOR THE PERIOD	**1,675.5**	**(18.3)**	**1,657.2**

Note 3 – Impact of the main business combinations on the 2013 and 2012 financial statements

3.1 GOODWILL AS OF DECEMBER 31, 2013

On September 26, 2013, Air Liquide acquired 100% of the Voltaix group, an electronic materials company. The Voltaix group has production sites in the United States and South Korea.

(in millions of euros)	Voltaix Group
Financial investments	211.8
Share of net equity acquired	34.2
Goodwill before allocation	**168.4**
Allocation to intangible assets	(33.0)
Allocation to property, plant and equipment	(5.9)
Tax-related impact of these allocations	12.5
Goodwill after allocation	**142.0**
Others (impact of exchange rate changes)	(2.0)
GOODWILL AS OF DECEMBER 31, 2013 (a)	**140.0**

(a) In accordance with IFRS3 Revised, the final measurement of provisional goodwill shall be finalized in the twelve months following the acquisition.

The residual goodwill is essentially related to the valuation of synergies.

3.2 GOODWILL AS OF DECEMBER 31, 2012

(in millions of euros)	LVL Médical Group	Gasmedi Group
Financial investments	316.5	264.7
Share of net equity acquired	32.6	(13.6)
Goodwill before allocation	**283.9**	**278.3**
Allocation to intangible assets	-	62.5
Allocation to property, plant and equipment	(3.7)	(2.7)
Tax-related impact of these allocations	1.3	(17.6)
Goodwill after allocation	**286.3**	**236.1**
GOODWILL AS OF DECEMBER 31, 2013	**286.3**	**236.1**

Goodwill relating to the acquisitions of the LVL Médical and Gasmedi groups in 2012 is now final and has not materially changed since December 31, 2012.

3.3 MAIN BALANCE SHEET IMPACTS AS OF DECEMBER 31, 2013

(in millions of euros)	Voltaix Group
Assets	
Goodwill	140.0
Intangible assets, net	31.5
Property, plant & equipment, net	57.6
Inventories et receivables	20.9
Cash and cash equivalents	0.4
Liabilities	
Provisions and employee benefit obligations	0.5
Deferred tax liabilities	17.8
Current liabilities	30.5

3.4 MAIN IMPACTS ON THE 2013 INCOME STATEMENT [a]

(in millions of euros)	Voltaix Group
Revenue	14.6
Operating income recurring before depreciation and amortization	4.8
Depreciation and amortization expense	(1.8)
Operating income recurring	3.0
Other non-recurring operating expenses [b]	(2.3)
Operating income	0.7
Net finance costs and other financial income and expenses	(0.2)
Income taxes	(0.8)
Profit for the period	(0.3)
■ Net profit (Group share)	(0.3)

(a) Period between the acquisition date and December 31, 2013.
(b) This item includes acquisition costs which were expensed following the application of IFRS3 Revised "Business Combinations".

3.5 MAIN IMPACTS ON THE 2012 INCOME STATEMENT [a]

(in millions of euros)	LVL Médical Group	Gasmedi Group
Revenue	37.3	26.1
Operating income recurring before depreciation and amortization	9.4	14.4
Depreciation and amortization expense	(4.2)	(5.6)
Operating income recurring	5.2	8.8
Other non-recurring operating expenses [b]	(4.7)	(4.0)
Operating income	0.5	4.8
Net finance costs	-	(1.0)
Income taxes	(0.1)	(0.9)
Profit for the period	0.4	2.9
■ Net profit (Group share)	0.4	2.9

(a) Period between the acquisition date and December 31, 2012.
(b) This item includes acquisition costs which were expensed following the application of IFRS3 Revised "Business Combinations".

3.6 MAIN IMPACTS ON THE 2013 CASH FLOW STATEMENT

(in millions of euros)	Voltaix Group
Acquisition of subsidiaries and financial assets	211.8

3.7 MAIN IMPACTS ON THE 2012 CASH FLOW STATEMENT

(in millions of euros)	LVL Médical Group	Gasmedi Group
Acquisition of subsidiaries and financial assets	302.3	329.9

Note 4 – Segment information

4.1 INCOME STATEMENT FOR THE YEAR ENDED DECEMBER 31, 2013

(in millions of euros)	Gas and Services					Engineering & Technology [(a)]	Other activities	Reconci-liation	Total
	Europe	Americas	Asia-Pacific	Middle East and Africa	Sub-total				
Revenue	**7,058.3**	**3,225.0**	**3,184.0**	**369.7**	**13,837.0**	**802.9**	**585.3**		**15,225.2**
Inter-segment revenue						*693.2*		*(693.2)*	
Operating income recurring	**1,346.3**	**760.7**	**481.8**	**66.3**	**2,655.1**	**86.5**	**32.1**	**(193.1)**	**2,580.6**
incl. depreciation and amortization	*(589.6)*	*(289.0)*	*(274.4)*	*(33.3)*	*(1,186.3)*	*(27.9)*	*(14.0)*	*(8.1)*	*(1,236.3)*
Other non-recurring operating income									235.1
Other non-recurring operating expenses									(209.2)
Net finance costs									(219.9)
Other financial income									14.4
Other financial expenses									(99.1)
Income taxes									(611.9)
Share of profit of associates									14.5
Profit for the period									**1,704.5**
Purchase of intangible assets and property, plant and equipment	(771.7)	(609.7)	(511.6)	(170.9)	(2,063.9)	(54.2)	(16.9)	(21.1)	(2,156.1)

(a) The operating segment formerly known as "Engineering & Construction" was renamed "Engineering & Technology" as of January 1, 2013.

4.2 PUBLISHED INCOME STATEMENT FOR THE YEAR ENDED DECEMBER 31, 2012

(in millions of euros)	Gas and Services					Engineering & Technology [(a)]	Other activities	Reconci-liation	Total
	Europe	Americas	Asia-Pacific	Middle East and Africa	Sub-total				
Revenue	**7,025.5**	**3,108.2**	**3,415.6**	**362.7**	**13,912.0**	**784.6**	**629.7**		**15,326.3**
Inter-segment revenue						*643.3*		*(643.3)*	
Operating income recurring	**1,285.1**	**744.6**	**515.6**	**76.8**	**2,622.1**	**78.7**	**36.7**	**(177.0)**	**2,560.5**
incl. depreciation and amortization	*(565.3)*	*(300.8)*	*(284.2)*	*(35.0)*	*(1,185.3)*	*(25.9)*	*(15.5)*	*(5.1)*	*(1,231.8)*
Other non-recurring operating income									13.4
Other non-recurring operating expenses									(40.5)
Net finance costs									(248.1)
Other financial income									69.2
Other financial expenses									(133.0)
Income taxes									(566.0)
Share of profit of associates									20.0
Profit for the period									**1,675.5**
Purchase of intangible assets and property, plant and equipment	(690.9)	(466.6)	(570.5)	(223.8)	(1,951.8)	(23.6)	(16.5)	(16.0)	(2,007.9)

(a) The operating segment formerly known as "Engineering & Construction" was renamed "Engineering & Technology" as of January 1, 2013.

4.3 BALANCE SHEET AS OF DECEMBER 31, 2013

(in millions of euros)	Gas and Services					Engineering & Technology [(a)]	Other activities	Reconciliation	Total
	Europe	Americas	Asia-Pacific	Middle East and Africa	Sub-total				
Segment assets	**10,089.2**	**4,873.2**	**5,797.1**	**1,042.6**	**21,802.1**	**911.2**	**482.9**	**201.2**	**23,397.4**
Goodwill	2,811.8	732.8	1,131.6	103.9	4,780.1	194.5	115.2		5,089.8
Intangible assets and property, plant and equipment, net	5,496.5	3,477.3	3,850.5	700.9	13,525.2	263.4	97.2	53.1	13,938.9
Other segment assets	1,780.9	663.1	815.0	237.8	3,496.8	453.3	270.5	148.1	4,368.7
Non-segment assets									1,697.2
Total assets									**25,094.6**
Segment liabilities	**2,621.5**	**598.7**	**749.6**	**116.7**	**4,086.5**	**1,218.9**	**190.6**	**312.3**	**5,808.3**
Non-segment liabilities									8,398.2
Equity including minority interests									10,888.1
Total equity and liabilities									**25,094.6**

(a) The operating segment formerly known as "Engineering & Construction" was renamed "Engineering & Technology" as of January 1, 2013.

4.4 PUBLISHED BALANCE SHEET AS OF DECEMBER 31, 2012

(in millions of euros)	Gas and Services					Engineering & Technology [(a)]	Other activities	Reconciliation	Total
	Europe	Americas	Asia-Pacific	Middle East and Africa	Sub-total				
Segment assets	**10,119.4**	**4,551.3**	**6,010.0**	**941.1**	**21,621.8**	**833.9**	**474.4**	**174.2**	**23,104.3**
Goodwill	2,825.8	607.6	1,267.6	115.5	4,816.5	208.4	107.8		5,132.7
Intangible assets and property, plant and equipment, net	5,366.1	3,326.5	3,849.4	610.7	13,152.7	234.9	93.8	29.8	13,511.2
Other segment assets	1,927.5	617.2	893.0	214.9	3,652.6	390.6	272.8	144.4	4,460.4
Non-segment assets									1,899.7
Total assets									**25,004.0**
Segment liabilities	**2,696.6**	**752.1**	**702.4**	**116.2**	**4,267.3**	**1,166.1**	**189.5**	**253.7**	**5,876.6**
Non-segment liabilities									8,683.1
Equity including minority interests									10,444.3
Total equity and liabilities									**25,004.0**

(a) The operating segment formerly known as "Engineering & Construction" was renamed "Engineering & Technology" as of January 1, 2013.

The Research & Development and Holdings activities (corporate) are presented in the "Reconciliation" column. The operating income recurring of the Engineering & Technology activity includes financial income generated from advances received from customers. It is included in net finance costs in the consolidated income statement. The adjustment arising from the presentation difference is included in the "Reconciliation" column.

4.5 OTHER INFORMATION ON GEOGRAPHICAL AREAS

2013 *(in millions of euros)*	France	Europe excl. France	Americas	Asia-Pacific	Middle East and Africa	Total
Revenue	**2,813.9**	**5,314.9**	**3,427.6**	**3,299.1**	**369.7**	**15,225.2**
Non-current assets [(a)]	**1,753.8**	**7,144.0**	**4,277.3**	**5,200.7**	**854.6**	**19,230.4**
incl. Investments in associates	*6.9*	*15.2*	*0.2*	*129.6*	*49.8*	*201.7*

(a) Excluding non-current financial assets, deferred taxes and non-current derivative assets.

2012 *(in millions of euros)*	France	Europe excl. France	Americas	Asia-Pacific	Middle East and Africa	Total
Revenue	**2,792.7**	**5,361.3**	**3,245.8**	**3,563.8**	**362.7**	**15,326.3**
Non-current assets [(a)]	**1,692.3**	**6,878.0**	**4,136.5**	**5,390.7**	**768.1**	**18,865.6**
incl. Investments in associates	*10.7*	*14.8*	*5.6*	*148.6*	*42.0*	*221.7*

(a) Excluding non-current financial assets, deferred taxes and non-current derivative assets.

Due to the substantial number of customers served by the Group (over one million worldwide), their significant diversity in multiple sectors and their wide geographical dispersion, the Group's top external customer represents only 2.2% of Air Liquide revenue.

Note 5 – Revenue

(in millions of euros)	2012 restated	%	2013	%
Gas & Services	13,912.0	91%	13,837.0	91%
Engineering & Technology	784.6	5%	802.9	5%
Other activities	629.7	4%	585.3	4%
TOTAL	**15,326.3**	**100%**	**15,225.2**	**100%**

In 2013, consolidated revenue amounted to 15,225.2 million euros, down -0.7% compared to 2012. Revenue was up +3.7% after adjusting for the cumulative impact of foreign exchange fluctuations and natural gas prices:

- the effect of foreign exchange rate fluctuations amounted to -573 million euros in 2013, representing -3.8% of Group revenue. This was essentially due to the depreciation of the Japanese yen, the US dollar, the Brazilian real and the Canadian dollar compared to the euro.
- the effect of natural gas prices fluctuations amounted to -88 million euros excluding foreign exchange fluctuations, representing -0.6% of Group revenue.

Note 6 – Operating income recurring and expenses

Recurring operating income and expenses include purchases, personnel expenses, depreciation and amortization, other recurring income and other recurring expenses.

The Group purchases mainly consist of electricity, natural gas as well as industrial and medical products.

6.1 PERSONNEL EXPENSES

(in millions of euros)	2012 restated	2013
Wages and social security charges	(2,632.3)	(2,684.3)
Defined contribution pension plans	(29.1)	(41.9)
Defined benefit pension plans [a]	3.7	(6.2)
Share-based payments	(16.5)	(18.7)
TOTAL	**(2,674.2)**	**(2,751.1)**

(a) In 2013, the expense relating to defined benefit plans included the effect of settlements, plan amendments and past service cost amounting to 39.8 million euros compared to 47.8 million euros in 2012 (see note 25.3 on employee benefit obligations on page 240).

Fully and proportionately consolidated companies employed 50,250 individuals as of December 31, 2013 (49,500 individuals as of December 31, 2012). Furthermore, the number of employees from acquired or newly consolidated companies, net of entities sold, amounted to 400 in 2013.

6.2 OTHER RECURRING EXPENSES

Other recurring expenses primarily include transport and distribution costs, sub-contracting costs, operating leases and insurance premiums.

6.3 RESEARCH AND DEVELOPMENT EXPENDITURE

In 2013, innovation costs amounted to 264.8 million euros (256.8 million euros in 2012) including Research & Development costs for 185.9 million euros (187.8 million euros in 2012).

Development costs incurred by the Group as part of its Research & Development projects were expensed. The Group did not meet the conditions set out in IFRS for the capitalization of development costs since expenditures did not systematically result in the completion of an intangible asset being available for use or sale.

6.4 DEPRECIATION AND AMORTIZATION EXPENSE

(in millions of euros)	2012 restated	2013
Intangible assets	(82.3)	(91.3)
Property, plant and equipment (PP&E) [a]	(1,149.5)	(1,145.0)
TOTAL	**(1,231.8)**	**(1,236.3)**

(a) Including the depreciation expense after deduction of investment grants released to profit.

Note 7 – Other non-recurring operating income and expenses

(in millions of euros)	2012 restated	2013
Expenses		
Reorganization, restructuring and realignment program costs	(29.4)	(127.6)
Acquisition costs	(19.8)	(10.7)
Others [a]	8.7	(70.9)
TOTAL OTHER NON-RECURRING OPERATING EXPENSES	**(40.5)**	**(209.2)**
Income		
Gain on the disposals of assets and financial investments	9.7	220.6
Others	3.7	14.5
TOTAL OTHER NON-RECURRING OPERATING INCOME	**13.4**	**235.1**
TOTAL	**(27.1)**	**25.9**

(a) Mainly related to risk provisions net of reversals.

In 2013, the Group recognized:

- capital gain on disposals in accordance with IAS27 section 34 amounting to +207.9 million euros. It included:
  - the disposal of its investment in Laboratoires Anios (France) on December 2, 2013,
  - the disposal of its investment in the associate Neal & Massy Gas Products Ltd (Trinidad and Tobago) on December 31, 2013;
- realignment programs in advanced economies totaling -127.6 million euros;
- “other non-recurring operating expenses” including -31 million euros to cover litigation risks.

In 2012, the Group had recognized:

- capital gain on disposals of its investments in Esqal (France) and Gaz de Polynésie (France) totaling +12.2 million euros and calculating in accordance with IAS27 section 34 in May 2012.

Note 8 – Net finance costs and other financial income

8.1 NET FINANCE COSTS

(in millions of euros)	2012 restated	2013
Finance cost	(274.1)	(229.3)
Financial income from short-term investments and loans	26.0	9.4
TOTAL	**(248.1)**	**(219.9)**

The average cost of debt stood at 4.0% in 2013 (4.6% in 2012) and is broken down in note 26.4.

Capitalized finance costs amounted to 44.7 million euros in 2013 (26.8 million euros in 2012).

8.2 OTHER FINANCIAL INCOME AND EXPENSES

(in millions of euros)	2012 restated	2013
Other financial income	10.2	14.4
TOTAL OTHER FINANCIAL INCOME	**10.2**	**14.4**
Other financial expenses	(23.3)	(39.4)
Interest expense on the net defined liability [a]	(69.9)	(59.7)
TOTAL OTHER FINANCIAL EXPENSES	**(93.2)**	**(99.1)**

(a) See note 25.3 "Employee benefit obligations" on page 240.

Note 9 – Income taxes

9.1 INCOME TAX EXPENSE

(in millions of euros)	2012 restated	2013
Current tax		
Income tax expense payable	(514.0)	(504.0)
TOTAL CURRENT TAX	**(514.0)**	**(504.0)**
Deferred tax		
Temporary differences	(53.0)	(111.6)
Impact of tax rate changes	9.4	3.7
TOTAL DEFERRED TAX	**(43.6)**	**(107.9)**
TOTAL	**(557.6)**	**(611.9)**

In 2012, a gain of 48.8 million euros arising from deferred tax liability reversed following favorable evolution of tax audits, was included in the temporary differences.

9.2 RECONCILIATION BETWEEN THE STANDARD TAX RATE AND THE GROUP EFFECTIVE TAX RATE

(in %)	2012 restated	2013
Standard tax rate	**31.3**	**32.1**
Impact of transactions taxed at reduced rates	(3.0)	(6.2)
Impact of tax rate changes	(0.4)	(0.2)
Impact of tax exemptions and others	(2.5)	0.9
Group effective tax rate	**25.4**	**26.6**

The standard tax rate is the average rate obtained by applying the statutory tax rate in each country to their respective profits before tax.

The average effective tax rate is calculated as follows: (current and deferred income tax expense) / (net profit before tax less share of profit of associates, dividends received and net profit from discontinued operations).

In France, L'Air Liquide S.A. has elected to determine French income taxes on a consolidated basis. This scheme applies to all French subsidiaries complying with the legal requirements.

Foreign subsidiaries have elected to apply for similar rules wherever this is allowed under local regulations.

Excluding the exceptional point mentioned in note 9.1 on income taxes, the 2013 average effective tax rate decreased compared to fiscal year 2012 as a result of gains on disposal of tangible and financial assets taxed at reduced rates.

Note 10 – Net earnings per share

10.1 BASIC EARNINGS PER SHARE

	2012 restated	2013
Net profit (Group share) attributable to ordinary shareholders of the parent *(in millions of euros)*	1,591.1	1,640.3
Weighted average number of ordinary shares outstanding	311,147,191	310,734,410
Basic earnings per share *(in euros)*	**5.11**	**5.28**

Basic earnings per share is calculated by dividing net profit (Group share) attributable to ordinary shareholders of Air Liquide by the weighted average number of shares outstanding during the year, excluding ordinary shares purchased by Air Liquide and recognized in equity.

10.2 DILUTED EARNINGS PER SHARE

	2012 restated	2013
Net profit used to calculate diluted earnings per share *(in millions of euros)*	**1,591.1**	**1,640.3**
Weighted average number of ordinary shares outstanding	311,147,191	310,734,410
Adjustment for dilutive impact of share subscription options	963,942	932,340
Adjustment for dilutive impact of conditional grant of shares	359,201	291,601
Adjusted weighted average number of shares outstanding used to calculate diluted earnings per share	**312,470,334**	**311,958,351**
Diluted earnings per share *(in euros)*	**5.09**	**5.26**

Diluted earnings per share take into account share subscription options and conditional share grants allocated to employees if:

- the issue price, adjusted for unrecognized expenses at the year-end pursuant to IFRS2, is lower than the Air Liquide annual average share price;
- the performance requirements meet the criteria set out in IAS33 section 52.

Instruments that could dilute net profit attributable to ordinary shareholders of the parent company, but were not included in the calculation of diluted earnings per share because they are antidilutive over the year, are as follows:

- in 2013, the 2012 and 2013 share subscription option plans;
- in 2012, the 2011 and 2012 share subscription option plans.

The Group has not issued any other financial instruments that may result in further dilution of net earnings per share.

Note 11 – Dividend per share

The 2012 dividend on ordinary shares declared and paid on May 22, 2013 was 820.6 million euros (including additional premium and tax on dividends) and amounted to 2.50 euros per share.

The Amended Finance Act enacted in August 2012 introduced an additional 3% contribution on cash dividends. L'Air Liquide S.A. is subject to this tax for the dividends paid in May 2013, which amounted to 23.9 million euros as of December 31, 2013. The Group considers it as a cost associated with the dividend distribution and therefore decides to recognize this contribution cost as a deduction of shareholders' equity.

A dividend payment of 2.55 euros per ordinary share (including treasury shares) amounting to 820.9 million euros will be proposed to the Annual General Meeting in respect of the financial year ended December 31, 2013.

Note 12 – Goodwill

12.1 MOVEMENTS DURING THE PERIOD

(in millions of euros)	As of January 1	Goodwill recognized during the period	Goodwill removed during the period	Foreign exchange differences	Other movements	As of December 31
2012 restated	4,558.5	677.4	(0.7)	(102.5)		5,132.7
2013	**5,132.7**	**287.8**	**(33.9)**	**(246.5)**	**(50.3)**	**5,089.8**

Goodwill recognized mainly resulted from:

- In 2013, goodwill related to the acquisition of the Voltaix group as detailed in note 3.1;
- In 2012, goodwill related to the transactions detailed in note 3.2 as well as the acquisition of 100% of the capital of Energas Ltd & Engineering and Welding Supplies Ltd, suppliers of packaged gases in the United Kingdom.

Goodwill removed in 2013 as well as other movements mainly related to the disposal of Laboratoires Anios in December 2013.

12.2 SIGNIFICANT GOODWILL

	2012 restated	2013		
(in millions of euros)	Net carrying amount	Gross carrying amount	Impairment losses	Net carrying amount
Germany [a]	1,393.4	1,400.6		1,400.6
Japan [b]	674.8	529.7		529.7
South-East Asia	482.4	483.9		483.9
Engineering & Construction	205.5	191.0		191.0
France [a]	396.4	411.8		411.8
Iberian Peninsula	244.6	245.2		245.2
United States [b]	387.6	368.0		368.0
Air Liquide Welding	90.6	90.6		90.6
Others [c]	1,257.4	1,370.4	(1.4)	1,369.0
TOTAL GOODWILL	**5,132.7**	**5,091.2**	**(1.4)**	**5,089.8**

(a) Goodwill allocated to groups of cash-generating units within Gas & Services activities but excluding the hygiene products and specialty ingredients activities within the Healthcare business line.

(b) The movement between 2012 and 2013 was mainly due to the effect of foreign exchange fluctuations.

(c) Allocation of Voltaix goodwill to cash-generating units will be completed twelve months after the acquisition date. Moreover, the change included the disposal of Laboratoires Anios.

In the last two fiscal years, the Group has not recorded any goodwill impairment losses.

Impairment tests were carried out using the methods detailed in note 5.f. of the Accounting Policies. The key model assumptions used, such as market multiples and the discount rate, took into account the stock market and world economic context.

The growth rates used for estimating the cash flows of cash-generating units or groups of cash-generating units were significantly lower than the Group's historical average growth rates. Growth rates between 2% and 3% were used for cash-generating units or groups of cash-generating units operating in mature markets, and up to 5% for cash-generating units or groups of cash-generating units operating in emerging markets.

The market multiples used were determined using the Air Liquide Group market value as of December 31, 2013. Multiples obtained do not materially differ from those of companies whose activity is similar to the Group's.

The weighted average cost of capital used was 6.9% as of December 31, 2013 (7.0% as of December 31, 2012).

The weighted average cost of capital and market multiples are adjusted for the activity and the geographical location of the tested cash-generating units.

As of December 31, 2013 and 2012, the recoverable amount of each cash-generating unit or groups of cash-generating units significantly exceeded their net carrying amounts.

No reasonably potential change in a key assumption would result in an impairment loss being recognized.

Note 13 – Other intangible assets

13.1 GROSS CARRYING AMOUNTS

(in millions of euros)	As of January 1	Additions	Disposals	Foreign exchange differences	Acquisitions related to business combinations [(a)]	Other movements [(b)]	As of December 31
2013							
Internally generated intangible assets	289.2	9.1	(2.9)	(1.0)		25.7	320.1
Other intangible assets	1,156.7	37.0	(24.5)	(25.7)	45.6	(27.8)	1,161.3
TOTAL GROSS INTANGIBLE ASSETS	**1,445.9**	**46.1**	**(27.4)**	**(26.7)**	**45.6**	**(2.1)**	**1,481.4**

(a) See note 3.
(b) Other movements primarily include account reclassifications and changes in the scope of consolidation.

(in millions of euros)	As of January 1	Additions	Disposals	Foreign exchange differences	Acquisitions related to business combinations [(a)]	Other movements [(b)]	As of December 31
2012 RESTATED							
Internally generated intangible assets	278.4	16.1	(4.0)	0.6	1.0	(2.9)	289.2
Other intangible assets	1,019.6	81.9	(18.4)	(0.7)	64.2	10.1	1,156.7
TOTAL GROSS INTANGIBLE ASSETS	**1,298.0**	**98.0**	**(22.4)**	**(0.1)**	**65.2**	**7.2**	**1,445.9**

(a) See note 3.
(b) Other movements primarily include account reclassifications and changes in the scope of consolidation.

13.2 AMORTIZATION AND IMPAIRMENT LOSSES

(in millions of euros)	As of January 1	Charge for the period	Impairment losses	Disposals	Foreign exchange differences	Acquisitions related to business combinations	Other movements [(a)]	As of December 31
2013								
Internally generated intangible assets	(212.2)	(17.7)		2.9	0.7		(0.3)	(226.6)
Other intangible assets	(507.2)	(73.6)		24.1	10.4		4.7	(541.6)
TOTAL INTANGIBLE ASSET AMORTIZATION	**(719.4)**	**(91.3)**		**27.0**	**11.1**		**4.4**	**(768.2)**
TOTAL NET INTANGIBLE ASSETS	**726.5**	**(45.2)**		**(0.4)**	**(15.6)**	**45.6**	**2.3**	**713.2**

(a) Other movements primarily include account reclassifications and changes in scope of consolidation.

(in millions of euros)	As of January 1	Charge for the period	Impairment losses	Disposals	Foreign exchange differences	Acquisitions related to business combinations	Other movements [(a)]	As of December 31
2012 RESTATED								
Internally generated intangible assets	(197.6)	(18.2)		3.9	(0.3)			(212.2)
Other intangible assets	(462.2)	(64.1)	(1.4)	17.9	2.4		0.2	(507.2)
TOTAL INTANGIBLE ASSET AMORTIZATION	**(659.8)**	**(82.3)**	**(1.4)**	**21.8**	**2.1**		**0.2**	**(719.4)**
TOTAL NET INTANGIBLE ASSETS	**638.2**	**15.7**	**(1.4)**	**(0.6)**	**2.0**	**65.2**	**7.4**	**726.5**

(a) Other movements primarily include account reclassifications and changes in scope of consolidation.

As of December 31, 2013, the Group had no material commitment to acquire intangible assets and was not subject to any restrictions over the use of existing intangible assets.

Note 14 – Property, plant and equipment

14.1 GROSS CARRYING AMOUNTS

(in millions of euros)	As of January 1	Additions	Disposals	Foreign exchange differences	Acquisitions related to business combinations [(a)]	Other movements [(b)]	As of December 31
2013							
Land	308.2	1.2	(2.1)	(31.6)	1.4	3.9	281.0
Buildings	1,355.6	31.6	(11.2)	(82.1)	30.1	31.4	1,355.4
Equipment, cylinders, installations	24,211.5	832.5	(345.7)	(1,287.9)	52.5	643.9	24,106.8
TOTAL PROPERTY, PLANT AND EQUIPMENT IN SERVICE	**25,875.3**	**865.3**	**(359.0)**	**(1,401.6)**	**84.0**	**679.2**	**25,743.2**
Construction in progress	2,133.1	1,313.7		(159.9)	23.8	(659.8)	2,650.9
TOTAL PROPERTY, PLANT AND EQUIPMENT	**28,008.4**	**2,179.0**	**(359.0)**	**(1,561.5)**	**107.8**	**19.4**	**28,394.1**

(a) See note 3.

(b) Other movements primarily include account reclassifications and changes in the scope of consolidation.

(in millions of euros)	As of January 1	Additions	Disposals	Foreign exchange differences	Acquisitions related to business combinations [a]	Other movements [b]	As of December 31
2012 RESTATED							
Land	311.9	1.7	(2.3)	(16.0)	4.3	8.6	308.2
Buildings	1,331.2	29.4	(11.6)	(33.0)	8.0	31.6	1,355.6
Equipment, cylinders, installations	22,995.3	449.7	(275.0)	(400.7)	117.9	1,324.3	24,211.5
TOTAL PROPERTY, PLANT AND EQUIPMENT IN SERVICE	**24,638.4**	**480.8**	**(288.9)**	**(449.7)**	**130.2**	**1,364.5**	**25,875.3**
Construction in progress	2,090.7	1,437.3		(17.3)	1.3	(1,378.9)	2,133.1
TOTAL PROPERTY, PLANT AND EQUIPMENT	**26,729.1**	**1,918.1**	**(288.9)**	**(467.0)**	**131.5**	**(14.4)**	**28,008.4**

(a) See note 3.

(b) Other movements primarily include account reclassifications and changes in the scope of consolidation.

Purchases of property, plant and equipment and intangible assets presented in the consolidated statement of cash flows relate to the increase in property, plant and equipment and intangible assets adjusted for the change in the fixed asset suppliers' balance in the fiscal year.

14.2 DEPRECIATION AND IMPAIRMENT LOSSES

(in millions of euros)	As of January 1	Charge for the period	Impairment losses	Impairment losses removed	Disposals	Foreign exchange differences	Acquisitions related to business combinations	Other movements [a]	As of December 31
2013									
Buildings	(837.0)	(44.2)			8.3	53.2		(2.8)	(822.5)
Equipment, cylinders, installations	(14,386.7)	(1,115.4)	(2.7)	0.2	316.0	806.5		36.2	(14,345.9)
TOTAL PROPERTY, PLANT AND EQUIPMENT AMORTIZATION	**(15,223.7)**	**(1,159.6)**	**(2.7)**	**0.2**	**324.3**	**859.7**		**33.4**	**(15,168.4)**
TOTAL PROPERTY, PLANT AND EQUIPMENT, NET	**12,784.7**	**1,019.4**	**(2.7)**	**0.2**	**(34.7)**	**(701.8)**	**107.8**	**52.8**	**13,225.7**

(a) Other movements primarily include changes in the scope of consolidation.

(in millions of euros)	As of January 1	Charge for the period	Impairment losses	Impairment losses removed	Disposals	Foreign exchange differences	Acquisitions related to business combinations	Other movements [(a)]	As of December 31
2012 RESTATED									
Buildings	(817.9)	(51.9)			8.9	22.9		1.0	(837.0)
Equipment, cylinders, installations	(13,814.3)	(1,108.5)	(1.4)	9.8	242.0	273.7		12.0	(14,386.7)
TOTAL PROPERTY, PLANT AND EQUIPMENT AMORTIZATION	**(14,632.2)**	**(1,160.4)**	**(1.4)**	**9.8**	**250.9**	**296.6**		**13.0**	**(15,223.7)**
TOTAL PROPERTY, PLANT AND EQUIPMENT, NET	**12,096.9**	**757.7**	**(1.4)**	**9.8**	**(38.0)**	**(170.4)**	**131.5**	**(1.4)**	**12,784.7**

(a) Other movements primarily include changes in the scope of consolidation.

The charge for the period corresponds to the increase in depreciation, net of the investment grants released to the income statement.

14.3 FINANCE LEASES

Air Liquide enters into lease agreements for the use of some industrial assets. A number of these agreements meet in substance the definition of a finance lease.

These agreements mainly relate to office or industrial buildings, vehicle trailers and other industrial equipment as well as information technology hardware.

The present value of minimum lease payments for leased assets is recorded in the balance sheet under “Property, plant and equipment”. The breakdown is as follows:

	2012 restated		2013	
(in millions of euros)	Minimum lease payments	Present value of minimum lease payments	Minimum lease payments	Present value of minimum lease payments
Less than 1 year	7	6	6	6
1 to 5 years	16	13	15	12
More than 5 years	4	3	4	3
Total minimum lease payments	**27**	**22**	**25**	**21**
Less impact of discounting (finance charge)	(5)		(4)	
Present value of minimum lease payments	**22**		**21**	

Note 15 – Non-current financial assets

(in millions of euros)	2012 restated	2013
Available-for-sale financial assets	97.0	73.3
Loans	47.1	55.7
Other long-term receivables	290.5	301.6
Employee benefits - prepaid expenses	1.2	4.9
NON-CURRENT FINANCIAL ASSETS	**435.8**	**435.5**

Available-for-sale financial assets primarily consist of unlisted and non-consolidated investments, in particular the capital contribution to Exeltium S.A.S. (13% interest held by the Air Liquide Group).

Other long-term receivables comprise the receivable related to the equalization charge refund claim paid for the 2000 to 2004 period in the amount of 71.7 million euros before interests on arrears which amounted to 33.4 million euros as of December 31, 2013. In connection with the litigation concerning the reimbursement of the receivable, an initial hearing before the Administrative Court of Montreuil is expected to take place in 2014. No judgment has been rendered at the financial statements' approval date.

Note 16 – Investments in associates

16.1 FINANCIAL INFORMATION RELATED TO ASSOCIATES

Group share of associates as of December 31, 2013 *(in millions of euros)*	Share of profit for the period	Share of equity [(a)]
Europe	1.8	22.1
Americas	2.5	0.2
Asia-Pacific	7.4	129.6
Middle East and Africa	2.8	49.8
TOTAL	**14.5**	**201.7**

(a) Goodwill related to associates is included in the carrying amount of the investment.

Group share of associates as of December 31, 2012 restated *(in millions of euros)*	Share of profit for the period	Share of equity [(a)]
Europe	0.7	25.5
Americas	2.4	5.6
Asia-Pacific	13.3	148.6
Middle East and Africa	3.6	42.0
TOTAL	**20.0**	**221.7**

(a) Goodwill related to associates is included in the carrying amount of the investment.

16.2 MOVEMENTS DURING THE YEAR

(in millions of euros)	As of January 1	Share of profit for the period	Dividend distribution	Foreign exchange differences	Other movements	As of December 31
2012 restated	211.1	20.0	(13.9)	5.2	(0.7)	221.7
2013	**221.7**	**14.5**	**(26.7)**	**(10.0)**	**2.2**	**201.7**

16.3 FINANCIAL INDICATORS OF ASSOCIATES (100%)

No associate is individually material. The financial indicators provided below are aggregated data.

Balance sheet

(in millions of euros)	2012 restated	2013
Total assets	1,025.0	1,123.4
Equity	515.9	475.9
Net indebtedness	253.3	411.8

Income statement

(in millions of euros)	2012 restated	2013
Revenue	590.3	589.8
Profit for the period	42.7	33.0

Net indebtedness (Group share)

(in millions of euros)	2012 restated	2013
Net indebtedness	110.9	172.6

Note 17 – Deferred taxes

Movements in deferred tax assets and liabilities during the period were as follows:

17.1 DEFERRED TAX ASSETS

(in millions of euros)	2012 restated	2013
AS OF JANUARY 1	**298.1**	**372.8**
Income (charge) to the income statement	(6.1)	(63.2)
Income (charge) to equity for the period	71.6	(15.1) [a]
Acquisitions/Disposals	5.8	(2.0)
Foreign exchange differences	(1.4)	(5.5)
Others [b]	4.8	14.7
AS OF DECEMBER 31	**372.8**	**301.7**

(a) Relates to deferred taxes recognized in other items in the statement of net income and gains and losses recognized directly in equity: -5.2 million euros relate to changes in the fair value of derivatives and -9.9 million euros relate to actuarial gains and losses. In 2012, the respective effects amounted to -16.4 million euros relating to changes in the fair value of derivatives and 88.0 million euros relating to actuarial gains and losses.

(b) Other movements result from reclassifications between current and deferred taxes.

17.2 DEFERRED TAX LIABILITIES

(in millions of euros)	2012 restated	2013
AS OF JANUARY 1	**1,204.9**	**1,132.6**
Charge (income) to the income statement	37.5	44.7
Charge (income) to equity for the period	(69.0)	60.7 [a]
Acquisitions/Disposals	7.6	19.7
Foreign exchange differences	(15.6)	(57.1)
Others [b]	(32.8)	(4.3)
AS OF DECEMBER 31	**1,132.6**	**1,196.3**

(a) Relates to deferred taxes recognized in other items in the statement of net income and gains and losses recognized directly in equity: 10.7 million euros relate to changes in the fair value of derivatives and 50 million euros relate to actuarial gains and losses. In 2012, the respective impacts amounted to -2.4 million euros relating to changes in the fair value of derivatives and -66.6 million euros relating to actuarial gains and losses.

(b) Other movements result from reclassifications between current and deferred taxes.

As of December 31, 2013, unrecognized deferred tax assets amounted to 38.1 million euros (28.4 million euros as of December 31, 2012).

Deferred taxes are mainly due to temporary differences between the tax and economic depreciation of assets, the carryforward of tax losses and provisions not immediately deductible for tax purposes such as employee benefit provisions.

Note 18 – Inventories

(in millions of euros)	2012 restated	2013
Raw materials and supplies	236.4	246.9
Finished and semi-finished goods	479.1	478.1
Work-in-progress	60.3	67.3
NET INVENTORIES	**775.8**	**792.3**

(in millions of euros)	2012 restated	2013
Write-down of inventories	(18.1)	(16.5)
Reversals of write-down	16.9	15.9
NET WRITE-DOWN RECOGNIZED IN THE INCOME STATEMENT	**(1.2)**	**(0.6)**

Note 19 – Trade receivables

(in millions of euros)	2012 restated	2013
Trade and other operating receivables	2,978.2	2,829.9
Allowance for doubtful receivables	(151.7)	(138.8)
TRADE RECEIVABLES	**2,826.5**	**2,691.1**

For all Engineering & Technology contracts in progress at the year-end, the gross amounts payable from and to customers represent the sum of costs incurred plus profits recognized using the percentage of completion method, equivalent to total revenue recorded using the percentage of completion method, less the amount of advances received.

Trade and other operating receivables included gross amounts from Engineering & Technology customers of 203.1 million euros (150.5 million euros as of December 31, 2012).

Amounts due to customers are presented in other current liabilities (see note 27).

As of December 31, 2013, cumulative revenue recognized using the percentage of completion method and advances received amounted to 2,043.5 million euros and 2,055.0 million euros respectively.

As of December 31, 2012, cumulative revenue recognized using the percentage of completion method and advances received amounted to 1,630.6 million euros and 1,671.1 million euros respectively.

19.1 BREAKDOWN OF TRADE AND OTHER OPERATING RECEIVABLES

(in millions of euros)	Gross carrying amount	Not yet due	Impaired and overdue	Not impaired and overdue
2012 restated	2,978.2	2,176.4	129.4	672.4
2013	**2,829.9**	**2,086.5**	**122.6**	**620.8**

Trade receivables overdue and not impaired at the year-end mainly included receivables due within three months (71.4% in 2013, 70.7% in 2012). The decision for not impairing overdue receivable balances arises from a detailed analysis of the associated risks.

Trade receivables overdue by more than three months and not impaired mainly relate to public sector customers in the Healthcare segment whose credit risk is deemed to be low.

19.2 ALLOWANCE FOR DOUBTFUL RECEIVABLES

(in millions of euros)	As of January 1	Charges	Reversals	Foreign exchange differences	Other movements	As of December 31
2012 restated	(136.8)	(59.2)	43.9	1.6	(1.2)	(151.7)
2013	**(151.7)**	**(42.5)**	**53.3**	**4.8**	**(2.7)**	**(138.8)**

Note 20 – Working capital requirement

The Group's working capital requirement presented in the consolidated cash flow statement, increased by 18.7 million euros and can be broken down as follows:

- increase of 7.5 million euros in the working capital requirement of Gas & Services and Other activities;
- increase of -27.5 million euros in the working capital resources of the Engineering & Technology activity;
- movements in current tax payables and receivables contributing to the increase for 50.5 million euros.

Note 21 – Other current assets

(in millions of euros)	2012 restated	2013
Advances and down-payments made	84.6	110.9
Prepaid expenses	81.7	85.0
Other sundry current assets	256.0	253.9
OTHER CURRENT ASSETS	**422.3**	**449.8**

Note 22 – Cash and cash equivalents

(in millions of euros)	2012 restated	2013
Short-term loans	46.4	30.5
Short-term investments	472.6	381.0
Cash in bank	635.2	528.6
CASH AND CASH EQUIVALENTS	**1,154.2**	**940.1**

Short-term investments include temporary cash investments maturing in less than three months (commercial paper, certificates of deposit and money market funds) with banks or counterparties with a minimum long-term rating of A and a minimum short-term rating of A1 (S&P).

Note 23 – Shareholders' equity

23.1 SHARES

Number of shares

	2012 restated	2013
NUMBER OF SHARES OUTSTANDING AS OF JANUARY 1	**283,812,941**	**312,281,159**
Free share attribution	29,003,797	
Capital increase reserved for employees		749,272
Options exercised during the period	664,421	801,245
Cancellation of treasury shares	(1,200,000)	(1,000,000)
NUMBER OF SHARES AS OF DECEMBER 31	**312,281,159**	**312,831,676**

Shares have a par value of 5.50 euros each and are all issued and fully paid-up.

In 2013, a total of 1,211,000 shares were purchased (net of disposals).

23.2 TREASURY SHARES

Treasury shares are Air Liquide shares held by the Group, including shares forming part of the liquidity contract in accordance with an Ethics Charter recognized by the French financial markets authority (Autorité des marchés financiers). As of December 31, 2013, the Group held 1,093,367 treasury shares (1,003,394 as of December 31, 2012) including 11,000 treasury shares under a liquidity contract (none as of December 31, 2012). Changes in the number of treasury shares are explained on pages 198 and 200 (in the consolidated statement of changes in equity).

23.3 SHARE-BASED PAYMENTS

Share subscription option plans

Pursuant to the decisions of the Board of Directors, the Supervisory Board and the Management Board, following the approval by the Annual General Meeting and based on the recommendations of the Remuneration Committee, the Group had adopted share subscription plans for some of its senior executives as well as corporate officers.

The purpose of these options is to provide an incentive to key Group executives, by rewarding the loyalty of high-performing executives and their actions in exceptional situations as well as associating them with the long-term interests of shareholders.

Stock options are granted for a minimum price which cannot be lower than the average closing market price over the 20 trading days preceding the grant date. Options granted between March 21, 2005 and June 28, 2010 inclusive must be exercised within eight years and options granted since October 14, 2011 must be exercised within 10 years.

A four-year vesting period applies for stock options granted after May 12, 1999.

On September 26, 2013, the Board of Directors consented to grant 768,866 stock options (727 beneficiaries) exercisable between September 26, 2017 and September 25, 2023, at a purchase price of 102.00 euros.

As of December 31, 2013, the number of outstanding share options granted by the Board of Directors, the Supervisory Board, and the Management Board under the plans approved by Annual General Meetings amounted to 4,765,205 options after adjustment (average price of 79.04 euros), or 1.52% of share capital, of which 960,177 options (average price of 79.22 euros) were granted to Corporate Officers present as of December 31, 2013.

Out of the total number of options issued pursuant to the approval by the Annual General Meeting on May 7, 2013, up to 5,487,768 options were retained for possible attribution by the Board of Directors as of December 31, 2013.

Conditional grant of shares to employees

An additional compensation system involving the Conditional Grant of Shares to Employees (CGSE) was set up in 2008 as a way to reward our best employees and associate their medium-term performance with the Company's objectives.

The 12th resolution adopted by the Extraordinary Annual General Meeting held on May 7, 2013 authorizes the Board of Directors to grant free shares to Group employees, up to a maximum of 0.5% of the Company's share capital over a 38-month period. Free shares representing up to 0.15% of the Group's share capital can be attributed to corporate officers over the same period.

Under this authority, the Board of Directors adopted two different regulations on September 26, 2013 ("France" Plan and "World" Plan) governing the conditional grant of Company shares to employee beneficiaries by the Board. The beneficiaries or categories of beneficiaries are designated by the Company's Board of Directors following the application of performance-related criteria.

The “France” and “World” Plans mainly differ as to the number of years of service required and the correlative absence of any holding requirement for the “World” Plan, as described below.

Conditional employee share grants are subject to:

- a continued service requirement during the vesting period: shares granted to a beneficiary shall only finally vest if he or she has been an employee or corporate officer of a Group company during a vesting period, calculated as from the grant date, of two years for “France” Plan beneficiaries from 2008 to 2012 inclusive, three years for 2013 “France” Plan beneficiaries and four years for “World” Plan beneficiaries. In the event of retirement, the beneficiary retains his rights, because he is no longer required to satisfy the continued service requirement;
- a performance requirement for all CGSE: for 2013, this requirement is identical for both Plans: From now on, this requirement is calculated over a three-year period (previously two years). For further information, please refer to the Conditional Grant of Shares table on page 170;
- a holding requirement: as from the final grant date, the beneficiaries of the “France” Plan are required to hold their shares for two additional years during which such shares may not be transferred (except in the event of disability or death).

The granted shares shall be either shares issued through a capital increase performed by the Company by no later than the definitive vesting date or shares bought back by the Company in the market prior to such date.

To date, conditional shares granted are treasury shares bought back as part of the Company’s share buy-back programme.

The granted shares shall be of the same nature and category as those making up the Company’s share capital at the date on which the plans are approved by the Board of Directors.

On September 26, 2013, the Board of Directors decided to grant 122,595 conditional shares to employees (1,077 beneficiaries).

Options granted to the ten employees of the Company and its subsidiaries (excluding corporate officers) who were attributed the highest number of options

In 2013, 208,000 options were granted to the ten employees of the Company and its subsidiaries (excluding corporate officers) who were attributed the highest number of options.

Options exercised in 2013 by the ten employees of the Company and its subsidiaries (excluding corporate officers) with the highest number of options exercised

Year of grant	Number of options exercised	Average price *(in euros)*
2005	9,614	48.39
2006	43,022	58.92
2007	33,092	70.61
2008	14,073	71.31
2009	18,273	55.18
TOTAL	**118,074**	**62.24**

Options exercised in 2012 by the ten employees of the Company and its subsidiaries (excluding corporate officers) with the highest number of options exercised

Year of grant	Number of options exercised	Average price (in euros)
2005	43,239	51.92
2006	37,374	61.89
2007	10,943	75.28
2008	13,737	71.31
TOTAL	**105,293**	**60.42**

Number of share subscription options and weighted average strike price

	2012 restated		2013	
	Options	Weighted average strike price *(in euros)*	Options	Weighted average strike price *(in euros)*
Total number of options outstanding as of January 1 ***(adjusted number and price)***	**4,882,832**	**66.25**	**4,854,395**	**71.93**
Options granted during the period *(adjusted number and price)*	711,407	96.53	768,866	102.00
Options exercised during the period *(adjusted number and price)*	689,238	57.31	801,245	58.61
Options cancelled during the period *(adjusted number and price)*	50,606	66.99	56,811	71.53
Total number of options as of December 31 ***(adjusted number and price)***	**4,854,395**	**71.93**	**4,765,205**	**79.04**
of which total number of options eligible for exercise	***2,281,441***	***65.39***	***2,016,202***	***65.32***

Information on the fair value of share subscription options and conditional grants of shares

The Group grants stock options to senior management and certain employees. Employees are also entitled to conditional grants of shares.

Share subscription options

In accordance with IFRS2, stock options are measured at fair value at the grant date. The fair value is estimated using the binomial mathematical valuation model.

Valuation is based upon the following main underlying assumptions:

- volatility: implicit;
- risk-free interest rate: six-year zero-coupon benchmark rate at the plan issue date;
- dividend growth rate: based on the historical average annual growth rate;
- employee resignation rate: that of individuals belonging to the same age group as the plan beneficiaries. The resignation rate is used to extrapolate the number of options which will not be exercised due to the resignation of beneficiaries.

	2012 restated				2013	
	Plan 1		Plan 2		Plan 2	
	May 11, 2012		September 27, 2012		September 26, 2013	
Duration of the option	6 years		6 years		6 years	
Fair value of the option *(in euros)*	17.53 (a)	14.32 (b)	19.56 (a)	17.58 (b)	20.71 (a)	17.44 (b)

(a) Fair value of options not subject to performance requirements, and options subject to performance requirements related to the Group's results.

(b) Fair value of options subject to performance requirements related to the share price trend.

Conditional grants of shares

Conditional grants of shares are measured at fair value, taking into account a discount on non-transferable shares. The cost of non-transferability is measured as the cost of a two-steps strategy consisting in the forward sale of shares being non-transferable for four years (or five years depending on the plan) and the purchase on the spot market of the same number of shares funded by an amortizable loan with an in fine capital repayment.

Valuation is based upon the following main underlying assumptions:

- risk-free interest rate: four-year zero-coupon benchmark rate (or five-year depending on the plan) at the plan issue date plus a credit margin that would be proposed to employees;
- dividend growth rate: based on the historical average annual growth rate;
- employee resignation rate: that of individuals belonging to the same age group as the plan beneficiaries. This resignation rate is used to extrapolate the shares which will not be allocated due to the resignation of beneficiaries;
- the achievement of the Group's performance requirement is not considered as an underlying assumption and was deemed to have been fully achieved at the valuation date.

	2012 restated		2013	
	Plan 1		Plan 1	
	September 27, 2012		September 26, 2013	
Duration of the conditional grant	4 years		5 years	4 years
Fair value of the conditional grant *(in euros)*	96.59 (a)	90.41 (b)	100.53 (a)	95.94 (b)

(a) Conditional Grant of Shares to Employees to beneficiaries located in France.

(b) Conditional Grant of Shares to Employees to beneficiaries located outside France.

An expense of 18.7 million euros (excluding taxes) relating to share subscription options and Conditional Grants of Shares to Employees was recognized in the income statement in 2013 (16.5 million euros in 2012). The corresponding entry was recorded in equity.

Group savings plan

On May 7, 2013, the Board of Directors decided to proceed with a capital increase reserved for employees of Group companies belonging to the France Group savings plan or the Air Liquide International Group savings plan.

Under the authority conferred to him by the Board of Directors at its meeting held on May 7, 2013, the share capital increase was acknowledged by the Chief Executive Officer on December 6, 2013.

The purchase price was 80.70 euros for all employees, with the exception of employees of the Group's subsidiaries located in the US, for which the purchase price was 85.75 euros.

A total of 749,272 Air Liquide shares were purchased, for an amount raised of 60.7 million euros, including a premium on shares issued of 56.6 million euros.

The Group savings plans are recorded in profit or loss and measured in accordance with IFRS2 "Share-based Payment" based on the following assumptions:

- a two-week subscription period;
- a five-year lock-in period from the end of the subscription period in accordance with the French legislation.

The expense recorded takes into account the five-year lock-in period. The discount was measured taking into account the employee's borrowing rate.

The expense recorded in 2013 pursuant to IFRS2 "Share-based Payment" amounted to 6.4 million euros (after discount) with respect to the Group's savings plan. 2.0 million euros came from the contribution granted by certain Group subsidiaries.

This expense is recorded in "Other operating expenses".

Note 24 – Provisions, pensions and other employee benefits

(in millions of euros)	As of January 1	Increase	Utilized	Other reversals	Discounting	Foreign exchange differences	Acquisitions related to business combinations	Other movements [(a)]	As of December 31
2013									
Pensions and other employee benefits	1,971.5	6.2	(168.5)		(117.5)	(22.5)	0.9	1.0	1,671.1
Restructuring plans	23.5	83.5	(7.2)	(0.1)		(4.6)		(0.2)	94.9
Guarantees and other provisions of Engineering & Technology activity	123.9	63.6	(49.8)	(39.0)		(1.9)		(3.2)	93.6
Dismantling	178.0		(1.7)	(2.9)	5.8	(11.1)	2.6	(0.2)	170.5
Other provisions	193.2	94.5	(19.5)	(8.1)		(4.0)	3.3	(2.5)	256.9
TOTAL PROVISIONS	**2,490.1**	**247.8**	**(246.7)**	**(50.1)**	**(111.7)**	**(44.1)**	**6.8**	**(5.1)**	**2,287.0**

(a) Other movements correspond to account reclassifications and provisions for dismantling, with no impact on the consolidated cash flow statement.

(in millions of euros)	As of January 1	Amounts adjusted as of January 1	As of January 1 restated	Increase	Utilized	Other reversals	Discounting	Foreign exchange differences	Acquisitions related to business combinations	Other movements [(a)]	As of December 31
2012 RESTATED											
Pensions and other employee benefits	1,581.1	23.3	1,604.4	(3.7)	(162.4)		544.1	(10.6)	2.1	(2.4)	1,971.5
Restructuring plans	22.0		22.0	7.6	(3.4)	(0.2)		(0.4)	1.1	(3.2)	23.5
Guarantees and other provisions of Engineering & Technology activity	126.4		126.4	83.1	(44.8)	(45.3)		(0.9)		5.4	123.9
Dismantling	165.8		165.8		(2.4)	(1.2)	6.5	(5.4)	2.1	12.6	178.0
Other provisions	192.3		192.3	25.9	(21.1)	(19.5)		(1.4)	4.8	12.2	193.2
TOTAL PROVISIONS	**2,087.6**	**23.3**	**2,110.9**	**112.9**	**(234.1)**	**(66.2)**	**550.6**	**(18.7)**	**10.1**	**24.6**	**2,490.1**

(a) Other movements correspond to account reclassifications and provisions for dismantling, with no impact on the consolidated cash flow statement.

In the normal course of its operations, the Group is party to arbitration, judicial or administrative proceedings. The potential costs of such proceedings are provided for, when they are probable, only if the amount can be quantified or estimated within a reasonable range. In the latter case, the amount provided for represents the best estimate of the Group's management. Provisions are determined based on a case-by-case risk assessment and events occurring during ongoing proceedings may result in a risk reappraisal at any time. These litigations are by nature diverse and involve various Group subsidiaries. Contingency provisions recorded with respect to all Group litigations amounted to 108 million euros as of December 31, 2013 (65 million euros as of December 31, 2012) and are presented in "Other provisions".

The Group does not provide the detail of these provisions considering that disclosing the amount provided for each individual litigation could be prejudicial to the Group. Nevertheless, no single litigation is likely to have a material effect on the Group's financial position or its profitability.

On May 26, 2011, Air Liquide Japan Ltd and three other competitors received a fine payment order from the Japanese Fair Trade Commission (JFTC) regarding alleged unfair practices in sales of liquid oxygen, liquid nitrogen and liquid argon (excluding medical use) in Japan between April 2008 and January 2010.

The JFTC required Air Liquide Japan Ltd to take corrective actions and a fine amounting to 4.8 billion Japanese Yen (equivalent to 33 million euros as of December 31, 2013) was paid on August 29, 2011. Air Liquide Japan Ltd initiated administrative proceedings following the JFTC's decision. An expense was booked representing the best estimate of the risk related to this dispute.

In 2013, the appeal proceedings were still ongoing and no new development occurred which were likely to call into question the amount provided for in 2011.

Note 25 – Employee benefit obligations

25.1 PENSION PLANS

The Group provides its employees with various pension plans, termination benefits, jubilees and other post-employment benefits for both active and retired employees. The characteristics of each plan vary according to laws and regulations applicable in each country as well as each subsidiary policy.

Employee benefits can be covered by either of the following types of plans:

- defined contribution plans;
- defined benefit plans.

The most significant pension plans relate to France, Germany and the United States.

In France, Air Liquide provides an additional retirement benefit based on final salary which is paid in addition to other normal pension plans. On December 31, 1995, this plan was closed to employees under age 45 or with less than 20 years of service as of January 1, 1996; the latter being covered by a defined contribution plan. These plans are unfunded. The annual amount paid with regards to additional benefits cannot exceed 12% of total payroll or 12% of pre-tax profits of companies involved. From 2011 onwards, this 12% threshold will be proportionately reduced by comparing the number of plan beneficiaries for the year to the number of plan beneficiaries for the previous year.

IAS19 "Employee Benefits" provides a very restrictive definition of defined contribution plans; any plans not complying fully with the conditions required are defined benefit plans by default.

This definition of defined contribution plans requires Air Liquide to account for these additional benefits as a defined benefit plan in spite of the limited obligations for the Company and the nature of the obligations not being stable and continuous.

The qualification as a defined benefit plan results in the recognition of a provision with regards to the future obligations.

The Company's obligations being limited, the valuation of what will actually be paid to retirees is uncertain. Since the effect of this threshold cannot be measured reliably, the provision recorded represents the actuarial value of the amounts to be paid out to retirees until the plan is closed, excluding any potential threshold effect.

In Germany, there are two main Air Liquide pension plans.

The first plan provides the retirees of Lurgi (Engineering & Technology activity) with a lifetime annuity, based on the income and length of service vested in the plan at the time of retirement, the normal retirement age being 65. The plan also provides disability and widowhood pensions. This plan is now closed to new entrants, new employees benefiting from a defined contribution plan.

The second plan is an old plan covering employees of the Gas & Services activity. The plan provides a lifetime annuity, based on the average income earned over the employee's career and the length of service vested at the time of retirement, the normal retirement age being 65. The plan also provides disability, pre-retirement and widowhood pensions. It is now closed to new entrants, new employees benefiting from another defined benefit plan. Providing a minimum length of service of ten years, the plan provides a lifetime annuity based on the average income earned over the employee's career and the length of service vested at the time of retirement, the normal retirement age being 65. The plan also provides disability, pre-retirement and widowhood pensions.

In accordance with the common market practice in Germany, limited funding contributions are made to pension funds as both plans are mainly managed internally.

In the United States, Air Liquide grants retirees supplemental benefits in addition to the normal pension plans. The US plan provides a traditional final average pay benefit to those who continue to accrue benefits. A retiring employee may elect to receive their pension benefit as a lump sum or a lifetime annuity. This plan was closed to new participants in 2004, the latter now benefiting from a defined contribution plan. As required under US pension law the plan is managed by a fiduciary committee composed of Company management who are responsible for the governance of the plan. Annual actuarial valuations are performed in accordance with US pension law to determine minimum funding requirements and funded status. Air Liquide has historically made contributions to the plan's trust fund to satisfy the annual minimum funding requirements under US pension law. Excess funding can be used to offset minimum contribution requirements. The plan's assets are invested in a combination of return-seeking (mainly equities) and liability-hedging (mainly long duration fixed income) assets. The current allocation is approximately 60% return-seeking and 40% liability-hedging, and will gradually shift to a greater proportion of liability-hedging as funded status arises.

25.2 DETERMINATION OF ACTUARIAL ASSUMPTIONS AND METHODS

Group's benefit obligations are valued by actuaries on a regular basis. Each plan is individually valued in accordance with IFRS.

The actuarial method used is the "projected unit credit method", taking into account each employee's final salary.

In accordance with IAS19 Revised, all actuarial gains and losses as well as any adjustment arising from the asset ceiling are immediately recognized in the period in which they occur.

Actuarial assumptions used (personnel turnover, mortality, retirement age, salary increase...) vary according to the demographic and economic conditions prevailing in each country the Group has pension plans.

Discount rates used to measure the present value of the Company's obligations and the net interest cost are determined by reference to market yields on High-Quality corporate bonds. Where there is no deep market in such bonds, the market yields on government bonds with the same maturity at the valuation date shall be used. In the Euro zone, the United States, the United Kingdom and Canada, discount rates were determined using tools designed by independent actuaries. Their database uses several hundreds different corporate bonds with a minimum AA-rating and maturities ranging from one to 30 years. Cash-flows of expected benefits are subsequently discounted using a single rate equivalent to the weighted average rate associated to each maturity. Finally, the actuarial tool computes a single rate which, when applied to the entirety of the expected cash flows leads to the same present value as previously obtained.

25.3 OBLIGATIONS

Group obligations related to pension plans and similar benefits as of December 31, 2013 are shown below:

2013 *(in millions of euros)*	Defined benefit plans	Retirement termination payments	Other long term benefits	Medical plans	Total
A. Change in net liabilities					
Net liabilities at the beginning of the period	(1,730.4)	(149.3)	(25.2)	(65.4)	(1,970.3)
Acquisition (divestiture) / transfer	(1.3)	2.8		(0.3)	1.2
Expense (income) recognized	(68.4)	(12.0)	(2.0)	16.5	(65.9)
Employer contributions	154.5	6.4	4.3	3.9	169.1
Gains (losses) for the period	182.9	(1.3)		(4.4)	177.2
Exchange rate movements	19.2	0.8	0.4	2.1	22.5
Net liabilities at the end of the period	**(1,443.5)**	**(152.6)**	**(22.5)**	**(47.6)**	**(1,666.2)**
B. Expense recorded in 2013					
Service cost	35.6	8.0	1.9	1.1	46.6
Interest expense on the net defined benefit liability	52.1	4.7	0.8	2.1	59.7
Past service cost	(1.9)			(19.7)	(21.6) [(a)]
Actuarial losses / (gains)			(0.6)		(0.6)
Curtailment / settlement	(17.4)	(0.7)	(0.1)		(18.2) [(a)]
Expense (income) recognized	**68.4**	**12.0**	**2.0**	**(16.5)**	**65.9**
C. Change in present value of obligations in 2013					
DBO at the beginning of the period	2,766.7	151.6	26.8	65.4	3,010.5
Acquisition (divestiture) / transfer	(1.8)	(3.3)		0.3	(4.8)
Service cost	35.6	8.0	1.9	1.1	46.6
Interest cost	85.8	4.8	0.8	2.1	93.5
Employee contributions	3.2				3.2
Plan amendments	(1.9)			(19.7)	(21.6) [(a)]
Curtailment / settlement	(17.4)	(0.7)	(0.1)		(18.2) [(a)]
Benefit payments	(145.7)	(6.6)	(5.1)	(3.9)	(161.3)
Actuarial (gains) losses	(118.1)	1.9	(0.6)	4.4	(112.4)
Exchange rate movements	(76.4)	(0.9)	(0.4)	(2.1)	(79.8)
Obligations at the end of the period	**2,530.0**	**154.8**	**23.3**	**47.6**	**2,755.7**
D. Change in plan assets in 2013					
Fair value of assets at the beginning of the period	1,036.3	2.3	1.6		1,040.2
Acquisition (divestiture) / transfer	(3.1)	(0.5)			(3.6)
Actual return on plan assets	98.5	0.7			99.2
Employer contributions	138.5	5.7	3.7	3.9	151.8
Employee contributions	3.2				3.2
Benefit payments	(129.7)	(5.9)	(4.5)	(3.9)	(144.0)
Exchange rate movements	(57.2)	(0.1)			(57.3)
Fair value of assets at the end of the period	**1,086.5**	**2.2**	**0.8**		**1,089.5**
E. Funded status at the end of 2013					
Present value of obligations	(2,530.0)	(154.8)	(23.3)	(47.6)	(2,755.7)
Fair value of plan assets	1,086.5	2.2	0.8		1,089.5
Net liabilities	**(1,443.5)**	**(152.6)**	**(22.5)**	**(47.6)**	**(1,666.2)**
F. Actuarial (gains) and losses recognized directly in equity					
(Gains) and losses at the beginning of the period	875.5	26.8		0.3	902.6
Acquisition (divestiture) / transfer	(1.6)	(1.1)			(2.7)
(Gains) and losses on obligations	(118.1)	1.9		4.4	(111.8)
(Gains) and losses on plan assets	(64.8)	(0.6)			(65.4)
Exchange rate movements	(21.9)	(0.3)		0.7	(21.5)
(Gains) and losses at the end of the period [(b)]	**669.1**	**26.7**		**5.4**	**701.2**

(a) Settlements, plan amendments and past service cost mainly related to pension plans and medical plans in the US and Switzerland.

(b) Losses (gains), net of tax, recognized in equity, amounted to 467 million euros as of December 31, 2013.

Restated Group obligations related to pension plans and similar benefits as of December 31, 2012 are shown below:

2012 restated *(in millions of euros)*	Defined benefit plans	Retirement termination payments	Other long term benefits	Medical plans	Total
A. Change in net liabilities					
Net liabilities at the beginning of the period	(1,392.6)	(101.8)	(26.1)	(58.6)	(1,579.1)
Recognition of past service costs - non-vested rights	(4.3)	(19.3)		0.3	(23.3)
Net revised liabilities at the beginning of the period	(1,396.9)	(121.1)	(26.1)	(58.3)	(1,602.4)
Acquisition (divestiture) / transfer	(1.2)	0.7			(0.5)
Expense (income) recognized	(46.3)	(11.7)	(4.5)	(3.7)	(66.2)
Employer contributions	147.6	5.1	5.4	4.4	162.5
Gains (losses) for the period	(442.3)	(23.5)		(8.4)	(474.2)
Exchange rate movements	8.7	1.2		0.6	10.5
Net liabilities at the end of the period	**(1,730.4)**	**(149.3)**	**(25.2)**	**(65.4)**	**(1,970.3)**
B. Expense recorded in 2012					
Service cost	33.9	5.9	1.8	0.9	42.5
Interest expense on the net defined benefit liability	60.2	5.8	1.1	2.8	69.9
Past service cost	(21.7)				(21.7)
Actuarial losses / (gains)			1.6		1.6
Curtailment / settlement	(26.1)				(26.1)
Expense (income) recognized	**46.3**	**11.7**	**4.5**	**3.7**	**66.2**
C. Change in present value of obligations in 2012					
DBO at the beginning of the period	2,319.2	123.5	28.3	58.3	2,529.3
Service cost	33.9	5.9	1.8	0.9	42.5
Interest cost	99.8	5.9	1.2	2.8	109.7
Employee contributions	3.3				3.3
Plan amendments	(21.7)				(21.7)
Curtailment / settlement	(26.1)				(26.1)
Acquisition (divestiture) / transfer	1.2	(0.7)			0.5
Benefit payments	(133.8)	(5.1)	(6.1)	(4.4)	(149.4)
Actuarial (gains) losses	515.1	23.4	1.6	8.4	548.5
Exchange rate movements	(24.2)	(1.3)		(0.6)	(26.1)
Obligations at the end of the period	**2,766.7**	**151.6**	**26.8**	**65.4**	**3,010.5**
D. Change in plan assets in 2012					
Fair value of assets at the beginning of the period	922.3	2.4	2.2		926.9
Actual return on plan assets	112.4		0.1		112.5
Employer contributions	134.7	4.6	4.4	4.4	148.1
Employee contributions	3.3				3.3
Benefit payments	(120.9)	(4.6)	(5.1)	(4.4)	(135.0)
Exchange rate movements	(15.5)	(0.1)			(15.6)
Fair value of assets at the end of the period	**1,036.3**	**2.3**	**1.6**		**1,040.2**
E. Funded status at the end of 2012					
Present value of obligations	(2,766.7)	(151.6)	(26.8)	(65.4)	(3,010.5)
Fair value of plan assets	1,036.3	2.3	1.6		1,040.2
Net liabilities	**(1,730.4)**	**(149.3)**	**(25.2)**	**(65.4)**	**(1,970.3)**
F. Actuarial (gains) and losses recognized directly in equity					
(Gains) and losses at the beginning of the period	443.8	3.5		(8.2)	439.1
(Gains) and losses on obligations	515.1	23.4		8.4	546.9
(Gains) and losses on plan assets	(72.8)	0.1			(72.7)
Exchange rate movements	(10.6)	(0.2)		0.1	(10.7)
(Gains) and losses at the end of the period [(a)]	**875.5**	**26.8**		**0.3**	**902.6**

(a) Losses (gains), net of tax, recognized in equity, amounted to 601.0 million euros as of December 31, 2012.

4

Group obligations related to pension plans and similar benefits as of December 31, 2012, as published, are shown below:

2012 *(in millions of euros)*	**Defined benefit plans**	**Retirement termination payments**	**Other long term benefits**	**Medical plans**	**Total**
A. Change in net liabilities					
Net liabilities at the beginning of the period	(1,392.6)	(101.8)	(26.1)	(58.6)	(1,579.1)
Acquisition (divestiture) / transfer	(1.2)	0.7			(0.5)
Expense (income) recognized	(18.8)	(12.6)	(4.5)	(3.6)	(39.5)
Employer contributions	147.6	5.1	5.4	4.4	162.5
Gains (losses) for the period	(461.5)	(23.5)		(8.4)	(493.4)
Exchange rate movements	8.7	1.2		0.6	10.5
Net liabilities at the end of the period	**(1,717.8)**	**(130.9)**	**(25.2)**	**(65.6)**	**(1,939.5)**
B. Expense recorded in 2012					
Service cost	33.9	5.9	1.8	0.9	42.5
Interest cost	99.8	5.9	1.2	2.8	109.7
Expected return on plan assets	(58.8)	(0.1)	(0.1)		(59.0)
Past service cost	(30.0)	0.9		(0.1)	(29.2)
Actuarial losses / (gains)			1.6		1.6
Curtailment / settlement	(26.1)				(26.1)
Expense (income) recognized	**18.8**	**12.6**	**4.5**	**3.6**	**39.5**
C. Change in present value of obligations in 2012					
DBO at the beginning of the period	2,319.2	123.5	28.3	58.3	2,529.3
Service cost	33.9	5.9	1.8	0.9	42.5
Interest cost	99.8	5.9	1.2	2.8	109.7
Employee contributions	3.3				3.3
Plan amendments	(21.7)				(21.7)
Curtailment / settlement	(26.1)				(26.1)
Acquisition (divestiture) / transfer	1.2	(0.7)			0.5
Benefit payments	(133.8)	(5.1)	(6.1)	(4.4)	(149.4)
Actuarial (gains) losses	515.1	23.4	1.6	8.4	548.5
Exchange rate movements	(24.2)	(1.3)		(0.6)	(26.1)
Obligations at the end of the period	**2,766.7**	**151.6**	**26.8**	**65.4**	**3,010.5**
D. Change in plan assets in 2012					
Fair value of assets at the beginning of the period	922.3	2.4	2.2		926.9
Actual return on plan assets	112.4		0.1		112.5
Employer contributions	134.7	4.6	4.4	4.4	148.1
Employee contributions	3.3				3.3
Benefit payments	(120.9)	(4.6)	(5.1)	(4.4)	(135.0)
Exchange rate movements	(15.5)	(0.1)			(15.6)
Fair value of assets at the end of the period	**1,036.3**	**2.3**	**1.6**		**1,040.2**
E. Funded status at the end of 2012					
Present value of obligations	(2,766.7)	(151.6)	(26.8)	(65.4)	(3,010.5)
Fair value of plan assets	1,036.3	2.3	1.6		1,040.2
(Loss) / surplus	(1,730.4)	(149.3)	(25.2)	(65.4)	(1,970.3)
Unrecognized past service cost – benefits not vested	12.6	18.4		(0.2)	30.8
Net liabilities	**(1,717.8)**	**(130.9)**	**(25.2)**	**(65.6)**	**(1,939.5)**
F. Actuarial (gains) and losses recognized directly in equity					
(Gains) and losses at the beginning of the period	443.8	3.5		(8.2)	439.1
(Gains) and losses on obligations	515.1	23.4		8.4	546.9
(Gains) and losses on plan assets	(53.6)	0.1			(53.5)
Exchange rate movements	(10.6)	(0.2)		0.1	(10.7)
(Gains) and losses at the end of the period [(a)]	**894.7**	**26.8**		**0.3**	**921.8**

(a) Losses (gains), net of tax, recognized in equity, amounted to 613 million euros as of December 31, 2012.

The amounts mentioned above can be broken down as follows by geographical area as of December 31, 2013:

2013 *(in millions of euros)*	**Obligations**	**Plan assets**	**Provisions in the balance sheet**
Europe / Africa	(1,933)	396	(1,537)
Americas	(722)	626	(96)
Asia-Pacific	(101)	68	(33)
TOTAL	**(2,756)**	**1,090**	**(1,666)**

The amounts mentioned above can be broken down as follows by geographical area as of December 31, 2012:

2012 restated *(in millions of euros)*	**Obligations**	**Plan assets**	**Provisions in the balance sheet**
Europe / Africa	(2,004)	377	(1,627)
Americas	(877)	592	(285)
Asia-Pacific	(129)	71	(58)
TOTAL	**(3,010)**	**1,040**	**(1,970)**

25.4 MAIN ASSUMPTIONS

The main discount rates used are as follows:

	2012	**2013**
Euro zone	3.2%	3.2%
Canada	4.3%	4.9%
Japan	1.3%	1.1%
Switzerland	1.7%	2.0%
United States	3.8%	4.8%
United Kingdom	4.4%	4.4%
Australia	3.5%	4.3%

Differences between expected returns on plan assets and the main discount rates are as follows:

2013	**Expected return**	**Discount rate 2012**	**Impact** *(in bp)*
Euro zone	4.4%	3.2%	(120)
Canada	6.7%	4.3%	(240)
Japan	3.0%	1.3%	(170)
Switzerland	4.2%	1.7%	(250)
United States	8.0%	3.8%	(420)
United Kingdom	6.2%	4.4%	(180)
Australia	6.4%	3.5%	(290)

2012	**Expected return**	**Discount rate 2011**	**Impact** *(in bp)*
Euro zone	4.4%	4.9%	50
Canada	6.7%	5.0%	(170)
Japan	3.0%	1.5%	(150)
Switzerland	4.2%	2.5%	(170)
United States	8.0%	4.5%	(350)
United Kingdom	6.2%	4.9%	(130)
Australia	6.4%	3.8%	(260)

25.5 BREAKDOWN OF GAINS AND LOSSES FOR THE PERIOD

(in millions of euros)	2012 restated	2013
Experience gains and losses on present value of the obligation	19	(34)
Gains and losses on present value of the defined obligation related to changes in assumptions	(566)	146
Experience gains and losses on fair value of assets	73	65

Breakdown of experience gains and losses on financial assets

2013 *(in millions of euros)*	Interest income on financial assets	Actual return on assets	Gains and losses on financial assets
Europe / Africa	10.2	31.0	20.8
Americas	22.8	55.1	32.3
Asia-Pacific	0.8	13.1	12.3
TOTAL	**33.8**	**99.2**	**65.4**

2012 restated *(in millions of euros)*	Interest income on financial assets	Actual return on assets	Gains and losses on financial assets
Europe / Africa	13.6	42.1	28.5
Americas	25.1	68.9	43.8
Asia-Pacific	1.1	1.5	0.4
TOTAL	**39.8**	**112.5**	**72.7**

25.6 PENSION PLAN RISK ANALYSIS

Sensitivity to movements in discount rates and other variables

The present value of obligations related to defined benefit plans is measured by discounting future cash flows. Discount rates are determined based on Government bonds rates or, when the financial markets are sufficiently liquid, High-Quality corporate bonds rates, which can vary from one period to another.

Changes in discount rates can materially change the present value of the Group's obligations and the expense recorded in the year.

The amount of obligations is affected to a lesser extent by revised wages and inflation indexes as well as legal changes regarding retirement age or official mortality tables.

Impact of a -0.25% decrease in discount rates

	Impact on obligations as of December 31, 2013 *(in millions of euros)*	% of total obligations as of December 31, 2013
Europe / Africa	59	3.1%
Americas	25	3.5%
Asia-Pacific	2	2.0%
TOTAL	**86**	**3.1%**

	Impact on obligations as of December 31, 2012 restated *(in millions of euros)*	% of total obligations as of December 31, 2012
Europe / Africa	59	2.9%
Americas	30	3.4%
Asia-Pacific	3	2.3%
TOTAL	**92**	**3.1%**

Impact of a +0.25% increase in discount rates

	Impact on obligations as of December 31, 2013 *(in millions of euros)*	% of total obligations as of December 31, 2013
Europe / Africa	(59)	-3.1%
Americas	(24)	-3.3%
Asia-Pacific	(2)	-1.9%
TOTAL	**(85)**	**-3.1%**

	Impact on obligations as of December 31, 2012 restated *(in millions of euros)*	% of total obligations as of December 31, 2012
Europe / Africa	(56)	-2.8%
Americas	(29)	-3.3%
Asia-Pacific	(4)	-2.2%
TOTAL	**(89)**	**-3.0%**

Sensitivity to market conditions on the value of plan assets

For Group's defined benefit plans subject to funding requirements, the present value of plan assets is primarily dependent on interest rates, in the performance of plan assets and amendments to local regulations. Any adverse movement in these variables would require additional Group contributions to the pension funds on a timely basis.

Plan assets consist of shares, bonds and other assets whose value is subject to market fluctuations. A downturn in the financial markets would increase the net liabilities of defined benefit plans. The plans' coverage ratios would decrease accordingly, requiring additional Group contributions on a timely basis.

	Shares		Bonds		Real estate		Cash		Others		Total	
2013	**Amounts**	**%**	**Amounts**	**%**	**Amounts**	**%**	**Amounts**	**%**	**Amounts**	**%**	**Amounts**	**%**
Europe / Africa	123	31.1%	142	36.0%	70	17.7%	11	2.8%	49	12.4%	395	100.0%
Americas	252	40.1%	297	47.3%	29	4.6%	3	0.5%	47	7.5%	628	100.0%
Asia-Pacific	27	40.3%	38	56.7%			2	3.0%			67	100.0%
TOTAL	**402**		**477**		**99**		**16**		**96**		**1,090**	

	Shares		Bonds		Real estate		Cash		Others		Total	
2012 restated	**Amounts**	**%**	**Amounts**	**%**	**Amounts**	**%**	**Amounts**	**%**	**Amounts**	**%**	**Amounts**	**%**
Europe / Africa	110	29.2%	144	38.2%	69	18.3%	6	1.6%	48	12.7%	377	100.0%
Americas	313	52.9%	245	41.4%	30	5.0%			4	0.7%	592	100.0%
Asia-Pacific	35	49.3%	33	46.5%			3	4.2%			71	100.0%
TOTAL	**458**		**422**		**99**		**9**		**52**		**1,040**	

Note 26 – Borrowings

This note provides information on the breakdown of the Group's borrowings by instrument. For further information on financial instruments and the exposure to foreign exchange and interest rate risks, please refer to note 29.

The Air Liquide Group net indebtedness breaks down as follows:

	2012 restated			2013		
	Carrying amount			Carrying amount		
(in millions of euros)	Non-current	Current	Total	Non-current	Current	Total
Bonds and private placements	4,176.2	657.0	4,833.2	4,521.8	595.0	5,116.8
Commercial paper programs	420.1		420.1	292.0		292.0
Bank debt and other financial debt	1,052.3	821.9	1,874.2	944.9	588.3	1,533.2
Finance leases [a]	16.1	5.8	21.9	15.1	5.5	20.6
Put options granted to minority shareholders	124.3		124.3	43.7		43.7
TOTAL BORROWINGS (A)	**5,789.0**	**1,484.7**	**7,273.7**	**5,817.5**	**1,188.8**	**7,006.3**
Loans maturing in less than one year		46.4	46.4		30.5	30.5
Short-term marketable securities		472.6	472.6		381.0	381.0
Cash in bank		635.2	635.2		528.6	528.6
TOTAL CASH AND CASH EQUIVALENTS (B)		**1,154.2**	**1,154.2**		**940.1**	**940.1**
Fair value of derivatives (assets) [b]	(5.2)	(11.8)	(17.0)		(4.3)	(4.3)
TOTAL DERIVATIVE INSTRUMENTS RELATING TO BORROWINGS (C)	**(5.2)**	**(11.8)**	**(17.0)**		**(4.3)**	**(4.3)**
NET INDEBTEDNESS (A) - (B) +(C)	**5,783.8**	**318.7**	**6,102.5**	**5,817.5**	**244.4**	**6,061.9**

(a) See note 14.3.

(b) Fair market value of derivative instruments hedging fixed-rate debt.

In accordance with the Group's policy to diversify funding sources, different types of instruments are used to meet the Group's funding requirements (capital markets and bank credit facilities). Long-term bonds and private placements are the primary sources of funding and represent 73% of gross debt as of December 31, 2013. At the end of 2013, outstanding notes under this program amounted to 5.1 billion euros (nominal amount) of which 1.0 billion euros (nominal amount) was issued in 2013 to finance the Group's growth and benefit from attractive market conditions.

The carrying amount of commercial paper decreased compared to the end of 2012 and amounted to 292.0 million euros as of December 31, 2013 versus 420.1 million euros as of December 31, 2012. In accordance with the Group's policy, the outstanding commercial paper programs are backed by committed long-term credit lines amounting to 2.6 billion euros as of December 31, 2013.

Gross indebtedness decreased by 267.4 million euros primarily due to loan repayments exceeding long-term issues.

Bond issues in 2013 were as follows:

- On March 6, 2013, a bond issue of 300 million euros from L'Air Liquide S.A. maturing on September 6, 2023 at a fixed rate of 2.375%. Proceeds from the bond issue will be used to refinance the debt related to the German acquisitions of Messer and Lurgi.
- On June 17, 2013, a bond issue under the EMTN program for 700 million euros, in three series of 250, 200 and 250 million euros and maturing, respectively, on June 17, 2015, June 17, 2016 and June 17, 2019, carried out by Air Liquide Finance at the following rates: Euribor 3 months + 0.15%, Euribor 3 months + 0.20% and a fixed rate of 1.5%, in order to finance industrial investments and acquisitions (including the acquisition of Voltaix in the United States).

In consideration thereof:

- The 296 million euro bond issued on October 23, 2007 by L'Air Liquide S.A., at a fixed rate of 5%, was repaid on March 22, 2013.
- The 300 million euro bond of Air Liquide Finance S.A., issued on June 23, 2003 at a fixed rate of 4.125%, converted to a Euribor 3 month + 0.29% floating rate, and maturing on June 23, 2013 was repaid.

The carrying amount of borrowings in the balance sheet broken down into the issue amount, the impact of the amortized cost and fair value adjustments is as follows:

	2012 restated	2013			
(in millions of euros)	Carrying amount	Issuance amount [(a)]	Amortized cost adjustments [(b)]	Fair value adjustments [(c)]	Carrying amount [(a) + (b) + (c)]
Air Liquide bonds (employee savings)	91.1	88.0	0.4		88.4
Bonds in the EMTN program	3,347.8	3,749.9	(1.9)	4.3	3,752.3
Bonds not in the EMTN program	318.0	311.4	2.0		313.4
Private placements in the EMTN program	542.1	449.1	2.6		451.7
Private placements not in the EMTN program	534.2	507.6	3.4		511.0
TOTAL BONDS AND PRIVATE PLACEMENTS	**4,833.2**	**5,106.0**	**6.5**	**4.3**	**5,116.8**
Commercial paper programs	420.1	303.9	(11.9)		292.0
Bank debt and other financial debt	1,874.2	1,517.2	16.0		1,533.2
Finance leases [(d)]	21.9	20.6			20.6
Put options granted to minority shareholders	124.3	43.7			43.7
LONG-TERM BORROWINGS	**7,273.7**	**6,991.4**	**10.6**	**4.3**	**7,006.3**

(a) Nominal amount.
(b) Amortized cost including accrued interest.
(c) Fair market value of the fixed-rate debt hedged.
(d) See note 14.3.

26.1 MATURITY OF BORROWINGS

			Maturity									
					≥ 1 year and ≤ 5 years				> 5 years			
2013 *(in millions of euros)*	Nominal amount	Carrying amount	On demand	< 1 year	2015	2016	2017	2018	2019	2020	2021	> 2021
Bonds	4,149.3	4,154.1		595.0	526.1	421.7	525.0	546.1	251.5	488.7	498.8	301.2
Private placements	956.7	962.7				93.4			253.4			615.9
Commercial paper programs [(a)]	303.9	292.0								292.0		
Bank debt and other financial debt	1,517.2	1,533.2		588.3	214.3	237.7	128.5	94.2	75.9	64.3	51.2	78.8
Finance leases [(b)]	20.6	20.6		5.5	3.8	5.4	2.0	1.0	1.0	1.7	0.1	0.1
Put options granted to minority shareholders	43.7	43.7	43.7									
TOTAL BORROWINGS	**6,991.4**	**7,006.3**	**43.7**	**1,188.8**	**744.2**	**758.2**	**655.5**	**641.3**	**581.8**	**846.7**	**550.1**	**996.0**

(a) The maturity date for outstanding commercial paper corresponds to that of the confirmed credit lines.
(b) See note 14.3.

2012 restated *(in millions of euros)*	**Nominal amount**	**Carrying amount**	**Maturity**									
					≥ 1 year and ≤ 5 years				**> 5 years**			
			On demand	**< 1 year**	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**>2020**
Bonds	3,751.0	3,756.9		657.0	564.2	275.9	227.2	525.6	525.6		484.0	497.4
Private placements	1,069.4	1,076.3					119.1			289.3		667.9
Commercial paper programs [(a)]	423.2	420.1							420.1			
Bank debt and other financial debt	1,857.1	1,874.2		821.9	377.9	269.8	173.5	84.7	68.3	28.0	15.3	34.8
Finance leases [(b)]	21.9	21.9		5.8	5.7	2.6	4.0	0.8	0.6	1.1	0.5	0.8
Put options granted to minority shareholders	124.3	124.3	124.3									
TOTAL BORROWINGS	**7,246.9**	**7,273.7**	**124.3**	**1,484.7**	**947.8**	**548.3**	**523.8**	**611.1**	**1,014.6**	**318.4**	**499.8**	**1,200.9**

(a) The maturity date of outstanding commercial paper corresponds to that of the confirmed credit lines.

(b) See note 14.3.

It is the Group policy to spread over time the maturity of long-term debt (bonds, private placements and bank credit facilities) in order to limit the annual refinancing needs. In the tables above, the maturity date of outstanding commercial paper corresponds to that of the confirmed credit lines backing up the short-term commercial paper program.

26.2 NET INDEBTEDNESS BY CURRENCY

The Group provides a natural hedge and reduces its exposure to currency fluctuations by raising debt mainly in the currency of the cash flows that are generated to repay the debt. In most of the countries, and especially outside the euro, US dollar and Japanese yen zones, financing is raised in either local or foreign currency (EUR or USD) when sales contracts are indexed in foreign currency. Debt in other foreign currency is mainly denominated in Chinese renminbi, Taiwanese dollar, Indian rupee, South African rand, rouble and Brazilian real.

As part of intra-group multi-currency financing, the Central Treasury Department converts the debt raised in financial markets into various currencies to refinance subsidiaries in their functional currencies or their cash flow currencies. The breakdown of this hedging portfolio is shown in the table below.

Accordingly, a portion of the euro debt raised (1,903.2 million euros) was converted to other currencies to refinance foreign subsidiaries. Out of the Group's US dollar gross debt amounting to 2,099.7 million euros, 1,009.8 million euros was raised directly in US dollars and 1,089.9 million euros was raised in euros and converted to US dollars using currency swap contracts.

2013 *(in millions of euros)*	**Gross debt - original issue**	**Cash and cash equivalents**	**Currency swaps**	**Adjusted net indebtedness**	**Non-current assets**
EUR	4,308.3	(507.5)	(1,903.2)	1,897.6	8,132.1
USD	1,009.8	(145.0)	1,089.9	1,954.7	4,004.7
JPY	517.9	(9.1)	271.5	780.3	1,110.1
CNY	643.9	(73.8)	247.6	817.7	1,904.8
Other currencies	522.1	(204.7)	294.2	611.6	4,938.3
TOTAL	**7,002.0**	**(940.1)**		**6,061.9**	**20,090.0**

2012 restated *(in millions of euros)*	Gross debt - original issue	Cash and cash equivalents	Currency swaps	Adjusted net indebtedness	Non-current assets
EUR	4,080.6	(564.0)	(1,400.6)	2,116.0	7,981.3
USD	1,008.3	(171.5)	797.2	1,634.0	3,710.6
JPY	797.9	(26.5)	205.9	977.3	1,440.6
CNY	817.5	(101.2)	43.2	759.5	1,697.0
Other currencies	552.4	(291.0)	354.3	615.7	4,891.2
TOTAL	**7,256.7**	**(1,154.2)**		**6,102.5**	**19,720.7**

26.3 FIXED-RATE PORTION OF GROSS DEBT

(as % of total debt)		2012 restated	2013
EUR debt	Portion of fixed-rate debt	90%	80%
	Additional optional hedges [(a)]	7%	5%
USD debt	Portion of fixed-rate debt	54%	56%
	Additional optional hedges [(a)]		
JPY debt	Portion of fixed-rate debt	86%	84%
	Additional optional hedges [(a)]		
Total debt	Portion of fixed-rate debt	71%	71%
	Additional optional hedges [(a)]	3%	2%

(a) Additional optional hedging instruments consist of inactivated caps allowing a maximum interest rate to be set in advance, while benefiting from short-term interest rates movements, in return for the payment of a premium.

As of December 31, 2013, fixed-rate debt represented 71% of the gross debt. Including all optional hedging instruments as of December 31, 2013, up to the total amount of gross debt in each currency, the average debt hedging ratio (fixed rate + hedging options) was 73%.

The hedging fixed-rate of the debt in euro declined, optional hedges included; the portion of fixed-rate debt denominated in euro is down due to several currency and interest rate swaps being set up (fixed rate Euro/fixed rate emerging currencies) in order to hedge intra-group loans made to subsidiaries and to expiring optional hedging instruments not being renewed.

The hedging fixed-rate of the debt denominated in US dollar remained stable, following the corresponding increase in total debt, financed by US dollar commercial paper, and the fixed-rate debt, due to new euro /US dollar interest rate swaps.

The hedging fixed-rate of the debt denominated in Japanese yen is also stable with an unchanged fixed-rate debt over total debt ratio compared to last year.

26.4 BREAKDOWN OF AVERAGE NET FINANCE COSTS

	2012 restated	2013
(in millions of euros)	Average net finance cost	Average net finance cost
EUR	6.3%	4.5%
USD	3.3%	2.4%
JPY	1.6%	1.6%
CNY	5.9%	6.2%
Other currencies	7.8%	7.4%
TOTAL [(a)]	**4.6%**	**4.0%**

(a) Including capitalized interest for -44.7 million euros in 2013 and -26.8 million euros in 2012.

The average net finance cost amounted to 4.0% in 2013, compared to 4.6% in 2012. The reduction in the average finance cost is due to a lower finance cost related to the main currencies, EUR and USD, arising from the decline in floating rate debt and new fixed-rate debt issues at much lower rates than previous issues maturing in 2013 and 2012 and from other currencies.

Financial covenants are associated to three bank debt facilities exceeding 50 million euros:

- a long term loan used by Air Liquide Far Eastern (Taiwan) with an outstanding amount of 2.6 billion Taiwanese dollars (equivalent to 63.4 million euros) as of December 31, 2013. Financial covenants were all met as of December 31, 2013;
- a long term loan used by Air Liquide Ukraine with an outstanding amount of 71.0 million euros as of December 31, 2013. Financial covenants were all met as at December 31, 2013;
- a long term loan used by Air Liquide Arabia (Saudi Arabia) with an outstanding amount of 220.0 million US dollars (equivalent to 159.5 million Euros) as at December 31, 2013. Financial covenants were all met as of December 31, 2013.

Bank credit facilities subject to financial covenants increased slightly to 12.2% of the Group's gross debt as of December 31, 2013.

Bonds issued by both L'Air Liquide S.A. and Air Liquide Finance S.A. and making up the carrying amount of bonds as of December 31, 2013 include a change of control clause, with the exception of the 535 million euro bond issued by L'Air Liquide S.A. and maturing in June 2014.

26.5 PUT OPTIONS GRANTED TO MINORITY SHAREHOLDERS

(in millions of euros)	2012 restated	2013
Put options granted to minority shareholders	124.3	43.7

The movement between 2012 and 2013 is primarily related to the disposal of Laboratoires Anios in 2013.

26.6 OTHER INFORMATION

As indicated in note 16.3., Air Liquide's share in the debt of associates as of December 31, 2013 amounted to 172.6 million euros compared to 110.9 million euros as of December 31, 2012. The debt of associates was taken out in the normal course of business.

Furthermore, non-recourse factoring represented 33.1 million euros as of December 31, 2013 compared to 52.9 million euros at the end of 2012. These transactions constitute neither a risk nor a financial commitment for the Group.

In addition, as of December 31, 2013, a portion of borrowings was guaranteed by assets valued at 158.7 million euros (168.2 million euros as of December 31, 2012).

Note 27 – Other liabilities (non-current/current)

27.1 OTHER NON-CURRENT LIABILITIES

(in millions of euros)	2012 restated	2013
Investment grants	77.5	67.6
Advances and deposits received from customers	83.6	72.4
Other non-current liabilities	34.5	51.0
TOTAL OTHER NON-CURRENT LIABILITIES	**195.6**	**191.0**

27.2 OTHER CURRENT LIABILITIES

(in millions of euros)	2012 restated	2013
Advances received	298.8	305.0
Advances and deposits received from customers	90.0	96.5
Other payables	625.8	675.3
Accruals and deferred income	311.0	330.9
TOTAL OTHER CURRENT LIABILITIES	**1,325.6**	**1,407.7**

Amounts payable to customers under engineering contracts and amounting to 214.5 million euros are included in other current liabilities as of December 31, 2013 (190.9 million euros in 2012) (See note 19).

Note 28 – Trade payables

(in millions of euros)	2012 restated	2013
Operating suppliers	1,673.5	1,662.3
Property, plant and equipment and intangible assets suppliers	222.6	260.3
TOTAL TRADE PAYABLES	**1,896.1**	**1,922.6**

Note 29 – Financial instruments

29.1 CARRYING AMOUNT AND FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

Financial assets or liabilities with a carrying amount differing from their fair value are unhedged fixed-rate borrowings.

	2012 restated		2013	
(in millions of euros)	Carrying amount	Fair value	Carrying amount	Fair value
FINANCIAL LIABILITIES				
Non-current borrowings	5,789.0	5,881.2	5,817.5	6,075.5

The Group's financial instruments are measured at fair value to the extent that available financial market data enables a reliable estimate of their market value assuming the absence of any intentions or needs to liquidate.

Group policy consists in using financial derivatives only when hedging actual financial flows. As a result, the majority of derivative instruments used by the Group benefit from hedge accounting. Derivative instruments that do not benefit from hedge accounting do not represent material amounts and are not used for speculative purposes.

29.2 FINANCIAL RISK POLICY AND MANAGEMENT

a. Financial risk management

Risk management is a priority for the Group. Consequently, the Finance and Operations Control Department defined its governance with regards to the financial decision-making process at two levels:

Strategic Finance Committee, composed of Executive Management members as well as members of the Finance and Operations Control Department whose purpose is to oversee the correct application of the Group's financial policy, to approve proposals and suggestions submitted to it and review on a regular basis the rules governing the Group's financial policy. The Committee meets at least three times a year and upon request if necessary. It includes the Group Finance and Operations Control Director, the Corporate Finance and M&A Director and the Group Treasury and Financing Director, under the authority of the Chairman and Chief Executive Officer.

Operating Finance Committee, internal to the Finance and Operations Control Department whose purpose is to make decisions on the Group's day-to-day financial management, submit proposals of structuring operations to the Strategic Finance Committee, and ensure that they are implemented once approved. The Committee meets every four to six weeks. It is composed of the Group Finance and Operations Control Director, the Corporate Finance and M&A Director and the Group Treasury and Financing Director, assisted by a Committee Secretary.

The Finance and Operations Control Department centrally manages the main financial risks, in accordance with decisions from the Strategic Finance Committee to which it reports on a regular basis. The Finance and Operations Control Department also performs country and customer risks analysis associated to investment decisions and attends Investment Committee meetings.

The financial policy adopted by Air Liquide, the purpose of which is to minimize the risks incurred by the Group and its subsidiaries, enabled the Group to ensure sustainable funding sources in 2013. In order to minimize the refinancing risk related to the debt repayment schedules, the Group diversifies funding sources and spreads maturity dates over several years. In 2013, the 300 million euro bond issue maturing in 10.5 years, and the 700 million euro bond issue, in three series with maturities of two, three and six years, enabled the Group to maintain its average maturity slightly over five years. At the 2013 year-end, the long-term debt ratio (gross debt maturing in more than one year / total gross debt) represented 83% of the overall Group debt.

Interest rate and foreign currency hedging strategies validated by the Operating Finance Committee are set up depending on market opportunities with a concern for optimization, while complying with prudence and risk limitation principles.

The Group also pays a particular attention to its bank and customer counterparty risks by regularly monitoring ratings and the level of risk associated with these counterparties.

Foreign exchange risk

Principles

Financial instruments are only used to hedge transaction-based foreign exchange risk. The risk is attached on the one hand to financial cash flows arising from patent royalties, technical support, dividends, intra-group loans and borrowings denominated in foreign currencies and on the other hand to foreign currency commercial cash flows from operating entities. Commercial cash flows denominated in foreign currencies are immaterial compared to consolidated revenue.

Foreign exchange risk related to patent royalties, technical support, dividend flows and intra-group loans and borrowings in foreign currencies is hedged by the Central Treasury Department using currency forwards or options with a maximum term of 18 months.

Foreign currency commercial flows from operating units are being hedged either as part of the annual budgetary process for subsidiaries having recurring flows in foreign currencies or at the signing date of a sale or purchase contract for non-recurring flows. Around sixty subsidiaries are exposed to foreign exchange risk. These subsidiaries mainly use currency forwards set up by Air Liquide Finance S.A. (internal counterparty for hedging transactions) except in countries where it is prohibited by local regulations. The majority of these contracts have short maturities (three to twelve months) and market transactions are regulated by master Agreements of the French Banking Federation.

When preparing their budget at the year-end, subsidiaries report their foreign exchange risk exposure to the Central Treasury Department in order to hedge the commercial cash flows expected in the following year.

In each case, the Central Treasury Department monitors the adequacy of hedging instruments with the identified risks and performs a full revaluation of all hedging instruments every six months.

Sensitivity to foreign currency fluctuations on income statement and balance sheet items

The table below sets out the effect of a 1% increase in the foreign exchange rate on the following items:

(in millions of euros)	Revenue	% total Group	Operating income recurring	% total Group	Net profit	% total Group	Equity	% total Group
USD	22.1	0.2%	4.7	0.2%	2.1	0.1%	17.0	0.2%
JPY	9.1	0.1%	1.1	0.0%	0.1	0.0%	2.5	0.0%

The foreign currency risk sensitivity analysis shows that a 1% increase in the US dollar and the Japanese yen as of December 31, 2013 would result in changes to revenue, operating income recurring, net profit and equity as indicated above.

A 1% decrease in the above currencies as of December 31, 2013 would have the equivalent but opposite effects as those presented above assuming that all other variables remained constant.

Sensitivity to foreign currency fluctuations on derivatives and their underlying hedged items

The table below shows the effect of a 1% fluctuation in hedging currency exchange rates on the recognition of the foreign exchange derivatives portfolio in the Group's net profit and equity as of December 31, 2013. The sensitivity of net profit and equity primarily reflects the effect of foreign exchange swaps relating to the intragroup financing activity of the subsidiary Air Liquide Finance S.A., and currency forward hedging instruments contracted at head office level.

	Foreign exchange risk			
	+1%		-1%	
(in millions of euros)	P&L impact	Equity impact	P&L impact	Equity impact
Foreign exchange derivatives and their hedged underlying items	0.0	1.5	0.0	(1.5)

Interest rate risk

Principles

Air Liquide centrally manages interest rate risk on the main currencies: euro, US dollar, and Japanese yen which represented 76% of the overall net debt at the end of 2013. Regarding other currencies, if interest rate risk management operations cannot be centralised the Finance and Operations Control Department provides subsidiaries with advice as to the different types of bank loans and/or hedging transactions to enter into according to the characteristics of local financial market.

The Group policy is to maintain the major portion of total debt at fixed rates and to protect the residual balance using optional hedging instruments. This approach enables the Group to limit the effect of interest rate fluctuations on financial expenses.

Consequently, at the 2013 year-end, 71% of the overall gross debt was fixed-rate debt and an additional 2% was protected using optional hedging instruments. The fixed-rate/floating-rate breakdown is reviewed on a regular basis by the Strategic Finance Committee, depending on interest rates fluctuations and the level of Group debt.

Sensitivity to interest rate fluctuations on floating-rate debt

The Group net indebtedness exposed to interest rate fluctuations amounted to around 926 million euros as of December 31, 2013 (gross debt adjusted for interest rate hedging instruments and short-term securities) compared to 688 million euros as of December 31, 2012.

The increase in the portion of net debt exposed to interest rate fluctuations was mainly due to the financing of short-term debt through low-interest US dollar commercial paper and the non-renewal of euro fixed-rate hedging instruments. Moreover, the 700 million euro bond issue is composed of two floating-rate tranches amounting to 450 milions euros compared to the 300 million euros which matured in June 2013.

An increase or decrease in interest rates by 100 basis points (±1%) on all yield curves would have an effect of approximately ±9 million euros on the Group's annual financial expenses before tax, assuming outstanding debt remains constant.

Sensitivity to interest rate fluctuations on derivatives and their underlying hedged items

The table below shows the effect of a 0.5% fluctuation of interest rates in all foreign currencies on the interest rate derivatives portfolio in the Group's net profit and equity, as of December 31, 2013.

	Interest rate risk			
	+ 0,5%		- 0,5%	
(in millions of euros)	P&L impact	Equity impact	P&L impact	Equity impact
Interest rate derivatives and their hedged underlying items	(1.1)	36.6	(8.5)	(26.0)

All hedging instruments used for interest rate or foreign exchange risk management purposes relate to identified risks and were set up to comply with the Group's financial policy. The effect on equity primarily stems from the fixed-rate hedging instruments contracted by Air Liquide Finance S.A..

Moreover, to protect the Group against a potential increase of euro rates until the refinancing of the bond, maturing on June 24, 2014, a 500 million euro zero-cost swaption risk reversal was set up in November.

Counterparty risk

Counterparty risks for Air Liquide potentially include customers and banks counterparties.

The Group's subsidiaries serve a very significant number of customers (over 1 million worldwide) located in extremely various markets: chemicals, steel, refining, food, pharmaceuticals, metals, automotive, manufacturing, healthcare, research laboratories, photovoltaic, etc. In 2013, the Group's main customer represents around 2% of revenue, the Group's 10 main customers represent around 13% of sales, and the Group's 50 main customers represent around 28% of sales. The geographical risk is limited by the Group's sustainable coverage in 80 countries on all continents. This diversity reduces customer and market risk.

To better assess its exposure, the Group has implemented procedures to regularly monitor the financial situation of its major customers as well as a monthly reporting for the Group's 120 main transnational customers in order to monitor the related consolidated risk.

Moreover, customer risk assessment and in particular the quality of the customer's site is an important component of the investment decision process.

Bank counterparty risk relates to the outstanding amounts of deposits, market values of derivatives and to the credit lines contracted with each bank. Pursuant to its financial policy, the Group requires a long-term Standard & Poor's "A" rating or a Moody's "A2" rating from its counterparties to accept having commitments on financial instruments. The Group's credit lines are also spread among several banks from various geographical areas to avoid the risk of concentration while complying with the same rating requirements. The Operating Finance Committee regularly reviews and approves the list of bank counterparties related to placements and the list of financial instruments. With regards to short-term investments, outstanding investments are subject to strict limits per counterparty.

With IFRS13: Fair value measurement, coming into effect on January 1, 2013, the valuation of currency, interest rate and commodity hedging instruments must take into account the counterparty credit risk attached to these transactions. Considering the aforementioned counterparty selection criteria, the effect on the periodic valuations is immaterial, as corroborated as of June 30, 2013 and December 31, 2013 by applying the historical default probabilities method.

Liquidity risk

It is Group financial policy to spread over time the maturity of long-term debt in order to avoid concentration of annual refinancing needs. Liquidity risk is also reduced by the stability of cash flows generated from operations as well as by having confirmed credit lines in place. The financial covenants attached to the current financing arrangements described in note 26.4 do not affect the Group's access to liquidity.

The carrying amount of short-term financing in the form of commercial paper amounted to 292.0 million euros as of December 31, 2013, down -128.1 million euros compared to the end of 2012. The average amount of commercial paper amounted to 767.5 million euros in 2013, up compared to 2012 (553.5 million euros) in order to benefit from low interest rates. The Group policy requires that commercial paper in issue be backed by confirmed long-term credit lines. In 2013, this requirement was met, the amount of confirmed credit lines largely exceeding outstanding commercial paper. In addition, the initial terms of the syndicated credit line contracted in November 2011 were renegotiated in November 2013 and the amount was raised from 1.0 to 1.3 billion euros. This transaction, together with the active management of the bilateral credit lines portfolio brought the total amount of confirmed credit lines to 2.6 billion euros as of December 31, 2013.

When the Group makes short-term financial investments other than bank deposits, it systematically favors monetary instruments with a short-term maturity in order to limit the risk of non-liquidity or high volatility.

2013 *(in millions of euros)*	**Book value as of December 31, 2013**	**Cash Flow < 1 year**		**Cash flow ≥ 1 year and ≤ 5 years**		**Cash Flow > 5 year**	
		Interest	**Capital refund**	**Interest**	**Capital refund**	**Interest**	**Capital refund**
Derivative instruments							
Assets							
Fair value of derivatives (assets)	163.0	45.8	97.0	107.3	679.8	38.0	628.3
Liabilities							
Fair value of derivatives (liabilities)	(38.8)	(59.7)	(74.1)	(163.7)	(679.0)	(50.4)	(628.3)
SUB-TOTAL DERIVATIVE INSTRUMENTS		**(13.9)**	**22.9**	**(56.4)**	**0.8**	**(12.4)**	
Assets							
Loans and other non-current receivables	357.3				357.3		
Trade receivables	2,691.1		2,621.3		69.8		
Cash and cash equivalents	940.1	0.2	939.9				
SUB-TOTAL ASSETS		**0.2**	**3,561.2**		**427.1**		
Liabilities							
Non-current borrowings	(5,817.5)	(151.1)		(521.4)	(2,766.7) [(a)]	(272.1)	(3,014.7)
Other non-current liabilities	(191.0)				(191.0)		
Trade and other payables	(1,922.6)		(1,906.4)		(16.2)		
Current borrowings	(1,188.8)	(47.7)	(1,170.5)				
SUB-TOTAL LIABILITIES		**(198.8)**	**(3,076.9)**	**(521.4)**	**(2,973.9)**	**(272.1)**	**(3,014.7)**

(a) *Non-current borrowings include outstanding commercial paper. The maturity date for outstanding commercial paper is the same as that of the confirmed credit lines. See note 26.1.*

2012 restated *(in millions of euros)*	**Book value as of December 31, 2012**	**Cash Flow < 1 year**		**Cash flow ≥ 1 year and ≤ 5 years**		**Cash Flow > 5 year**	
		Interest	**Capital refund**	**Interest**	**Capital refund**	**Interest**	**Capital refund**
Derivative instruments							
Assets							
Fair value of derivatives (assets)	87.0	49.7	63.6	97.6	340.0	36.0	348.0
Liabilities							
Fair value of derivatives (liabilities)	(98.0)	(46.6)	(44.7)	(125.3)	(385.6)	(44.9)	(333.0)
SUB-TOTAL DERIVATIVE INSTRUMENTS		**3.1**	**18.9**	**(27.7)**	**(45.6)**	**(8.9)**	**15.0**
Assets							
Loans and other non-current receivables	337.6				337.6		
Trade receivables	2,826.5		2,712.1		114.4		
Cash and cash equivalents	1,154.2	0.7	1,153.6				
SUB-TOTAL ASSETS		**0.7**	**3,865.7**		**452.0**		
Liabilities							
Non-current borrowings	(5,789.0)	(182.5)		(583.2)	(2,598.7) [(a)]	(366.6)	(3,074.1)
Other non-current liabilities	(195.6)				(195.6)		
Trade and other payables	(1,896.1)		(1,892.9)		(3.2)		
Current borrowings	(1,484.7)	(58.6)	(1,460.2)				
SUB-TOTAL LIABILITIES		**(241.1)**	**(3,353.1)**	**(583.2)**	**(2,797.5)**	**(366.6)**	**(3,074.1)**

(a) *Non-current borrowings include outstanding commercial paper. The maturity date for outstanding commercial paper is the same as that of the confirmed credit lines. See note 26.1.*

The previous tables represent the future cash flows related to the main balance sheet items and to the financial derivatives recognized at the end of the last two periods. Interest flows are calculated in accordance with IFRS7 and represent the interest payable for each relevant period. Interest flows related to floating interest rate or foreign currency instruments were calculated using the closing interest and exchange rates as of December 31, 2012 and 2013. The flows related to debt repayment obligations differ from the amounts recognized in the Group's balance sheet due to the accounting treatment applied to borrowings and as hedging instruments were not taken into account.

Outstanding cash and cash equivalents decreased at the end of 2013. The variation between outstanding non-current borrowings and outstanding current borrowings primarily reflects the repayment of short-term debt, especially in China, replaced by internal financings with longer maturities. Outstanding non-current borrowings are stable. This results from the matching of the bonds' increase, following the 300 million euros bond issues maturing in 10.5 years and the 700 million euros bond issue in three tranches of two, three and six years on the one hand and the decrease of the outstanding commercial paper, in put options granted to minority shareholders (related to the disposal of the stake in Laboratoires Anios) and the reclassification of a portion of non-current debt maturing in the next twelve months to current debt.

	Cash flow < 1 year			
	< 3 months		≥ 3 months and < 1 year	
2013 *(in millions of euros)*	Interest	Capital refund	Interest	Capital refund
Derivative instruments				
Assets				
Fair value of derivatives (assets)	0.5	24.1	45.3	72.9
Liabilities				
Fair value of derivatives (liabilities)	(6.5)	(10.1)	(53.2)	(64.0)
SUB-TOTAL DERIVATIVE INSTRUMENTS	**(6.0)**	**14.0**	**(7.9)**	**8.9**
Liabilities				
Non-current borrowings	(28.2)		(122.9)	
Trade payables		(1,740.4)		(166.0)
Current borrowings	(8.7)	(277.4)	(39.0)	(893.1)
SUB-TOTAL LIABILITIES	**(36.9)**	**(2,017.8)**	**(161.9)**	**(1,059.1)**

	Cash flow < 1 year			
	< 3 months		≥ 3 months and < 1 year	
2012 restated *(in millions of euros)*	Interest	Capital refund	Interest	Capital refund
Derivative instruments				
Assets				
Fair value of derivatives (assets)	0.7	23.1	49.0	40.5
Liabilities				
Fair value of derivatives (liabilities)	(8.6)	(6.7)	(38.0)	(38.0)
SUB-TOTAL DERIVATIVE INSTRUMENTS	**(7.9)**	**16.4**	**11.0**	**2.5**
Liabilities				
Non-current borrowings	(26.3)		(156.2)	
Trade payables		(1,728.7)		(164.2)
Current borrowings	(22.1)	(579.7)	(36.5)	(880.5)
SUB-TOTAL LIABILITIES	**(48.4)**	**(2,308.4)**	**(192.7)**	**(1,044.7)**

The tables above represent the future cash flows maturing in less than one year relating to the main balance sheet items and derivative financial instruments. Interest and repayment flows relating to current borrowings maturing in less than three months correspond to bank overdrafts and a portion of short-term borrowings recorded at the 2013 year-end. Interest and repayment flows relating to current borrowings maturing in more than three months and less than one year include short-term debt and the portion of the Group's long-term debt maturing in less than one year.

Hierarchy of financial instruments fair value

(in millions of euros)	2012 restated	2013
Level 1	**7.9**	**8.0**
Available-for-sale financial assets (listed shares)	7.9	8.0
Level 2	**(11.0)**	**124.2**
Derivatives	(11.0)	124.2
Level 3	**124.3**	**43.7**
Put options granted to minority shareholders	124.3	43.7

Commodity risk (energy contracts)

Most of Air Liquide's energy supplies are obtained through forward purchase contracts at a fixed or indexed price.

IAS39 provides for the inclusion within its scope of forward purchases and sales of non-financial assets as soon as these transactions are deemed similar to derivative instruments.

However IAS39 considers that forward contracts for non-financial assets should not be considered as derivatives when they have been entered into to meet the Company's "normal" business requirements, resulting in the delivery upon maturity of the underlying item for use in the Company's industrial process. As Air Liquide does not purchase electricity or natural gas for speculation or arbitrage on commodity price trends purposes, no forward contracts relating to energy meet the definition of a derivative instrument. These contracts were entered into as part of the Company's normal business to be used in the industrial process.

Furthermore, in a global context of highly volatile electricity and natural gas market prices, Air Liquide continues to index long-term customer contracts to hedge these risks. For natural gas and electricity prices, the opening of some markets led the Group, under these circumstances, to replace the price indices used during the regulated period by indices relevant to each local market.

Nonetheless, a few isolated contracts remain for which price indexation alone cannot guarantee a total and effective hedge against the risk of energy prices fluctuations. These risks are therefore hedged by Air Liquide using adequate commodity derivatives, mainly swaps with maturities of less than two years.

The fair value recognition of these derivative instruments had no material impact on Group equity or profits as of December 31, 2013.

b. Information on derivative instruments

Impact of the fair value recognition of derivative instruments on the balance sheet:

2013 (in millions of euros)	IFRS classification	Assets					Equity and Liabilities							
				Fair value of derivatives								Fair value of derivatives		
		Deferred tax assets	Trade receivables	Assets – non current	Assets – current	Total	Net income recognized in equity	Profit for the period	Deferred tax liabilities	Borrowings	Trade payables	Liabilities – non current	Liabilities – current	Total
Foreign exchange risk														
Currency forwards hedging future cash flows	CFH [(a)]	2.0			20.6	22.6	12.0	(2.5)	6.2				6.9	22.6
Currency forwards hedging transactions recorded in the accounts and Cross Currency Swaps	FVH [(b)]	26.9	1.4	100.9	1.6	130.8		(0.3)	26.8	101.0	2.0		1.3	130.8
Other derivatives	[(c)]	2.9			8.3	11.2		(0.1)	2.9	8.3 [(e)]		0.1		11.2
Currency embedded derivatives and Cross Currency Swaps	NIH [(d)]	6.6		5.2	1.4	13.2	(7.4)		1.6			19.0		13.2
Interest rate risk														
Interest rate swaps	FVH [(b)]				4.3	4.3		0.1		4.2				4.3
Swaps, options and Cross Currency Swaps	CFH [(a)] and NIH [(d)]	3.7		16.3	4.4	24.4	3.7	3.0	7.1			10.3	0.3	24.4
Other derivatives	[(c)]							(0.2)					0.2	
Commodity risk (Energy)														
Forwards hedging future cash flows	CFH [(a)]	0.2				0.2	(0.5)						0.7	0.2
TOTAL		**42.3**	**1.4**	**122.4**	**40.6**	**206.7**	**7.8**		**44.6**	**113.5**	**2.0**	**29.4**	**9.4**	**206.7**

(a) CFH: Cash Flow Hedge.

(b) FVH: Fair Value Hedge.

(c) Derivative instruments not benefiting from hedge accounting.

(d) NIH: Net Investment Hedge.

(e) Financial instrument not recognized as a hedging instrument under IAS39.

2012 restated *(in millions of euros)*	IFRS classi-fication	Assets					Equity and Liabilities							
				Fair value of derivatives								Fair value of derivatives		
		Deferred tax assets	Trade receivables	Assets – non current	Assets – current	Total	Net income recognized in equity	Profit for the period	Deferred tax liabilities	Borrowings	Trade payables	Liabilities – non current	Liabilities – current	Total
Foreign exchange risk														
Currency forwards hedging future cash flows	CFH [a]	3.1			10.7	13.8	2.2	(1.7)	3.3				10.0	13.8
Currency forwards hedging transactions recorded in the accounts and Cross Currency Swaps	FVH [b]	8.7	0.5	40.6	0.7	50.5		(0.8)	8.4	35.6	1.6	4.9	0.8	50.5
Other derivatives	[c]	3.0			8.7	11.7		0.1	3.0	8.6 [e]				11.7
Currency embedded derivatives and Cross Currency Swaps	NIH [d]	19.6		6.3	1.3	27.2	(31.5)		1.7			57.0		27.2
Interest rate risk														
Interest rate swaps	FVH [b]			5.2	11.8	17.0		0.5	0.2	16.3				17.0
Swaps, options and Cross Currency Swaps	CFH [a] and NIH [d]	8.7		1.7		10.4	(14.8)		0.7			23.2	1.3	10.4
Other derivatives	[c]	0.1				0.1		(0.2)					0.3	0.1
Commodity risk (Energy)														
Forwards hedging future cash flows	CFH [a]	0.2				0.2	(0.3)						0.5	0.2
TOTAL		**43.4**	**0.5**	**53.8**	**33.2**	**130.9**	**(44.4)**	**(2.1)**	**17.3**	**60.5**	**1.6**	**85.1**	**12.9**	**130.9**

(a) CFH: Cash Flow Hedge.
(b) FVH: Fair Value Hedge.
(c) Derivative instruments not benefiting from hedge accounting.
(d) NIH: Net Investment Hedge.
(e) Financial instrument not recognized as a hedging instrument under IAS39.

The Group records the accounting effects arising from the use of derivative financial instruments to hedge highly probable future cash flows as CFH (Cash Flow Hedge). The accounting effects recorded as FVH (Fair Value Hedge) relate to derivative financial instruments used to hedge items that have already been recognized.

The effects recognized as NIH (Net Investment Hedge) correspond to foreign exchange transactions performed by the Group in connection with its dividend hedging policy and hedges of net investments in a foreign entity.

Interest-rate repricing schedule for fixed-rate debt and interest-rate risk hedging instruments

2013 (in millions of euros)	Currency of issue	Carrying amount	Nominal amount outstanding	Interest rates repricing dates		
				< 1 year	≥1 and ≤ 5 years	> 5 years
Original issue – left at fixed rate	EUR	1,808.4	1,808.4	240.2	873.3	694.9
Interest rate swaps hedges	EUR		109.9		109.9	
Caps hedges	EUR		125.0		125.0	
Original issue – left at fixed rate	USD	1,131.4	1,131.4		146.1	985.3
Interest rate swaps hedges	USD		34.0		34.0	
Original issue – left at fixed rate	JPY	553.4	553.4	41.6	301.1	210.7
Interest rate swaps hedges	JPY		103.6	103.6		

2012 restated (in millions of euros)	Currency of issue	Carrying amount	Nominal amount outstanding	Interest rates repricing dates		
				< 1 year	≥1 and ≤ 5 years	> 5 years
Original issue – left at fixed rate	EUR	2,165.2	2,165.2	301.0	829.2	1,035.0
Interest rate swaps hedges	EUR		164.9	50.0	114.9	
Caps hedges	EUR		175.0	50.0	125.0	
Original issue – left at fixed rate	USD	927.0	927.0			927.0
Interest rate swaps hedges	USD		49.5	4.2	15.6	29.7
Original issue – left at fixed rate	JPY	603.9	603.9		335.4	268.5
Interest rate swaps hedges	JPY		264.0	132.0	132.0	

29.3 REGULATION

The purpose of the European Market Infrastructure Regulation (EMIR) covering OTC derivatives is to improve the transparency of OTC ("Over the Counter") markets and reduce the systemic risk of financial markets following the 2008 crisis. It applies to all derivative transactions carried out by European Union entities (financial and non-financial counterparties) with European Union and non-European Union counterparties.

The main EMIR requirements are as follows:

- central clearing for certain classes of OTC derivatives and certain classifications of market player;
- application of risk mitigation techniques for non-centrally cleared OTC derivatives;
- reporting of all derivative transactions to trade repositories, which will make this information available to the public or regulatory authorities;
- application of organizational, conduct of business and prudential requirements for clearing houses.

Pursuant to this regulation which came into force in August 2012, Air Liquide Finance S.A., the Group's centralizing entity for financial transactions is classified as a non-financial counterparty (NFC-) since the transactions fall below the clearing thresholds. It is however required to apply risk mitigation measures (gradual implementation according to the EMIR timetable since March 2013) and report all its derivative transactions to the trade repository as of February 12, 2014 in accordance with the technical standards published by ESMA. The trade repository Depository Trust & Clearing Corporation (DTCC) has been selected by the Group, since it has been centralizing via the same body the mandatory reporting arising from the 2010 Dodd-Frank Act since mid-2013.

Note 30 – Related party information

3.1 TRANSACTIONS WITH COMPANIES INCLUDED IN THE SCOPE OF CONSOLIDATION

The consolidated financial statements include the financial statements of L'Air Liquide S.A. and all the subsidiaries listed on pages 265 to 267. L'Air Liquide S.A. is the ultimate parent company.

Due to the activities and legal organization of the Group, only transactions with executives, associates and proportionately consolidated companies are considered to be related party transactions. Transactions performed between these individuals or these companies and Group subsidiaries are not material.

Information related to associates is disclosed in note 16 to the consolidated financial statements.

Contribution to the consolidated balance sheet and income statement of proportionately consolidated companies (100%)

(in millions of euros)	2012 restated	2013
Non-current assets	400	273
Current assets	237	197
TOTAL ASSETS	**637**	**470**
Equity	341	249
Non-current liabilities	120	47
Current liabilities	176	174
TOTAL EQUITY AND LIABILITIES	**637**	**470**
Revenues	459	354
Operating expenses	(365)	(299)
Net finance costs	(4)	0
Profit before tax	90	55
Income taxes	(21)	(14)
PROFIT FOR THE PERIOD	**69**	**41**

30.2 REMUNERATIONS ALLOCATED TO MEMBERS OF THE BOARD OF DIRECTORS AND MANAGEMENT BODIES

The remuneration of Group executives includes the remuneration allocated to the Board of Directors and the Company's management bodies as compensation for their duties within the entire Group as employees and corporate officers for the respective fiscal years. The Company's management bodies include all the members of Executive Management and the Executive Committee. The amounts expensed in this respect are as follows:

(in thousands of euros)	2012 restated	2013
Short-term benefits	12,373	11,882
Post-employment benefits: pension and health coverage	2,015	2,172
Share-based payments	4,238	6,422
TOTAL	**18,626**	**20,476**

Short-term benefits

Short-term benefits include fixed remuneration, variable remuneration, benefits in kind and Directors' fees. The entire variable remuneration portion due for any given year is paid the following year after the financial statements have been approved.

The remuneration policy for members of the executive team takes into account market practices. It includes a substantial variable portion depending on the achievement of earnings and individual performance objectives.

Post-employment benefits

Post-employment benefits include the contributions paid to external pension funds for members of Executive Management and of the Executive Committee. Retirement commitments for executives and former executives of the Board of Directors amounted to 44,022 thousand euros in 2013 and 44,457 thousand euros in 2012.

Share-Based payments

Stock options held by members of Executive Management and of the Executive Committee have the following expiry dates and strike prices:

Year	Expiry date	Strike price *(in euros)*	Number 2012	Number 2013
2005	03/20/13	48.39	35,257	-
2006	03/19/14	58.92	140,346	3,859
2007 (May 9)	05/08/15	70.61	225,496	157,231
2008 (July 9)	07/08/16	71.31	228,545	222,100
2009 (June 15)	06/14/17	55.18	286,255	273,231
2010	06/27/18	75.28	330,771	330,771
2011 (October 14)	10/13/21	78.90	341,791	341,791
2012 (May 11)	05/10/22	87.97	6,616	6,616
2012 (September 27)	09/26/22	96.61	321,000	321,000
2013 (September 26)	09/25/23	102.00	-	365,000

The fair value of options granted in September 2013 and determined according to IFRS2 amounted to:

- 20.71 euros per option for options not subject to performance conditions and for options subject to performance conditions linked to the Group's results (17.53 euros per option in May 2012 and 19.56 euros per option in September 2012);
- 17.44 euros per option for options subject to performance conditions linked to the share price trend (14.32 euros per option in May 2012 and 17.58 euros per option in September 2012).

These amounts are expensed over the options' vesting period. The amounts that will be recognized in future periods in respect of the granted options totaled 14,048 thousand euros as of December 31, 2013 (11,823 thousand euros as of December 31, 2012).

The 2013 plan options granted to corporate officers and Executive Committee members cannot be exercised unless the Company achieves certain performance conditions.

No options were granted to other Non-executive Directors under these plans.

Note 31 – Commitments

Commitments are given in the normal course of the Group's business.

(in millions of euros)	2012 restated	2013
Firm purchase orders for fixed assets	977.6	915.9
Lease commitments which cannot be terminated	532.9	586.0
Other commitments related to operating activities	356.6	283.3
Commitments relating to operating activities	**1,867.1**	**1,785.2**
Commitments relating to financing operations and consolidation scope	**122.8**	**74.4**
TOTAL	**1,989.9**	**1,859.6**

Air Liquide owns a 13% stake in Exeltium S.A.S. amounting to 23.8 million euros.

Exeltium and EDF entered into an industrial partnership agreement under which Exeltium can acquire rights to a portion of EDF's electronuclear production. In consideration, Exeltium and its shareholder clients signed long-term electricity supply contracts. The contract signed by Air Liquide has a 20-year term and can be suspended after 10 years. This contract provides a long-term view over the price of the electricity to be supplied. This project was approved by the European Commission.

The Group's energy purchase commitments amounted to 1,803 million euros as of December 31, 2013 (2,192 million euros as of December 31, 2012). This amount includes the energy purchase commitments relating to the Exeltium contract.

Almost all of these commitments are covered by mutual commitments received from clients in connection with long-term gas supply contracts.

Confirmed credit lines and the amount of loans guaranteed by assets are shown in note 26.

Operating leases

Assets used for industrial activities are leased under an operating lease when the acquisition of such assets does not present any economic benefits. The primary assets included are utility vehicles and transport equipment.

The Group has neither contingent rental commitments nor sublease contracts.

Future minimum lease payments under non-cancellable operating leases payable as of December 31, 2013 are as follows:

(in millions of euros)	2012 restated	2013
Due within 1 year	151	150
Due in 1 to 5 years	249	292
Due after 5 years	133	144
TOTAL	**533**	**586**

Note 32 – Contingent liabilities

To the best of the Group's knowledge, there is no exceptional event or litigation which has affected in the recent past or which is likely to materially affect its financial situation or profitability.

In September 2010, the Brazilian competition authority (CADE) fined the major industrial gas companies operating in Brazil, including Air Liquide Brazil, for unfair trade practices prior to 2004. Air Liquide Brazil was fined 197.6 million Brazilian reals before interests on arrears amounting to 65.4 million Brazilian reals as of December 31, 2013 (equivalent to 61 million euros regarding the fine and 20 million euros regarding interests on arrears at the rate ruling as of December 31, 2013).

Air Liquide Brazil strongly contests this decision and has consequently filed an application to annul the fine before the Brasilia Federal Court. At this stage, the Group considers that Air Liquide Brazil's position is likely to legally prevail and consequently no provision has been recognized.

Note 33 – Greenhouse gas emission quotas

The ETS (Emission Trading Scheme) European Directive which established a quota system for greenhouse gas emissions in the European Union has now entered its third phase (2013-2020) which will feature an expanded scope for industrial plants subject to the ETS and a gradual reduction in the free allocation of quotas.

With phase III, the Group is required to obtain CO_2 quotas for the portion of emissions from hydrogen production sites not covered by free allocations, as well as for all emissions from cogeneration sites. As the Group manages CO_2 quotas solely to cover its industrial needs, they are classified as a commodity and managed as such. The quotas are therefore valued at acquisition cost and presented in inventories.

The Group recognizes a provision when the year-end quotas covering greenhouse gas emissions are insufficient, based on the best estimate of the outflow of resources required to settle the obligation.

As of December 31, 2013, the amounts recognized in assets and liabilities are immaterial.

Note 34 – Post-balance sheet events

There were no significant post-balance sheet events.

Main consolidated companies and currency rates

Main currency rates used

Average rates

Euros for 1 currency	2012	2013
USD	0.78	0.75
CAD	0.78	0.73
Yen (1,000)	9.76	7.73

Closing rates

Euros for 1 currency	2012	2013
USD	0.76	0.73
CAD	0.76	0.68
Yen (1,000)	8.80	6.91

Main consolidated companies

Companies marked with P are consolidated by proportionate method and those marked with E by the equity method. Other companies are fully consolidated.

The total Group interest is given after the name of each company.

Main consolidated companies	Country	Inte-gration	% interest
GAS AND SERVICES			
EUROPE			
Air Liquide Austria GmbH	AUT		100.00%
L'Air Liquide Belge S.A.	BEL		99.95%
Air Liquide Industries Belgium S.A.	BEL		100.00%
Air Liquide Large Industry S.A.	BEL		100.00%
Air Liquide Medical S.A.	BEL		99.95%
Air Liquide Bulgaria EOOD	BGR		100.00%
Carbagas S.A.	CHE		100.00%
Air Liquide CZ, s.r.o.	CZE		100.00%
Air Liquide Deutschland GmbH	DEU		100.00%
Air Liquide Electronics GmbH	DEU		100.00%
Air Liquide Industriegase GmbH & Co. KG	DEU		100.00%
EVC Dresden-Wilschdorf GmbH & Co. KG	DEU		40.00%
Fabig-Peters Medizintechnik GmbH & Co. KG	DEU		100.00%
Schülke & Mayr GmbH	DEU		100.00%
VitalAire GmbH	DEU		100.00%
Zweite EVC Dresden-Wilschdorf GmbH & Co. KG	DEU		50.00%
Air Liquide Danemark A/S	DNK		100.00%
Air Liquide España S.A.	ESP		99.89%
Air Liquide Ibérica de Gases S.L.U.	ESP		100.00%
AL Air Liquide Medicinal S.L.U.	ESP		99.89%
Grupo Gasmedi S.L.U.	ESP		100.00%
Oy Polargas A.B.	FIN		100.00%
Air Liquide Eastern Europe S.A.	FRA		100.00%
Air Liquide Electronics Materials S.A.	FRA		100.00%
Air Liquide Eurotonnage S.A.	FRA		100.00%
Air Liquide France Industrie S.A	FRA		99.99%
Air Liquide Medical Systems S.A.	FRA		100.00%
Air Liquide Russie S.A.	FRA		100.00%
Air Liquide Santé (International) S.A.	FRA		100.00%
Air Liquide Santé France S.A.	FRA		100.00%
Air Liquide Ukraine S.A.	FRA		100.00%
Cogenal S.N.C.	FRA		99.99%
Hélium Services S.A.	FRA		100.00%
Lavéra Energies S.N.C.	FRA	P	50.00%
LVL Médical Groupe S.A.	FRA		100.00%
Pharma Dom (Orkyn') S.A.	FRA		100.00%
Société d'Exploitation de Produits pour les Industries Chimiques S.A.	FRA		99.98%
VitalAire S.A.	FRA		100.00%
Air Liquide Ltd	GBR		100.00%
Air Liquide (Homecare) Ltd	GBR		100.00%
Air Liquide UK Ltd	GBR		100.00%
Energas Ltd	GBR		100.00%
Air Liquide Hellas S.A.G.I.	GRC		99.78%
Air Liquide Ipari Gaztermelo Kft	HUN		100.00%
Air Liquide Italia S.p.A.	ITA		99.77%
Air Liquide Italia Service S.r.l	ITA		99.77%
Air Liquide Sanità Service S.p.A.	ITA		99.77%
Air Liquide Produzione S.r.l	ITA		99.77%
VitalAire Italia S.p.A.	ITA		99.77%
Air Liquide Luxembourg S.A.	LUX		99.97%
Air Liquide Acetylene B.V.	NLD		100.00%
Air Liquide B.V.	NLD		100.00%
Air Liquide Industrie B.V.	NLD		100.00%
Air Liquide Nederland B.V.	NLD		100.00%
Scott Specialty Gases Netherlands B.V.	NLD		100.00%
Air Liquide Norway A.S.	NOR		100.00%
Air Liquide Katowice Sp. z o.o.	POL		79.25%
Air Liquide Polska Sp. z o.o.	POL		100.00%
Air Liquide Medicinal S.A.	PRT		99.85%
Sociedade Portuguesa do Ar Liquido Lda	PRT		99.93%
Air Liquide Romania S.r.l	ROM		100.00%
Air Liquide OOO	RUS		100.00%
Sever Liquide Gas OOO	RUS		100.00%
Air Liquide Slovakia s.r.o.	SVK		100.00%
Air Liquide Gas A.B.	SWE		100.00%
Nordicinfu Care A.B.	SWE		100.00%
Air Liquide Gaz Sanayi Ve Ticaret A.S.	TUR		100.00%
AMERICAS			
Air Liquide Argentina S.A.	ARG		100.00%
Air Liquide Brasil Ltda	BRA		100.00%
Arliquido Comercial Ltda	BRA		100.00%
Air Liquide Canada, Inc.	CAN		100.00%
Vitalaire Canada, Inc.	CAN		100.00%

Main consolidated companies	Country	Inte-gration	% interest
Air Liquide Chile S.A.	CHL		100.00%
Air Liquide Dominicana S.A.S.	DOM		100.00%
Société des Gaz Industriels de la Guadeloupe S.A.	GLP		95.88%
Air Liquide Spatial S.A.	GUY		98.80%
Société Guyanaise de L'Air Liquide S.A.	GUY		97.04%
Air Liquide Mexico, S. de RL de CV	MEX		100.00%
Société Martiniquaise de L'Air Liquide S.A.	MTQ		95.87%
Cryogas de Centroamerica, S.A.	PAN		100.00%
La Oxigena Paraguaya S.A.	PRY		87.89%
Air Liquide Trinidad and Tobago Ltd	TTO		100.00%
Air Liquide Uruguay S.A.	URY		94.22%
Air Liquide America Specialty Gases LLC	USA		100.00%
Air Liquide Electronics U.S. LP	USA		100.00%
Air Liquide Healthcare America Corporation	USA		100.00%
Air Liquide Industrial U.S. LP	USA		100.00%
Air Liquide Large Industries U.S. LP	USA		100.00%
Voltaix, Inc.	USA		100.00%
MIDDLE EAST AND AFRICA			
Air Liquide Afrique S.A.	FRA		100.00%
Air Liquide Angola lda	AGO		73.99%
Air Liquide Middle East & North Africa FZCO	ARE		100.00%
Pure Helium Gulf FZE	ARE		100.00%
Air Liquide Bénin S.A.	BEN	E	99.98%
Air Liquide Burkina Faso S.A.	BFA		64.88%
Air Liquide Botswana Proprietary Ltd	BWA		99.91%
Air Liquide Côte d'Ivoire S.A.	CIV		72.08%
Air Liquide Cameroun S.A.	CMR		100.00%
Air Liquide Congo S.A.	COG		100.00%
Société d'Installations et de Diffusion de Matériel Technique S.P.A.	DZA	E	100.00%
Air Liquide Alexandria for Medical & Industrial Gases S.A.E	EGY		100.00%
Air Liquide El Soukhna for Industrial Gases S.A.E.	EGY		100.00%
Air Liquide Misr S.A.E.	EGY		100.00%
Air Liquide Middle East S.A.	FRA		100.00%
Air Liquide Gabon S.A.	GAB		87.14%
Air Liquide Ghana Ltd	GHA		100.00%
Shuaiba Oxygen Company K.S.C.C.	KWT		49.62%
Société d'Oxygène et d'Acétylène du Liban S.A.L.	LBN	P	49.93%
Air Liquide Maroc S.A.	MAR		74.80%
Air Liquide Madagascar S.A.	MDG		73.73%
Air Liquide Mali S.A.	MLI		99.97%
Air Liquide Namibia Proprietary Ltd	NAM		100.00%
Air Liquide Nigeria Plc	NGA		61.11%

Main consolidated companies	Country	Inte-gration	% interest
Air Liquide Sohar Industrial Gases LLC	OMN		50.11%
Gasal Q.S.C.	QAT	E	40.00%
Air Liquide Al-Khafrah Industrial Gases LLC	SAU		75.00%
Air Liquide Arabia LLC	SAU		65.00%
Air Liquide Sénégal S.A.	SEN	E	80.18%
Air Liquide Syria LLC	SYR		100.00%
Air Liquide Togo S.A.	TGO	E	70.58%
Air Liquide Tunisie S.A.	TUN		59.17%
Air Liquide Proprietary Ltd	ZAF		99.91%
ASIA-PACIFIC			
Air Liquide Australia Ltd	AUS		100.00%
Air Liquide Healthcare P/L	AUS		100.00%
Air Liquide W.A. Pty Ltd	AUS		100.00%
Brunei Oxygen Ltd	BRN	E	50.00%
Air Liquide Cangzhou Co., Ltd	CHN		100.00%
Air Liquide China Holding Co., Ltd	CHN		100.00%
Air Liquide Shanghai Co., Ltd	CHN		100.00%
Air Liquide Shanghai International Trading Co. Ltd	CHN		100.00%
Air Liquide Tianjin Co., Ltd	CHN		100.00%
Air Liquide Tianjin Yongli Co., Ltd	CHN		55.00%
Air Liquide Zhangjiagang Industry Gas Co., Ltd	CHN		100.00%
Shanghai Chemical Industry Park Industrial Gases Co., Ltd	CHN	P	50.00%
Société d'Oxygène et d'Acétylène d'Extrême-Orient S.A.	FRA		100.00%
Celki International Ltd	HKG		100.00%
P.T. Air Liquide Indonesia	IDN		100.00%
Air Liquide India Holding Pvt. Ltd	IND		100.00%
Air Liquide Pacific Co. Ltd	JPN		100.00%
Air Liquide Japan Ltd	JPN		100.00%
Toshiba Nano Analysis K.K.	JPN		51.00%
Vital Air Japan K.K.	JPN		100.00%
Air Liquide Korea Co., Ltd	KOR		100.00%
Daesung Industrial Gases Co., Ltd	KOR	E	44.30%
VitalAire Korea Co., Ltd	KOR		100.00%
Air Liquide Malaysia Sdn Bhd	MYS		100.00%
Air Liquide New Zealand Ltd	NZL		100.00%
Air Liquide Philippines Inc.	PHL		100.00%
Air Liquide Réunion S.A.	REU		95.01%
Singapore Oxygen Air Liquide Pte Ltd	SGP		100.00%
Air Liquide Thailand Ltd	THA		100.00%
Air Liquide Electronics Systems Asia Ltd	TWN		100.00%
Air Liquide Far Eastern Ltd	TWN		65.00%
Air Liquide Vietnam Co., Ltd	VNM		100.00%

Main consolidated companies	Country	Inte-gration	% interest
ENGINEERING AND TECHNOLOGY			
Air Liquide E&C Canada LP	CAN		100.00%
Air Liquide Hangzhou Co., Ltd	CHN		100.00%
Lurgi GmbH	DEU		100.00%
Air Liquide Electronics Systems S.A.	FRA		100.00%
Air Liquide Services S.A.	FRA		100.00%
Air Liquide Advanced Technologies S.A.	FRA		100.00%
Air Liquide Engineering S.A.	FRA		100.00%
Cryolor S.A.	FRA		100.00%
GIE Cryospace	FRA		55.00%
Air Liquide Engineering India Pvt. Ltd.	IND		100.00%
JJ-Lurgi Engineering Sdn Bhd	MYS	P	50.00%
Air Liquide Engineering South Asia Pte. Ltd	SGP		100.00%
Air Liquide Process & Construction, Inc.	USA		100.00%
Lurgi, Inc.	USA		100.00%
Air Liquide Engineering Southern Africa Ltd	ZAF	E	100.00%

Main consolidated companies	Country	Inte-gration	% interest
OTHER ACTIVITIES			
Oerlikon Schweisstechnik GmbH	DEU		100.00%
Air Liquide Welding France S.A.	FRA		100.00%
Air Liquide Welding S.A.	FRA		100.00%
Aqualung International S.A.	FRA		98.36%
La Spirotechnique I.C. S.A.	FRA		98.36%
Fro S.r.l.	ITA		100.00%
HOLDING COMPANIES AND R&D ACTIVITIES			
Air Liquide Finance S.A.	FRA		100.00%
Air Liquide International S.A.	FRA		100.00%
Air Liquide Participations S.A.	FRA		100.00%
AL-RE S.A.	FRA		100.00%
L' Air Liquide S.A.	FRA		100.00%
Air Liquide International Corp.	USA		100.00%
American Air Liquide, Inc.	USA		100.00%
American Air Liquide Holdings, Inc	USA		100.00%

Newly consolidated companies in the 2013 scope are shown in blue.

Remuneration of Statutory Auditors and their network

Fees reported in 2012 and 2013 by the Air Liquide Group for engagements awarded to the Statutory Auditors related to audit services were as follows:

	2013							
(in thousands of euros)	Ernst & Young		Mazars		Others		Total	
Statutory audit, certification, review of individual and consolidated financial statements	5,539	75.2%	4,452	89.7%	765	64.8%	10,756	79.6%
■ Issuer	723		549				1,272	
■ Fully consolidated subsidiaries	4,816		3,903		765		9,484	
Other statutory audit engagements	627	8.5%	367	7.4%	4	0.3%	998	7.4%
■ Issuer	245		161				406	
■ Fully consolidated subsidiaries	382		206		4		592	
TOTAL OF AUDIT SERVICES	**6,166**	**83.7%**	**4,819**	**97.1%**	**769**	**65.1%**	**11,754**	**87.0%**

	2012							
(in thousands of euros)	Ernst & Young		Mazars		Others		Total	
Statutory audit, certification, review of individual and consolidated financial statements	5,606	69.1%	4,468	90.6%	815	69.3%	10,889	76.6%
■ Issuer	723		574				1,297	
■ Fully consolidated subsidiaries	4,883		3,894		815		9,592	
Other statutory audit engagements	1,005	12.4%	387	7.8%	18	1.5%	1,410	9.9%
■ Issuer	298		169				467	
■ Fully consolidated subsidiaries	707		218		18		943	
TOTAL OF AUDIT SERVICES	**6,611**	**81.5%**	**4,855**	**98.4%**	**833**	**70.8%**	**12,299**	**86.5%**

Statutory Auditors’ Report on the consolidated financial statements

This is a free translation into English of the Statutory Auditors’ report on the consolidated financial statements issued in French and it is provided solely for the convenience of English-speaking users.

The statutory auditors’ report includes information specifically required by French law in such reports, whether modified or not. This information is presented below the audit opinion on the consolidated financial statements and includes an explanatory paragraph discussing the auditors’ assessment of certain significant accounting and auditing matters. These assessments were considered for the purpose of issuing an audit opinion on the consolidated financial statements taken as a whole and not to provide separate assurance on individual account balances, transactions, or disclosures.

This report also includes information relating to the specific verification of information given in the Group’s management report.

This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

To the Shareholders,

In compliance with the assignment entrusted to us by your annual Shareholders' Meeting, we hereby report to you, for the year ended December 31, 2013, on:

- the audit of the accompanying consolidated financial statements of L'Air Liquide;
- the justification of our assessments;
- the specific verification required by French law.

These consolidated financial statements have been approved by the Board of Directors. Our role is to express an opinion on these financial statements based on our audit.

I. OPINION ON THE CONSOLIDATED FINANCIAL STATEMENTS

We conducted our audit in accordance with professional standards applicable in France; those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit involves performing procedures, using sampling techniques or other methods of selection, to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made, as well as the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion, the consolidated financial statements present a true and fair view of the assets and liabilities, the financial position of the Group as of December 31, 2013 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards, as adopted by the European Union.

Without qualifying our opinion, we draw your attention to paragraph 1 of the “Accounting principles” section relating to the new standards whose application is mandatory, and note 2 to the consolidated financial statements, which set out the impacts of the application by your company of IAS19 Revised “Employee Benefits”.

II. JUSTIFICATION OF ASSESSMENTS

In accordance with the requirements of article L. 823-9 of French Commercial Code (Code de Commerce) relating to the justification of our assessments, we bring to your attention the following matters:

- Goodwill is subject to impairment tests performed in accordance with the principles set out in paragraph 5.f. of the consolidated financial statements relating to “Accounting principles”. We have reviewed the soundness of the chosen approach and the assumptions used for these impairment tests and we carried out the assessment of the reasonableness of these estimates, and have ensured that the information given in note 12.2 to the consolidated financial statements is appropriate.

- We have reviewed the methodology used to recognize “Provisions, pensions and other employee benefits”, as well as the assumptions used for their estimation. We ensured that such provisions were recognized in accordance with the principles set out in paragraphs 11.a and 11.b of the consolidated financial statements relating to “Accounting principles” and that the information given in notes 24 and 25 to the consolidated financial statements is appropriate.

These assessments were made as part of our audit of the consolidated financial statements taken as a whole, and therefore contributed to the opinion we formed which is expressed in the first part of this report.

III SPECIFIC VERIFICATION

As required by law we have also verified in accordance with professional standards applicable in France the information relating to the Group presented in the Directors’ Report.

We have no matters to report as to its fair presentation and its consistency with the consolidated financial statements.

Courbevoie and Paris-La Défense, March 4, 2014

The statutory Auditors
French original signed by

Mazars		Ernst & Young et Autres	
Lionel Gotlib	Daniel Escudeiro	Jean-Yves Jégourel	Emmanuelle Mossé

> STATUTORY ACCOUNTS OF THE PARENT COMPANY

Income statement

For the year ended December 31

(in millions of euros)	Notes	2012	2013
Revenue	(1)	256.2	232.0
Royalties and other operating income	(2)	458.1	508.0
Total operating income (I)		**714.3**	**740.0**
Purchases		(113.3)	(93.1)
Duties and taxes other than corporate income tax		(20.7)	(26.8)
Personnel expenses		(227.6)	(228.7)
Depreciation, amortization and provision expense	(4)	(26.8)	(50.5)
Other operating expenses	(3)	(214.7)	(225.1)
Total operating expenses (II)		**(603.1)**	**(624.2)**
Net operating profit (loss) (I + II)		**111.2**	**115.8**
Financial income from equity affiliates		953.4	994.0
Interests, similar income and expenses	(5)	(137.3)	(132.3)
Other financial income and expenses	(5)	(9.4)	(4.3)
Financial income and expenses (III)		**806.7**	**857.4**
Net profit / (loss) from ordinary activities before tax (I + II + III)		**917.9**	**973.2**
Exceptional income and expenses	**(6)**	**153.1**	**100.9**
Statutory employee profit-sharing		(3.6)	(3.3)
Corporate income tax	(7)	(27.5)	(52.9)
NET PROFIT FOR THE YEAR		**1,039.9**	**1,017.9**

Balance sheet

For the year ended December 31

(in millions of euros)	Notes	December 31, 2012 Net	December 31, 2013 Gross carrying amounts	December 31, 2013 Amortization, depreciation and provisions	December 31, 2013 Net
ASSETS					
Intangible assets	(8)	55.8	263.2	203.9	59.3
Tangible assets	(8)	44.5	128.8	91.1	37.7
Financial assets	(9) & (10)	10,183.1	10,496.7	49.1	10,447.6
TOTAL NON-CURRENT ASSETS		**10,283.4**	**10,888.7**	**344.1**	**10,544.6**
Inventories and work-in-progress	(10)	18.7	29.9	1.6	28.3
Operating receivables	(10) & (13)	348.7	389.5	25.6	363.9
Current account loans with subsidiaries	(10) & (13)	369.4	177.8		177.8
Short-term financial investments	(11)	73.7	64.2		64.2
Cash		0.3	4.1		4.1
Prepaid expenses		2.9	3.2		3.2
TOTAL CURRENT ASSETS		**813.7**	**668.7**	**27.2**	**641.5**
Loan issue premiums	(14)	2.2	2.3		2.3
Bond redemption premiums	(14)	32.1	26.8		26.8
Unrealized foreign exchange losses		2.3	2.3		2.3
TOTAL ASSETS		**11,133.7**	**11,588.8**	**371.3**	**11,217.5**
EQUITY AND LIABILITIES					
Share capital		1,717.5			1,720.6
Additional paid-in capital		20.8			81.2
Revaluation reserve		25.4			25.4
Legal reserve		156.2			171.7
Other reserves		388.5			388.5
Retained earnings		1,137.9			1,315.6
Net profit for the year		1,039.9			1,017.9
Tax-driven provisions		8.1			5.8
TOTAL SHAREHOLDERS' EQUITY	**(12)**	**4,494.3**			**4,726.7**
PROVISIONS	**(10)**	**22.7**			**27.5**
Other bonds	(13)	1,578.0			1,572.9
Bank borrowings	(13)	351.4			217.0
Other borrowings	(13)	1,491.4			1,938.9
Operating payables	(13)	344.9			405.2
Current account borrowings with subsidiaries	(13)	2,849.8			2,328.5
Deferred income					
		6,615.5			**6,462.5**
Unrealized foreign exchange gains		1.2			0.8
TOTAL EQUITY AND LIABILITIES		**11,133.7**			**11,217.5**

Notes to the statutory accounts

ACCOUNTING POLICIES

1. General principles

The year-end financial statements of L'Air Liquide S.A. have been prepared in accordance with general accounting principles applicable in France and in particular those of the French Chart of Accounts *(Plan Comptable Général)* and the French Commercial Code.

2. Non-current assets

A. Intangible assets

Internally generated intangible assets primarily include the development costs of information management systems. They are capitalized only if they generate probable future economic benefits. Internal and external costs corresponding to detailed application design, programming, the performance of tests and the drafting of technical documentation intended for internal or external use are capitalized.

Significant upgrade and improvement costs are added to the initial cost of assets if they specifically meet the capitalization criteria.

Other intangible assets include separately acquired intangible assets such as software, licenses, certain businesses and intellectual property rights and are measured at acquisition cost.

Intangible assets are amortized according to the straight-line method over their estimated useful lives.

B. Tangible assets

Land, buildings and equipment are recognized at historical cost. Interim interest expense is not included in the cost.

Where components of a tangible asset have different useful lives, they are accounted for separately and depreciated over their own useful lives.

Depreciation is computed according to the straight-line method over their estimated useful lives as follows:

- buildings: 20 years;
- other equipment: 5 to 15 years.

Land is not depreciated.

C. Impairment of intangible and tangible assets

The Company assesses at each closing date whether there is any indication of impairment loss of intangible and tangible assets. If such indications exist, an impairment test is performed to assess whether the carrying amount of the asset exceeds its present value, which is defined as the greater of its fair value less costs to sell and its value in use.

In assessing value in use, the estimated future cash flows are discounted to their present value as this would be done for an investment decision.

When the present amount of an asset is lower than its net carrying amount, an impairment loss is recognized in the income statement. When the present value exceeds the carrying amount, the previously recognized impairment is reversed to the income statement.

D. Equity investments

Equity investments are recognized at their initial amount on the entry date, with the exception of those subject to a revaluation as provided by Law 76-1232 of December 29, 1976. Acquisition costs that are not representative of market value are expensed.

When the carrying amount, determined using the criteria normally adopted for the measurement of equity investments (capital value, net asset value), is lower than the gross amount, an impairment loss is recognized for the difference.

E. Treasury shares

When the Company purchases its own shares, they are recognized at cost as treasury shares in other long-term investment securities. The gains or losses on disposals of treasury shares contribute to the net profit for the year.

However, shares allocated for the purpose of implementing plans for free grants of shares are reclassified to a "Short-term financial investments – Company treasury shares" caption at the balance sheet value on the date of allotment.

A provision is recorded over the rights vesting period to cover the future charge relating to the remittance of current shares when the performance criteria can be determined with certainty. Conversely, the amount corresponding to the maximum performance level is presented in off-balance sheet commitments.

When the purchase cost of shares is higher than their valuation based on the average share price during the last month of the fiscal year, treasury shares earmarked for cancellation or allocated for the purpose of implementing plans for free grants of shares are not impaired.

3. Inventories and work-in-progress

Raw materials, supplies and goods are primarily measured at weighted average cost.

Costs related to construction contracts in progress at the year-end are recognized as work-in-progress.

An impairment loss is recognized for inventories and work-in-progress when the estimated realizable amount is lower than cost.

4. Trade receivables and other operating assets

Trade receivables and other operating assets are measured at historical cost.

An impairment loss for doubtful receivables is recognized when it becomes probable that the amount due will not be collected and the loss can be reasonably estimated.

5. Foreign currency transactions

Foreign currency transactions are translated at the exchange rate prevailing on the transaction date, with the exception of forward hedging transactions that are translated at the hedging rate.

At year-end, the difference arising from the translation of receivables and payables, not subject to a forward hedge and denominated in a foreign currency, are recognized in suspense accounts in assets and liabilities ("Unrealized foreign currency gains or losses").

When the forecasted date for settlement of hedged transactions is brought forward or deferred, changes in fair value of the hedging instruments (difference between the initial forward price and the adjustment forward price) are recognized in suspense accounts in the balance sheet ("differences offset by foreign exchange hedges") until the hedges are fully settled.

Unrealized foreign exchange losses are subject to a contingency provision.

6. Provisions

Provisions are recognized when:

- the Company has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation;
- a reliable estimate can be made of the amount of the obligation.

A provision for onerous contracts is recognized when the expected benefits from the contract are lower than the cost of meeting the obligations under the contract.

7. Financial instruments

Gains or losses relating to financial instruments used in hedging transactions are determined and recognized in line with the recording of income and expenses on the hedged items.

When the financial instruments used do not constitute hedging transactions, the losses resulting from their year-end fair value measurement are recognized in the income statement. Pursuant to the prudence principle, unrealized gains are not recognized in the income statement.

8. Post-employment benefits

The Company applies CNC recommendation 2003-R01 related to the recognition and measurement of retirement benefits and similar obligations.

The Company provides its employees with various pension plans, termination benefits, jubilees (awards based on years of service) and other post-employment benefits for both active employees and retirees. These benefits are covered in two ways:

- by so-called defined contribution plans;
- by so-called defined benefit plans.

Defined contribution plans are plans under which the employer's sole obligation is to pay regular contributions. The employer does not grant any guarantee on the future level of benefits paid to the employee or retiree ("means-based obligation"). The annual pension expense is equal to the contribution paid during the fiscal year which relieves the employer from any further obligation.

Defined benefit plans are those by which the employer guarantees the future level of benefits defined in the agreement, most often depending on the employee's salary and seniority ("result-based obligation"). Defined benefit plans can be:

- either financed by contributions to a fund specialized in managing the contributions paid;
- or managed internally.

The Company grants both defined benefit and defined contribution plans.

In the case of defined benefit plans, retirement and similar obligations are measured by independent actuaries, according to the projected unit credit method. The actuarial calculations mainly take into account the following assumptions: salary increases, employee turnover, retirement date, expected salary trends, mortality, inflation and appropriate discount rates.

Actuarial gains and losses exceeding the greater of 10% of the obligations or 10% of the fair value of plan assets at the beginning of the reporting period are amortized over the expected average working lives of the plan participants.

In accordance with the option offered by CRC recommendation 2003-R01, the Company maintained its previous practices: obligations related to retirement termination payments and jubilees are provided whereas retirement obligations related to defined benefit plans are not provided but are disclosed in the notes.

9. Revenue recognition

A. Revenue from the sale of goods and services

Revenue from the sale of goods is recognized when the risks and rewards of ownership have been transferred to the buyer.

Revenue associated with delivery of services is recognized depending on the stage of completion of the transaction at the balance sheet date, when this can be reliably measured.

B. Engineering and Construction contracts

Revenue from construction contracts, and their related costs and margin are recognized using the completed contract method.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is immediately expensed.

10. Tax consolidation

L'Air Liquide S.A. has set up a tax consolidation group with the French subsidiaries in which it holds a direct or indirect interest exceeding 95%, as defined by Article 223-A of the French General Tax Code.

Each company calculates its tax provision as if it was taxed separately. L'Air Liquide S.A., as head of the tax consolidation group, recognizes as an expense the tax corresponding to its own profits and recognizes in a balance sheet current tax account the impact of restatements and eliminations when determining taxable profit as a whole and the tax deferrals of subsidiaries with losses.

11. Research and Development expenditures

Development costs shall be recognized as assets if and only if the Company can demonstrate all of the following:

- the project is clearly identified and the related costs are individualized and reliably monitored;
- the technical and industrial feasibility of the project is demonstrated;
- there is a clear intention to complete the project and use or sell the products arising from it;
- it is probable that the project will generate future economic benefits for the Company.

The conditions required by accounting standards for the capitalization of development costs are deemed not to have been met, since the work carried out does not systematically result in the completion of an intangible asset that will be available for use or sale.

As a result, the development costs incurred by the Company in the course of its research and innovation development projects are expensed as incurred.

ADDITIONAL NOTES ON THE BALANCE SHEET AND INCOME STATEMENT

1. Revenue breakdown by geographical area

(in millions of euros)	2012	2013
France	220.6	211.6
Abroad	35.6	20.4
REVENUE	**256.2**	**232.0**

By the nature of its activities, the revenue of L'Air Liquide S.A. mainly corresponds to services and pension expenses recharged to its subsidiaries (see note 16.A).

2. Royalties and other operating income

Other operating income mainly includes change in inventories of goods and services, production of assets capitalized, operating subsidies, operating expense reclassifications, as well as operating provision and impairment reversals.

3. Other operating expenses

Other operating expenses primarily consist of research and development costs and other external expenses such as subcontracting and maintenance costs, fees, travel expenses, telecommunication costs and rental expenses.

4. Depreciation, amortization and provision expense

Depreciation, amortization and provision expense break down as follows:

(in millions of euros)	2012	2013
Depreciation and amortization expense	(23.9)	(25.0)
Provision expense	(2.9)	(25.5)
DEPRECIATION, AMORTIZATION AND PROVISION EXPENSE	**(26.8)**	**(50.5)**

5. Financial income and expenses

Interests, similar income and expenses break down as follows:

(in millions of euros)	2012	2013
Revenues from other marketable securities and long-term loans	9.4	7.3
Other interest and similar income	(146.7)	(139.6)
INTERESTS, SIMILAR INCOME AND EXPENSES	**(137.3)**	**(132.3)**

Other financial income and expenses break down as follows:

(in millions of euros)	2012	2013
Other financial expense, impairment and provisions net of reversals	(11.3)	0.4
Foreign exchange gains / losses (net)	1.7	(4.7)
Capital gains on short-term financial investments	0.2	
OTHER FINANCIAL INCOME AND EXPENSES	**(9.4)**	**(4.3)**

6. Exceptional income and expenses

As part of the tax consolidation of L'Air Liquide S.A. and its consolidated French subsidiaries, exceptional income in the amount of 123.9 million euros was booked in 2013 (122.3 million euros in 2012). This income had no impact on the Group's consolidated tax position or the profit or loss of the relevant subsidiaries.

Exceptional income and expenses also include the impact of eliminations related to the tax consolidation regime in the amount of 32.6 million euros in 2013 and 25.6 million euros in 2012.

7. Corporate income tax

Corporate income tax totaled -52.9 million euros, compared to -27.5 million euros in 2012.

After allocation of add-backs, deductions and tax credits relating to profits, it breaks down as follows:

(in millions of euros)	2012	2013
Net profit from ordinary activities before tax	(23.6)	(22.3)
Additional contributions on earnings [(a)]	(3.9)	(6.7)
Additional contribution on cash dividend [(b)]		(23.9)
TOTAL	**(27.5)**	**(52.9)**

(a) 3.3% social security contribution on earnings and a 10.7% exceptional contribution (5% in 2012).

(b) Corresponds to a 3% contribution on the amount of the dividend paid in cash. As the contribution was payable on the amounts distributed as of August 17, 2012, the dividends paid on May 16, 2012 were not subject to this tax.

The Company elected the tax consolidation to determine corporate income taxes.

8. Intangible and tangible assets

Changes in gross value break down as follows:

(in millions of euros)	Gross value as of January 1, 2013	Additions	Disposals	Gross value as of December 31, 2013
Concessions, patents, licenses	96.1	8.9	(0.2)	104.8
Other intangible assets	150.7	7.7		158.4
INTANGIBLE ASSETS	**246.8**	**16.6**	**(0.2)**	**263.2**
Land and buildings	38.0	0.7		38.7
Plant, machinery and equipment	43.8	2.0	(6.1)	39.7
Other tangible assets	56.1	2.3	(9.9)	48.5
Tangible assets under construction and payments on account – tangible assets	1.0	0.9		1.9
TANGIBLE ASSETS	**138.9**	**5.9**	**(16.0)**	**128.8**

Changes in amortization, depreciation and impairment losses break down as follows:

(in millions of euros)	Amortization, depreciation, and impairment losses as of January 1, 2013	Amortization and depreciation	Decreases, disposals, scrappings	Amortization, depreciation and impairment losses as of December 31, 2013
Intangible assets	191.0	13.1	(0.2)	203.9
Tangible assets	94.4	11.9	(15.2)	91.1
TOTAL	**285.4**	**25.0**	**(15.4)**	**295.0**

9. Financial assets

Changes in gross value break down as follows:

(in millions of euros)	Gross value as of January 1, 2013	Increases	Decreases	Gross value as of December 31, 2013
Equity investments	10,043.9	252,2 [(a)]		10,296.1
Other long-term investment securities [(b)]	40.1	312.1	(290.2)	62.0 [(c)]
Loans	30.7		(0.1)	30.6
Other long-term financial assets	104.5	3.5		108.0 [(d)]
FINANCIAL ASSETS	**10,219.2**	**567.8**	**(290.3)**	**10,496.7**

(a) The increase in equity investments mainly corresponds to the capital increases of the subsidiaries Air Liquide Santé (International) for 220.9 million euros, Axane for 16.3 million euros and Air Liquide Investissements d'Avenir et de Démonstration for 15.0 million euros.

(b) The change in other long-term investment securities corresponds to:

- *the acquisition and sale of Company treasury shares under the liquidity contract for 198.8 million euros and -197.6 million euros respectively;*
- *the acquisition of 1,200,000 Company treasury shares for 113.3 million euros;*
- *the cancellation of 1,000,000 Company treasury shares in the amount of -92.5 million euros.*

At the 2013 year-end:

(c) the "Other long-term investment securities" caption includes a total of 566,602 treasury shares valued at an average price of 94.50 euros, i.e. a total amount of 53.5 million euros, of which 555,602 shares allocated for the purpose of share exchanges or as payment in connection with possible external growth transactions and 11,000 shares held under the liquidity contract;

(d) the "Other long-term investments" caption mainly includes the receivable linked to the refund claim on the equalization charge paid for the years 2000 to 2004 for 71.7 million euros and the interest on arrears for 33.4 million euros.

10. Impairment, allowances and provisions

A. Impairment and allowances

Impairment and allowances are recognized when the asset's carrying amount is lower than its entry value.

They break down as follows:

(in millions of euros)	2012	Charges	Reversals	2013
Equity investments	27.4	13.0		40.4
Other long-term investment securities	8.3			8.3
Other long-term investments	0.4			0.4
Inventories and work-in-progress	1.7	0.3	(0.4)	1.6
Operating receivables	3.0	22.6		25.6
Current account loans with subsidiaries	10.5		(10.5)	
IMPAIRMENT AND ALLOWANCES	**51.3**	**35.9**	**(10.9)**	**76.3**
Whose charges and reversals: operating items		*22.9*	*(0.4)*	
financial items			*(10.5)*	
exceptional items		*13.0*		

B. Provisions

Provisions mainly include:

- third party or employee contingency and litigation provisions;
- jubilee awards and vested rights with regard to retirement termination payments (17.4 million euros in 2013 and 15.7 million euros in 2012).

(in millions of euros)	2012	Charges	Reversals	2013
Provisions for contingencies	6.7	4.2	(2.1)	8.8
Provisions for losses	16.0	3.6	(0.9)	18.7
PROVISIONS	**22.7**	**7.8**	**(3.0)**	**27.5**

Charges mainly relate to provisions for jubilee awards and vested rights with regard to retirement termination payments for 2.6 million euros and foreign exchange risks for 2.3 million euros.

Reversals primarily stem from the cancellation of foreign exchange provisions for -1.9 million euros, and from the utilization of provisions for jubilee awards and vested rights with regard to retirement benefits for -0.9 million euros.

11. Short-term financial investments

The item breaks down as follows:

(in millions of euros)	Gross value as of December 31, 2012	Gross value as of December 31, 2013
Company treasury shares	43.6	35.0
Other short-term financial investments	30.1	29.2
SHORT-TERM FINANCIAL INVESTMENTS	**73.7**	**64.2**

At the 2013 year-end, the “Company treasury shares” caption consisted of 440,143 shares (561,170 shares in 2012) allocated for the implementation of any Conditional Grants of Shares to Employees plans.

12. Shareholders' equity

As of December 31, 2013, the share capital comprised 312,831,676 shares with a par value of 5.50 euros.

The portion of share capital arising from the special revaluation reserve totals 71.4 million euros.

(in millions of euros)	As of December 31, 2012 (before appropriation of earnings)	Appropriation of 2012 net profit [(a)]	Capital increases	Capital decreases	Other changes	As of December 31, 2013 (before appropriation of earnings)
Share capital [(b)]	1,717.5		8.6	(5.5)		1,720.6
Additional paid-in capital [(b)]	20.8		98.1	(37.7)		81.2
Revaluation reserve	25.4					25.4
Reserves:						
■ Legal reserve	156.2	15.5				171.7
■ Tax-driven reserves	307.8					307.8
■ Translation reserve	7.7					7.7
■ Other reserves	73.0					73.0
Retained earnings [(b)] [(c)]	1,137.9	221.0	6.1	(49.4)		1,315.6
Net profit for the year	1,039.9	(1,039.9)			1,017.9	1,017.9
Accelerated depreciation [(e)]	8.1				(2.3)	5.8
SHAREHOLDERS' EQUITY	**4,494.3**	**(803.4)** [(d)]	**112.8**	**(92.6)**	**1,015.6**	**4,726.7**

(a) Following the decision of the Combined Annual Shareholders' Meeting of May 7, 2013.

(b) The change in the "Share capital", "Additional paid-in capital", and "Retained earnings" captions results from the following transactions:

- *Capital increases of 4.5 million euros resulting from the exercise of 801,245 subscription options;*
- *Capital increase of 4.1 million euros resulting from the subscription of 749,272 shares by employees of the Group, noted on December 6, 2013 by the Chairman and Chief Executive Officer by virtue of the powers granted by the Board of Directors on May 7, 2013.*

The "Additional paid-in capital" caption was increased by the premiums related to these share capital increases, i.e. 99.1 million euros and reduced by the capital increase costs, i.e. -1.0 million euros.

- *Capital decrease in the amount of -5.5 million euros by cancelling 1,000,000 treasury shares, as decided by the Board of Directors on May 7, 2013. The "Additional paid-in capital" caption and "Retained earnings" were reduced by the amount of premiums related to these shares, i.e. respectively -37.7 million euros and -49.4 million euros.*

(c) The change in "Retained earnings" also includes the difference between the estimated loyalty dividend and the loyalty dividend actually paid and the cancellation of the dividend pertaining to treasury shares.

(d) Amount distributed.

(e) The change in the "Accelerated depreciation" caption results from the reversal of accelerated depreciation in accordance with asset depreciation and amortization policies.

13. Debt maturity analysis

	December 31, 2013		
(in millions of euros)	Gross	≤ 1 year	> 1 year
Loans	30.6	10.6	20.0
Other long-term investments	108.0	1.5	106.5
Operating receivables	389.5	383.8	5.7
Current account loans with subsidiaries [(a)]	177.8	177.8	
ASSETS	**705.9**	**573.7**	**132.2**

(a) Current account loans agreements are concluded for an indefinite period.

	December 31, 2013			
(in millions of euros)	Gross	≤ 1 year	> 1 to ≤ 5 years	> 5 years
Other bonds [(a)] [(b)]	1,572.9	560.2	255.9	756.8
Bank borrowings [(c)]	217.0			217.0
Other borrowings [(d)]	1,938.9	497.3	741.6	700.0
Operating payables	405.2	401.2	4.0	
Current account borrowings with subsidiaries [(e)]	2,328.5	2,328.5		
DEBTS	**6,462.5**	**3,787.2**	**1,001.5**	**1,673.8**

(a) All new bond issues carried out by L'Air Liquide S.A., and constituting the outstanding bonds as of December 31, 2013, include a change of control clause, except for the 535 million euros bond issued by L'Air Liquide S.A. and maturing in June 2014.

(b) Including on March 6, 2013 a new bond issue of 300 million euros maturing on September 6, 2023 at a fixed rate of 2.375%. Proceeds from the bond issue will be used to refinance the debt related to the German acquisitions of Messer and Lurgi. In consideration, the bond of 296 million euros issued on October 23, 2007 from L'Air Liquide S.A. at a fixed rate of 5% was reimbursed on March 22, 2013.

(c) Including commercial papers in an amount of 217.0 million euros. The maturity date indicated is the date of the confirmed credit lines.

(d) Including in 2013 the subscription of a short-term loan with Air Liquide Finance in an amount of 450 million euros. The "Other borrowings" caption includes two long-term loans for 1,400 million euros (maturing in 2016 and 2019) subscribed with Air Liquide Finance.

(e) Current amount borrowings agreements are concluded for an indefinite period.

14. Loan issue and bond redemption premiums

The change in the item breaks down as follows:

(in millions of euros)	Net value as of January 1, 2013	Increases	Charges	Net value as of December 31, 2013
Loan issue premiums	2.2	0.7	(0.6)	2.3
Bond redemption premiums	32.1	0.4	(5.7)	26.8
TOTAL	**34.3**	**1.1**	**(6.3)**	**29.1**

The change in bond redemption premiums mainly corresponds to the amortization of a 43.8 million euro premium related to the 2010 bond exchange over the term of the new bond, *i.e.* until October 2018.

15. Financial instruments

Unsettled derivatives as of December 31, 2013 break down as follows:

	December 31, 2013	
(in millions of euros)	Carrying value	Fair value difference
Currency forwards		
■ Buy	25.0	(0.6)
■ Sell	29.0	0.7
FOREIGN EXCHANGE RISK		**0.1**

The fair value difference represents the difference between the derivative's valuation and the value of the contract determined at the closing year-end exchange rate.

Insofar as these instruments are all allocated to hedging transactions, the fair value differences had no impact on the financial statements for the 2013 year-end.

16. Retirement and similar plans

A. Group retirement benefit guarantee agreement

In France, Air Liquide grants additional benefits to retirees (4,401 retirees as of December 31, 2013) and to employees over 45, or with more than 20 years of service as of January 1, 1996 (98 employees as of December 31, 2013). These benefits provide a supplemental retirement income based on final pay, which is paid in addition to other normal retirement benefits. This plan is closed to employees under the age 45, or with less than 20 years of service as of January 1, 1996. These plans are unfunded. The annual amount paid with regards to additional benefits cannot exceed 12% of total payroll or 12% of pre-tax profits of companies involved. From 2011 onwards, this 12% threshold will be proportionately reduced by comparing the number of plan beneficiaries for the year to the number of plan beneficiaries for the previous year.

The contributions amounted to 13.7 million euros in 2013 (15.0 million euros in 2012) after reinvoicing subsidiaries. Excluding the impact of timelines, and until the plan ends, the actuarial value of obligations vis-à-vis retirees and those eligible as of December 31, 2013 amounts to 767.4 million euros (726.5 million euros for retirees and 40.9 million euros for active employees).

Based on the assumptions used for the valuation of the retirement obligations, an estimated 519.3 million euros will be recharged to the subsidiaries of L'Air Liquide S.A. included within the scope of the Group agreement as and when benefits are paid to the retirees.

B. Externally funded plan

L'Air Liquide S.A. grants to employees not covered by the preceding plan (1,141 employees as of December 31, 2013) and with at least one half-year of service benefit from an externally funded defined contribution plan. Contributions to this plan are jointly paid by the employer and employee. For 2013, employer contributions (net of reinvoicing to subsidiaries) amounted to 6.0 million euros (6.1 million euros in 2012).

C. Retirement termination payments and jubilees

The corresponding obligations are provided for in the amount of 16.5 million euros (net of tax) and 0.9 million euros, respectively.

D. Calculation of actuarial assumptions and methods

The calculations with respect to the Group's retirement benefit guarantee agreement, retirement termination payments and jubilees are performed by independent actuaries using the projected unit credit method.

Actuarial gains and losses exceeding the greater of 10% of the obligations related to retirement termination payments and unrecognized past service costs are amortized over the expected average working lives of the plan participants. As of December 31, 2013, the amounts stand at 15.5 million euros (14.4 million euros in 2012).

The actuarial assumptions (turnover, mortality, retirement age, salary increase) vary according to demographic and economic conditions.

The discount rates used to determine the present value of obligations are based on Government bonds or High-quality Corporate bonds, with the same duration as the obligations at the valuation date (3.15% as of December 31, 2013).

E. Change in retirement obligations and similar benefits

Company obligations with respect to pension plans and similar benefits break down as follows:

(in millions of euros)	Defined benefit plan	Retirement indemnities	Jubilees	Total
OBLIGATIONS AS OF JANUARY 1, 2013	**809.4**	**37.1**	**0.9**	**847.4**
Service cost	1.5	2.1		3.6
Interest cost	25.1	1.2		26.3
Employee contributions				
Plan amendments				
Curtailment / Settlement				
Transfers		(0.4)		(0.4)
Acquisition / (Divestiture) / Merger				
Benefit payments	(45.9)	(0.7)		(46.6)
Actuarial (gains) / losses [a]	(22.7)	1.6		(21.1)
OBLIGATIONS AS OF DECEMBER 31, 2013	**767.4**	**40.9**	**0.9**	**809.2**

(a) The amounts recognized in "Actuarial (gains) / losses" mainly arise from the difference between the December 31, 2013 discount rate (3.15%) and the December 31, 2012 rate (3.20%).

17. Accrued income and accrued expenses

(in millions of euros)	December 31, 2013
Accrued income:	
Other long-term financial assets	105.2
Operating receivables	14.3
ACCRUED INCOME	**119.5**
Accrued expenses:	
Other bonds	24.9
Other borrowings	0.5
Operating payables	122.4
ACCRUED EXPENSES	**147.8**

18. Deferred taxes

Deferred taxes arise from timing differences between the tax regime and the accounting treatment of income and expenses. According to the nature of the differences, these deferred taxes will increase or decrease the future tax expense and are not recorded pursuant to the provisions of the chart of accounts.

Deferred taxes as of December 31, 2013 are estimated as follows:

(in millions of euros)	December 31, 2012	December 31, 2013
Deferred tax assets (decrease in future tax expense)	5.1	5.7
Deferred tax liabilities (increase in future tax expense)	11.8	12.3

Deferred taxes were calculated taking into account the 3.3% social security contribution on earnings and a 10.7% exceptional contribution (5% in 2012) *i.e.* a general rate of 38% (36.10% in 2012).

OTHER INFORMATIONS

1. Items concerning related undertakings

The Company conducted related party transactions with its wholly owned subsidiaries or subsidiaries that were directly or indirectly controlled.

(in millions of euros)	December 31, 2013	
	Gross	Including related undertakings
Balance sheet		
Loans	30.6	30.2
Other long-term financial assets	108.0	
Operating receivables	389.5	343.1
Current account loans with subsidiaries	177.8	177.8
Other borrowings	1,938.9	1,850.4
Operating payables	405.2	67.5
Current account borrowings with subsidiaries	2,328.5	2,328.5
Income statement		
Financial income from equity affiliates	994.0	986.5
Interests, similar income and expenses	(132.3)	(74.9)
Other financial income and expenses	(4.3)	10.5

2. Off-balance sheet commitments

Off-balance sheet commitments break down as follows:

(in millions of euros)	December 31, 2012	December 31, 2013
Commitments given		
Endorsements, securities and guarantees given [(a)]	813.4	733.4
To Air Liquide Finance and Air Liquide US LLC on transactions performed [(b)]	3,416.7	3,718.1
COMMITMENTS GIVEN	**4,230.1**	**4,451.5**

(a) Guarantees given mainly concerned the joint and several liability guarantee of the subsidiary Air Liquide France Industrie in connection with energy purchases, and a guarantee covering the obligations of the Air Liquide Arabia and Air Liquide Engineering subsidiaries under Middle Eastern projects.

(b) L'Air Liquide S.A. holds 100% of the French subsidiary Air Liquide Finance, which manages the Group's cash position and interest rate risk, as well as financing.

In addition, Air Liquide Finance holds 100% of Air Liquide US LLC, in order to borrow on the US market.

Insofar as the sole activity of Air Liquide Finance and Air Liquide US LLC is the Group's financing, L'Air Liquide S.A. is required to guarantee any issuances performed by these companies.

3. Remuneration paid to members of Executive Management and the Board of Directors

The remuneration (short-term benefits: fixed and variable portions, benefits in kind, retirement termination payments, Directors' fees) paid by the Company to members of Executive Management and the Board of Directors respectively, amounts to:

(in millions of euros)	2013
Remuneration of the Board of Directors	0.7
Remuneration of Executive Management	4.1
TOTAL	**4.8**

During 2013, the Company paid to third parties the total amount of 496,845 euros.

For Benoît Potier and Pierre Dufour: with respect to supplementary defined contribution pension plans: 16,128 euros and 7,274 euros respectively, with respect to the collective life insurance contract: 189,135 euros for each one and with respect to the supplementary death and disability benefits plan: 66,368 euros and 28,805 euros respectively.

4. Average number of employees

The monthly average number of employees was:

	2012	2013
Engineers and executives	968	943
Supervisory staff	286	286
Employees	11	13
Laborers	25	22
TOTAL	**1,290**	**1,264**

5. Subsidiaries and affiliates information

(in thousands of euros)	Share capital as of December 31, 2013	Other equity as of December 31, 2013	% share holding
A. Detailed information on affiliates whose carrying amounts exceed 1% of the capital of the Company required to publish its financial statements			
a) Companies operating in France			
Air Liquide International [(a)] – 75, quai d'Orsay – 75007 Paris	2,880,780	5,339,115 [(b)]	99.99
Air Liquide France Industrie – 6, rue Cognacq-Jay – 75007 Paris	72,268	489,566	99.99
Air Liquide Finance – 6, rue Cognacq-Jay – 75007 Paris	72,000	8,121	99.99
Air Liquide Santé (International) – 75, quai d'Orsay – 75007 Paris	38,477	237,272	99.99
Chemoxal [(a)] – 75, quai d'Orsay – 75007 Paris	30,036	3,412	99.99
Air Liquide Investissements d'Avenir et de Démonstration – 6, rue Cognacq-Jay – 75007 Paris	25,050	(429)	99.99
Air Liquide Santé France – 6, rue Cognacq-Jay – 75007 Paris	10,403	19,244	10.12
b) Companies operating outside of France			
Air Liquide Industriegase GmbH & Co. KG – Hans-Günther-Sohl-Strasse 5 – 40235 Düsseldorf – Germany	10	2,720,687	100.00
B. General information on other subsidiaries and affiliates			
a) French companies (together)			
b) Foreign companies (together)			

(a) Holding company.

(b) Air Liquide International pays a portion of its dividend in the form of an interim dividend.

Carrying amount of shares held after the revaluations of 1976, 1978 and 1979			Loans and advances granted by the Company and not repaid	Guarantees and endorsements given by the Company	2013 net revenue	Net profit (or loss) for 2013	Dividends collected by the Company during 2013
Gross	Net	Including revaluation difference					
7,333,883	7,333,883	21,186			861	692,181	639,728 (b)
285,126	285,126				1,128,791	100,858	
72,901	72,901			3,631,045		58,143	41,100
331,728	331,728	6,301			17,020	302,947	77,968
30,326	30,326					28,906	71,889
25,050	25,050					(1,548)	
20,388	20,388		1,718		186,633	28,304	2,331
2,106,474	2,106,474				63,282	128,790	130,000
79,848	40,179	18,335	17,856	3,083			18,266
9,075	8,318		30,226				12,131

Statutory Auditors' Report on the annual financial statements

This is a free translation into English of the Statutory Auditors' report on the financial statements issued in French and it is provided solely for the convenience of English speaking readers.

The Statutory Auditors' Report includes information specifically required by French law in such reports, whether modified or not. This information is presented below the audit opinion on the financial statements and includes an explanatory paragraph discussing the auditors' assessments of certain significant accounting and auditing matters. These assessments were considered for the purpose of issuing an audit opinion on the financial statements taken as a whole and not to provide separate assurance on individual account balances, transactions, or disclosures.

This report also includes information relating to the specific verification of information given in the management report and in the documents addressed to shareholders.

This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

To the Shareholders,

In compliance with the assignment entrusted to us by your Annual Shareholders' Meeting, we hereby report to you, for the year ended December 31, 2013, on:

- the audit of the accompanying annual financial statements of L'Air Liquide,
- the justification of our assessments,
- the specific verifications and information required by French law.

These annual financial statements have been approved by the Board of Directors. Our role is to express an opinion on these financial statements based on our audit.

I. OPINION ON THE FINANCIAL STATEMENTS

We conducted our audit in accordance with the professional standards applicable in France. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit involves performing procedures, by audit sampling and other selective testing methods, to obtain audit evidence about the amounts and disclosures in the financial statements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made, as well as the overall financial statements presentation. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company at December 31, 2013 and the results of its operations for the year then ended, in accordance with the accounting rules and principles applicable in France.

II. JUSTIFICATION OF ASSESSMENTS

In accordance with the requirements of article L. 823-9 of the French Commercial Code (Code de Commerce) relating to the justification of our assessments, we bring to your attention the following matters:

- Investments are valued in accordance with the methods set out in paragraph 2.D of the notes to the annual financial statements relating to "Accounting policies". We assessed the approach and the estimates used by the Company were reasonable, and checked the depreciation computation, if any.
- These assessments were made as part of our audit of the financial statements taken as a whole, and therefore contributed to the opinion we formed which is expressed in the first part of this report.

III. SPECIFIC VERIFICATION AND INFORMATION

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by French law.

We have no matters to report as to the fair presentation and the consistency with the financial statements of the information given in the management report of the Board of Directors and in the documents addressed to shareholders with respect to the financial position and the financial statements.

Concerning the information given in accordance with the requirements of article L. 225-102-1 of French Commercial Code (Code de commerce) relating to remunerations and benefits received by the directors and any other commitments made in their favour, we have verified its consistency with the financial statements, or with the underlying information used to prepare these financial statements and, where applicable, with the information obtained by your Company from companies it controls. Based on this work, we concur with the accuracy and fair presentation of this information.

In accordance with French law, we have ensured that the required information concerning the purchase of investments and controlling interests and the names of the principal shareholders and holders of the voting rights has been properly disclosed in the Directors' Report.

Paris-La Défense, March 4, 2014

The Statutory Auditors

Mazars		Ernst & Young et Autres	
Lionel Gotlib	Daniel Escudeiro	Jean-Yves Jégourel	Emmanuelle Mossé

Five-year summary of Company results

(Articles R. 225-83 and R. 225-102 of the French Commercial Code)

	2009	2010	2011	2012	2013
I – Share capital at the end of the year					
a) Share capital *(in euros)* [(a) (b) (c)]	1,453,398,947	1,562,523,012	1,560,971,176	1,717,546,375	1,720,574,218
b) Number of outstanding ordinary shares	264,254,354	284,095,093	283,812,941	312,281,159	312,831,676
c) Number of shares with loyalty dividend entitlement [(d)]	66,269,428	71,940,478	78,070,815	90,629,532	92,705,933
d) Convertible bonds					
II – Operations and results of the year *(in millions of euros)*					
a) Revenue [(e)]	1,559.8	1,606.3	258.8	256.2	232.0
b) Net profit before tax, employee profit-sharing, depreciation, amortization and provisions	889.5	909.8	1,342.3	1,111.0	1,149.2
c) Corporate income tax	9.4	14.6	24.8	27.5	52.9
d) Employee profit-sharing for the year	3.1	3.2	3.6	3.6	3.3
e) Net profit after tax, employee profit-sharing, depreciation, amortization and provisions	816.2	822.2	1,273.3	1,039.9	1,017.9
f) Distributed profit	609.2	684.2	729.1	803.4	820.9
III – Per share data *(in euros)*					
a) Net profit after tax, employee profit-sharing, but before depreciation, amortization and provisions					
■ over the number of ordinary shares outstanding	3.32	3.14	4.63	3.46	3.49
■ over the adjusted number of shares [(f)]	2.85	2.87	4.22	3.47	3.52
b) Net profit after tax, employee profit-sharing, depreciation, amortization and provisions					
■ over the number of ordinary shares outstanding	3.09	2.89	4.49	3.33	3.25
■ over the adjusted number of shares [(f)]	2.65	2.65	4.09	3.34	3.27
c) Dividend allocated to each share					
■ over the number of ordinary shares outstanding	2.25	2.35	2.50	2.50	2.55
■ over the adjusted number of shares [(g)]	1.91	2.13	2.27	2.50	2.55
d) Loyalty dividend					
■ over the number of beneficiary shares	0.22	0.23	0.25	0.25	0.25
■ over the adjusted number of shares [(g)]	0.19	0.21	0.22	0.25	0.25
IV – Employees working in France [(e)]					
a) Average number of employees during the year	5,103	4,888	1,525	1,290	1,264
b) Total payroll for the year *(in millions of euros)*	266.3	259.8	172.9	158.9	159.1
c) Amounts paid with respect to employee benefits during the year (social security, staff benefits, etc.) *(in millions of euros)*	214.1	221.1	72.5	68.7	69.6

a) Using the authorization granted by the 10th resolution of the Combined Annual Shareholders' Meeting of May 4, 2011, the 8th resolution of the Combined Annual Shareholders' Meeting of May 9, 2012 and the10th resolution of the Combined Annual Shareholders' Meeting of May 7, 2013 , the Board of Directors made the following decisions:

- *in its meeting of May 4, 2011, capital decrease by cancellation of 1,200,000 treasury shares;*
- *in its meeting of May 9, 2012, capital decrease by cancellation of 1,200,000 treasury shares;*
- *in its meeting of May 7, 2013, capital decrease by cancellation of 1,000,000 treasury shares.*

(b) Using the authorization granted by the 19th resolution of the Combined Annual Shareholders' Meeting of May 5, 2010, the Board of Directors decided in its meeting of May 5, 2010, the granting of one free share for 15 existing shares (ranking for dividends as of January 1, 2010), and the granting of a 10% bonus for shares held in registered form from December 31, 2007 to May 27, 2010 (ranking for dividends as of January 1, 2010).

Using the authorization granted by the 9th resolution of the Combined Annual Shareholders' Meeting of May 9, 2012, the Board of Directors decided in its meeting of May 9, 2012, the granting of one free share for ten existing shares (ranking for dividends as of January 1, 2012), and the granting of a 10% bonus for shares held in registered form from December 31, 2009 to May 30, 2012 (ranking for dividends as of January 1, 2012).

(c) Using the authorizations granted by the resolutions of Combined Annual Shareholders' Meeting of May 12, 2004, May 9, 2007 and May 5, 2010,

- *the Board of Directors noted in its meeting of February 13, 2013 the issuance of 59,724 shares (ranking for dividends as of January 1, 2013) arising from:*
  - *the exercise of 27,420 options subscribed at the price of 48.39 euros;*
  - *the exercise of 23,683 options subscribed at the price of 58.92 euros;*
  - *the exercise of 5,507 options subscribed at the price of 70.61 euros;*
  - *the exercise of 3,114 options subscribed at the price of 71.31 euros.*
- *the Board of Directors noted in its meeting of May 7, 2013 the issuance of 296,203 shares (ranking for dividends as of January 1, 2013) arising from:*
  - *the exercise of 210,762 options subscribed at the price of 48.39 euros;*
  - *the exercise of 57,867 options subscribed at the price of 58.92 euros;*
  - *the exercise of 2,022 options subscribed at the price of 60.02 euros;*
  - *the exercise of 15,290 options subscribed at the price of 70.61 euros;*
  - *the exercise of 9,884 options subscribed at the price of 71.31 euros;*
  - *the exercise of 378 options subscribed at the price of 55.18 euros.*
- *pursuant to the delegation granted by the Board of Directors in its meeting of November 19, 2013, the Chairman and CEO noted on December 6, 2013 the issuance of 307,501 actions (ranking for dividends as of January 1, 2013) arising from:*
  - *the exercise of 131,840 options subscribed at the price of 58.92 euros;*
  - *the exercise of 27,644 options subscribed at the price of 60.02 euros;*
  - *the exercise of 75,859 options subscribed at the price of 70.61 euros;*
  - *the exercise of 31,629 options subscribed at the price of 71.31 euros;*
  - *the exercise of 40,087 options subscribed at the price of 55.18 euro;*
  - *the exercise of 442 options subscribed at the price of 75.28 euros.*
- *the Board of Directors noted in its meeting of February 17, 2014 the issuance of 137,817 shares (ranking for dividends as of January 1, 2013) arising from:*
  - *the exercise of 71,546 options subscribed at the price of 58.92 euros;*
  - *the exercise of 4,300 options subscribed at the price of 60.02 euros;*
  - *the exercise of 56,801 options subscribed at the price of 70.61 euros;*
  - *the exercise of 2,641 options subscribed at the price of 71.31 euros;*
  - *the exercise of 2,529 options subscribed at the price of 55.18 euros.*

Using the authorization granted by the 15th resolution of the Combined Annual Shareholders' Meeting of May 7, 2013, pursuant to the delegation granted by the Board of Directors in its meeting of May 7, 2013, the Chairman and CEO noted on December 6, 2013 the employee-reserved issuance of 749,272 new shares:

- *707,077 new shares subscribed in cash at a price of 80.70 euros per share, (ranking for dividends as of January 1, 2013), of which 2,747 shares were subscribed as part of the contribution paid by the Company (1 bonus share for 4 shares subscribed with a maximum of 3 bonus shares per employee);*
- *42,195 new shares subscribed in cash at a price of 85.75 euros per share, (ranking for dividends as of January 1, 2013).*

(d) Beginning December 31, 1995, shareholders holding their shares in registered form for at least two years at the period-end, and who will retain these shares in this form until the dividend payment date, will receive a dividend with a 10% bonus compared to the dividend paid to other shares. The difference between the loyalty dividend calculated on the number of shares outstanding as of the period-end and the loyalty dividend actually paid shall be allocated to retaining earnings.

(e) The evolution of the data is impacted by the contribution in 2011 of the operational and the technological activities to specialized and wholly-owned subsidiaries.

- *contribution to Air Liquide France Industrie of the Industrial gases business;*
- *contribution to Air Liquide Advanced Technologies of the design and production of equipment for the aerospace, aeronautics and cryogenics fields;*
- *contribution to Cryopal of the production and marketing of cryogenics reservoirs;*
- *contribution to Air Liquide Engineering of the technical assessment activities conducted at the Blanc-Mesnil site;*
- *contribution to Air Liquide Services of the development, installation and operation of industrial information systems.*

These contributions have no impact on the activity and the results of the Group.

(f) Adjusted to take into account, in the weighted average, the capital increases performed via capitalization of reserves or additional paid-in capital, cash subscriptions and treasury shares.

(g) Adjusted to take into account the capital increases performed via capitalization of reserves or additional paid-in capital.

5 Annual General Meeting 2014

> BOARD OF DIRECTORS' REPORT ON THE RESOLUTIONS PRESENTED TO THE 2014 COMBINED SHAREHOLDERS' MEETING

Results for the fiscal year

The financial statements of L'Air Liquide S.A. that have been prepared by applying the methods provided for by law and the standards of the French General Chart of Accounts are attached to this report – pages 271 and 272.

Revenue for the fiscal year ended December 31, 2013 amounted to 232.0 million euros, compared to 256.2 million euros in 2012, down by 9.4%.

The income from French and foreign equity securities amounted to 994.0 million euros, compared to 953.4 million euros in 2012.

Net profit for the fiscal year ended December 31, 2013 amounted to 1,017.9 million euros, compared to 1,039.9 million euros in 2012.

In 2012 and 2013, L'Air Liquide S.A. net profit is impacted by exceptional items.

Consolidated revenue for 2013 amounted to 15,225.2 million euros, compared to 15,326.3 million euros in 2012, down by 0.7%. After adjustment for the impacts of foreign exchange fluctuations and natural gas prices, the increase is 3.7%.

Consolidated net profit, after deduction of minority interests, amounted to 1,640.3 million euros, compared to 1,609.4 million euros in 2012, an increase of 3.1% (a 5.5% increase excluding the foreign exchange impact).

These results are described in detail in the Management Report and the financial statements.

Information on share capital

AMOUNT OF SHARE CAPITAL HELD BY EMPLOYEES

Please refer to the chapter "Additional Information" of this Reference Document – page 323.

CROSSING OF SHARE CAPITAL AND VOTING RIGHTS THRESHOLDS IN 2013

Please refer to the chapter "Additional Information" of this Reference Document – page 323.

Investments and acquisition of controlling interests

In accordance with the provisions of article L. 233-6 of the French Commercial Code, the transactions performed by L'Air Liquide S.A. in 2013 is the acquisition of 10% of the share capital of the company L'Institut Photovoltaïque d'Île-de-France (IPVF).

Resolutions within the authority of the Ordinary Shareholders' Meeting

We ask you, after you have reviewed:

- the Report of the Board of Directors on the operation and management of the Company and its Group during the 2013 fiscal year;
- the Company's financial statements, income statement, balance sheet and notes thereto;
- the Group's consolidated financial statements; and
- the Reports of the Statutory Auditors,

to approve the Company's financial statements and the consolidated financial statements for the year ended December 31, 2013 as presented, as well as the transactions set out in these financial statements or mentioned in these reports.

Your Company's net profit allows the Board to propose the payment of a dividend of 2.50 euros for each share entitled to a dividend, it being specified that in the event of a change in the number of shares entitled to a dividend compared to the 312,831,676 shares making up the share capital as of December 31, 2013, the overall dividend amount would be adjusted accordingly and the amount appropriated to the retained earnings account would be determined on the basis of the dividend effectively paid.

The proposed dividend amounts to 2.50 euros, an increase of 2%. The level of this dividend is to be appreciated taking into account the grant of one free share for every 10 existing shares as of June 2, 2014, subject to the necessary approvals at this Shareholders' Meeting.

The dividend ex date has been set for May 16, 2014. The dividend payment date will be set for May 21, 2014.

In accordance with the provisions of article 243 bis of the French Tax Code, it is specified that this dividend is eligible in its entirety for the 40% allowance referred to in section 2° of paragraph 3 of article 158 of the French Tax Code.

In addition, shareholders who had held their shares in registered form for at least two years as of December 31, 2013 and who retain such shares in registered form up to the dividend payment date, shall be entitled, for such shares (i.e. a total number of 92,705,933 shares at December 31, 2013), to a loyalty dividend of 10% compared with the dividend paid to the other shares, i.e. an additional dividend of 0.25 euro per share. In accordance with the provisions of article 243 bis of the French Tax Code, it is specified that this dividend is also eligible in its entirety for the 40% allowance referred to in section 2° of paragraph 3 of article 158 of the French Tax Code.

The difference between the loyalty dividend calculated on the number of shares known to exist at December 31, 2013 and the loyalty dividend actually paid will be allocated to the retained earnings account.

We also ask you to take due note of distributable earnings for the year. Such amount includes profits for 2013 of 1,017,870,966 euros plus available retained earnings at December 31, 2013 of 1,315,637,836 euros, i.e. a total of 2,333,508,802 euros.

We propose that you appropriate the distributable earnings for fiscal year 2013, i.e. 2,333,508,802 euros, as follows:

Legal reserve	302,784 euros
Retained earnings	1,512,308,761 euros
Dividend (including the loyalty dividend)	820,897,257 euros

DIVIDEND DISTRIBUTION

In accordance with French law, we wish to remind you that the distributions made in respect of the last three fiscal years were as follows:

	Total amount distributed (a) (in euros)	Number of shares concerned (b)	Dividend distributed eligible in its entirety for the 40% allowance referred to in article 158-3-2° of the French Tax Code (in euros)
Fiscal year 2010			
Ordinary dividend	667,623,469	284,095,093	2.35
Loyalty dividend	16,546,310	71,940,478	0.23
Fiscal year 2011			
Ordinary dividend	709,532,352	283,812,941	2.50
Loyalty dividend	19,517,704	78,070,815	0.25
Fiscal year 2012			
Ordinary dividend	780,702,897	312,281,159	2.50
Loyalty dividend	22,657,383	90,629,532	0.25

(a) Theoretical values calculated based on the number of shares as of December 31 for each fiscal year.

(b) Number of shares expressed historically as of December 31 for each fiscal year.

The amounts effectively paid after adjustment were as follows:

- *fiscal year 2010 – ordinary dividend: 663,885,267 euros for 282,504,369 shares; loyalty dividend: 15,615,897 euros for 67,895,204 shares;*
- *fiscal year 2011 – ordinary dividend: 704,800,280 euros for 281,920,112 shares; loyalty dividend: 17,872,597 euros for 71,490,388 shares;*
- *fiscal year 2012 – ordinary dividend: 776,404,573 euros for 310,561,829 shares; loyalty dividend: 20,886,338 euros for 83,545,351 shares.*

The adjustment arises from the existence of treasury shares, from the final determination of the loyalty dividend taking into account shares sold between January 1 and the dividend ex date, and from the exercise of options carried out over this same period.

BUYBACK BY THE COMPANY OF ITS OWN SHARES

A. Information on the completion of the Company's share buyback program (pursuant to article L. 225-211 of the French Commercial Code as amended by Regulation 2009-105 of January 30, 2009)

The Combined Shareholders' Meeting of May 7, 2013 authorized the Board, for a period of 18 months, in accordance with articles L. 225-209 et seq. of the French Commercial Code and the directly applicable provisions of EC Regulation 2273/2003 of December 22, 2003, to allow the Company to repurchase its own shares in order to:

- cancel them;
- retain them for the purpose of tendering them within the scope of an exchange offer or for payment in external growth transactions, in accordance with recognized market practice and applicable regulations;
- tender them following the exercise of rights attached to marketable securities conferring entitlement to Company shares by redemption, conversion, exchange, presentation of a warrant or any other means;
- implement (i) any share purchase option plans or (ii) plans for the free grant of shares, or (iii) any employee share ownership transactions reserved for members of a Company savings plan, performed through the transfer of shares acquired previously by the Company, or providing for a free grant of shares in respect of a contribution in shares by the Company and/or to replace the discount, or (iv) allocation of shares to employees and/or executive corporate officers of the Company and affiliated companies, in accordance with the laws and regulations in force;
- maintain an active market in the Company's shares pursuant to a market liquidity contract in accordance with an Ethics Charter recognized by the French financial markets authority (Autorité des marchés financiers).

The maximum purchase price was set at 165 euros per share, and the maximum number of shares that can be bought back was set at 10% of the total number of shares making up the share capital as of December 31, 2012, namely 31,228,116 shares for a maximum total amount of 5,152,639,140 euros, subject to the legal limits.

These shares could be purchased at any time, excluding the periods for takeover bids on the Company's share capital, on one or more occasions and by all available means, either on or off a stock exchange, in private transactions, including the purchase of blocks of shares, or through the use of derivative financial instruments, and, if applicable, by all third parties acting on behalf of the Company, under the conditions stipulated in the provisions of the last paragraph of article L. 225-206 of the French Code of Commerce.

Pursuant to this authorization and the previous delegation authorized by the Combined Shareholders' Meeting of May 9, 2012:

- a liquidity contract was set up, which led to the following movements during the 2013 fiscal year:

- 2,053,687 shares were purchased for a total price of 198,735,280 euros, or an average purchase price of 96.77 euros,
- 2,042,687 shares were sold for a total price of 197,812,722 euros, or an average purchase price of 96.84 euros;

- on February 22, 2013, 1.2 million shares were bought back for a total price of 113,280,840 euros, i.e. an average share price of 94.40 euros. No shares were bought back between May 2013 and the year-end.

The total cost of the buybacks was thus limited to 312,016,120 euros;

- in addition, during the fiscal year the Company also carried out a share tender to certain beneficiaries of plans for the free grant of shares (2011 CGSE France Plan and 2009 CGSE World Plan) in the amount of 39,432 and 81,595 treasury shares, respectively.

The total amount of the transaction fees (exclusive of taxes) was 0.2 million euros.

As of December 31, 2013, the Company directly owned 995,745 shares at an average purchase price of 87.83 euros, i.e. a balance sheet value of 87,460,656 euros. These shares, each with a par value of 5.50 euros, represented 0.32% of the Company's share capital. They are allocated for the purpose of share exchanges or as payment in connection with possible external growth transactions (555,602 shares) and for the purpose of the implementation of any conditional grants of shares to employees (440,143 shares).

Under the liquidity contract, as of December 31, 2013 a total of 11,000 shares were on the balance sheet for a value of 1,094,907 euros.

B. Proposed resolution

As the authorization granted by the Ordinary Shareholders' Meeting of May 7, 2013 was partially used, the Board proposes to replace it with a new authorization to allow the Company to repurchase its own shares in order to:

- cancel them, subject to the adoption of the 15th resolution;
- retain them for the purpose of tendering them within the scope of an exchange offer or for payment in external growth transactions, in accordance with recognized market practice and applicable regulations;
- tender them following the exercise of rights attached to marketable securities conferring entitlement to Company shares by redemption, conversion, exchange, presentation of a warrant or any other means;
- implement (i) share purchase option plans or (ii) plans for free grants of shares, or (iii) employee share ownership transactions reserved for members of a Company savings plan, performed under the terms and conditions set forth in articles L. 3331-1 et seq. of the French Labor Code through the transfer of shares bought back previously by the Company under this resolution, or providing for a free grant of shares in respect of a contribution in shares by the Company and/or to replace the discount; or (iv) allocations of shares to employees and/or executive corporate officers of the Company or affiliated companies, in accordance with the laws and regulations in force;
- maintain an active market in the Company's shares pursuant to a liquidity contract in accordance with an Ethics Charter recognized by the French financial markets authority (Autorité des marchés financiers).

The maximum purchase price will be set at 165 euros (excluding acquisition costs) per share with a par value of 5.50 euros per share, and the maximum number of shares that can be bought back will be set at 10% of the total number of shares making up the share capital as of December 31, 2013, or 31,283,167 shares with a par value of 5.50 euros, for a maximum total amount of 5,161,722,555 euros, subject to the legal limits.

These shares may be purchased at any time, excluding the periods for takeover bids on the Company's share capital, on one or more occasions and by all available means, either on or off a stock exchange, in private transactions, including the purchase of blocks of shares, or through the use of derivative financial instruments, and, if applicable, by all third parties acting on behalf of the Company, under the conditions stipulated in the provisions of the last paragraph of article L. 225-206 of the French Code of Commerce.

Shares bought back may be assigned or transferred in any manner on or off a stock exchange or through private transactions, including the sale of blocks of shares, in accordance with the applicable regulations.

Dividends on own shares held by the Company shall be allocated to retained earnings.

This authorization shall be granted for a period of 18 months starting from the date of this Shareholders' Meeting. It supersedes the authorization granted by the Ordinary Shareholders' Meeting of May 7, 2013 in its 4th resolution with respect to its non-utilized portion.

RENEWAL OF TERMS OF OFFICE OF DIRECTORS

The 5th, 6th and 7th resolutions concern the renewal as members of the Company's Board of Directors, for a period of four years, of the respective terms of office of Mr Benoît Potier, Mr Paul Skinner and Mr Jean-Paul Agon, that expire at the end of this Shareholders' Meeting.

The Board of Directors confirmed its intention to renew Mr Benoît Potier in his functions as Chairman and Chief Executive Officer at the meeting scheduled to take place after this Shareholders' Meeting. The continued combination of the roles is in keeping with the Company's history, the regular improvement in the Company's performance having mainly taken place with a form of governance involving combination of roles (since the origin of the Company except for the period from 2001 to 2006). This organization responds to the very specific shareholder structure of Air Liquide, which has always consisted, alongside institutional investors from all continents, of a significant number of individual shareholders (who hold 36% of the share capital at the end of 2013), accompanying the Group over the long term. The regular, personalized exchanges offered by the dialogue between the shareholders and Executive Management through a single contact person, with in-depth knowledge of the Group and its businesses, make it possible to ensure that definition of the Group's strategy takes due account of the expectations and interests of shareholders over the long term. Maintaining the combination of roles therefore promotes, in the Air Liquide tradition, a close, trustful relationship between its Executive Officers and the shareholders.

The combination of the roles of Chairman and Chief Executive Officer takes place in compliance with balanced rules of governance, which are currently based on, notably, the predominance of independent Directors, a collective performance of Executive Management (which meets once a month), a balanced organization of the relations between Executive Management and the Board (based on, in particular, the limitation of the powers of Executive Management), and a role of vigilance entrusted to the Appointments and Governance Committee which has been tasked, since 2010, with ensuring the proper functioning of the governance bodies.

Additional governance measures will strengthen the balance between the governance bodies, particularly, subject to the vote on the 18th resolution, the appointment of a Lead Director chosen from among the independent members (as defined by the internal regulations) of the Appointments and Governance Committee. The Lead Director will, notably, conduct the work of the Appointments and Governance Committee concerning the Company's Management organization entrusted to the Committee; he may, after receiving the opinion of the Appointments and Governance Committee, ask the convening of a meeting of the Board of Directors and propose the inclusion of additional points on the agenda for any Board meeting. The other additional governance measures include the holding of a joint annual session of the Directors of the Appointments and Governance Committee and the Remuneration Committee, outside the presence of the Executive Members, as well as the possibility, offered to the Directors, of asking for re-examination of the organization of governance within the scope of the evaluation questionnaire concerning Board's functioning. (For more information about these additional measures, see the Report of the Chairman of the Board of Directors on page 123 herein).

Mr Paul Skinner, former Group Managing Director of Royal Dutch/Shell and former Chairman of Rio Tinto plc, who has been a Director since 2006, will continue to provide the Board of Directors with his management experience within major international industrial companies and his knowledge of key markets for Air Liquide's businesses.

Mr Jean-Paul Agon, Chairman and CEO of the L'Oréal group, who has been a Director since 2010, will continue to provide the Board of Directors with his expertise in the senior management of a major international company and his specific knowledge of consumer product markets.

Since Mr Benoît Potier, Mr Paul Skinner and Mr Jean-Paul Agon have accepted the renewal of their terms of office, we are proposing three resolutions to re-elect them as members of the Company's Board of Directors for a period of four years.

Mrs Béatrice Majnoni d'Intignano's mandate will expire at the end of this Shareholders' Meeting. The Board took due note of her decision not to seek the renewal of her term of office. The Board expressed its deep gratitude to her for her significant contribution to the work of the Board and its Committees these past years.

APPOINTMENT OF NEW MEMBERS TO THE BOARD OF DIRECTORS

On the recommendation of the Appointments and Governance Committee, the Board proposes to appoint Ms Sin Leng Low and Ms Annette Winkler as Directors for a period of four years (8th and 9th resolutions). This proposal is the result of a recruitment process led by the Appointments and Governance Committee with the assistance of an external advisor, which took place over several months.

Ms Sin Leng Low is a Singaporean citizen. Having spent part of her career in the Singapore government, she joined the industrial engineering group Sembcorp in 2000, where she spearheaded the group's Industrial Parks business subsidiary as Executive Chairman until end of 2012. She speaks fluent Chinese (Mandarin) and English, and will bring to the Board her experience in the management of industrial activities and her knowledge of the Asian markets.

Ms Annette Winkler is a German citizen. She has worked as Vice President in Daimler AG starting in 1995, as head of Smart since 2010, including the responsibility for the Smart factory in Lorraine (France). She speaks fluent German, English, French and Dutch and will bring to the Board her experience in senior management of a major German industrial group with an international reach, focused on the consumer goods market.

At the end of this Shareholders' Meeting, the Board of Directors will comprise 12 members, 10 of whom will be independent as defined by the internal regulations. In particular, the Board will be comprised of four women and seven non-French members.

APPROVAL OF RELATED PARTY AGREEMENTS

The 10th and 11th resolutions concern the approval (under a specific resolution for each Executive Officer) of regulated agreements between the Company and Mr Benoît Potier or Mr Pierre Dufour respectively regarding termination indemnities and retirement indemnities, as well as the approval of the related Statutory Auditors' Special Report.

- The terms of the agreements applicable to Mr Benoît Potier and to Mr Pierre Dufour regarding termination indemnities are as follows:
  - (i) only the cases of forced departure related to a change of strategy or a change in control may give rise to an indemnity,
  - (ii) the amount of the indemnity is set at 24 months of gross fixed and variable remuneration,

(iii) the amount of the indemnity due to Mr Benoît Potier decreases gradually as he approaches the date of the age limit defined in the articles of association (63 years of age); no indemnity will be paid to Mr Pierre Dufour if he is entitled to claim his full pension entitlements in the short term at the date of a forced departure,

(iv) the right to payment of the indemnity is subject to the achievement of performance conditions.

Entitlement to the termination indemnity, and the amount of the indemnity paid, depend on the average of the annual variance between the Return On Capital Employed after tax (ROCE) and the Weighted Average Cost of Capital (WACC) (assessed using accounting net equity) over the last three fiscal years prior to the fiscal year in which the departure occurs. This variance in a highly capital-intensive business makes it possible to measure regular value creation.

At the occasion of the renewal, for Mr Benoît Potier, of his terms of office as Chairman and Chief Executive Officer, and for Mr Pierre Dufour, of his term of office as Senior Executive Vice President, expiring at the close of the Shareholders' Meeting on May 7, 2014, these commitments were re-examined, which led to the raise of the performance criteria on which payment of the indemnity would be contingent.

It was decided that an average variance over three years of 300 basis points (instead of 200 previously) between ROCE and WACC would now be required in order to benefit from the total amount of the indemnity. The declining percentage formula is also made more exacting.

Besides, regarding Mr Pierre Dufour, the text of the undertaking regarding his termination indemnity has been amended in order to remove the references to an employment contract. It has been specified that the remuneration used as a basis for calculation of the indemnity is that received by Mr Pierre Dufour on any basis whatsoever from any company of the Group. As in the past, the total amount of 24 months of remuneration includes the indemnities received from any subsidiary, including the non-competition indemnity, in the event of concomitant termination of the other duties he performs in the Group.

Further details are contained in the Report on the remuneration of Executive Officers and Directors of L'Air Liquide S.A. (page 152 herein).You are asked to approve the renewal of the commitments thus amended, which shall become effective at the time of the renewal of the respective terms of office of Mr Benoît Potier and Mr Pierre Dufour immediately after this Shareholders' Meeting.

- Following the evolution of the Group's operational organization, amendments were brought in by the Board of Directors of February 17, 2014 to the defined-benefits plan applicable to senior managers and Executive Officers for that part of the remuneration exceeding 24 times the annual social security ceiling. These amendments are designed to (i) limit the basis for calculation of the pension annuity to the fixed and variable remuneration only (so excluding any other form of remuneration), whether paid by the Company or any French or foreign Group subsidiary; (ii) make the payment of the annuity contingent on the decision to claim pension entitlements under the old-age pension plan at the full rate or not.

  You are asked to approve that the plan, as amended, be applied individually to Mr Benoît Potier and Mr Pierre Dufour.

These agreements are shown in the Statutory Auditors' Special Report on regulated agreements and commitments (see page 314 herein and the Company's website).

OPINION ON THE REMUNERATION OF THE COMPANY'S EXECUTIVE OFFICERS FOR THE 2013 FISCAL YEAR ("SAY ON PAY")

The AFEP/MEDEF governance Code, to which the Company refers, now suggests that companies submit to the opinion of shareholders the elements of remuneration of Executive Officers for the previous fiscal year.

The Board of Directors proposes to apply this recommendation by allowing for the first time the Company's shareholders to express an opinion on the remuneration of the Company's Executive Officers. This vote remains a recommendation. The Remuneration Committee will analyze the votes cast in order to issue to the Board of Directors its recommendations for the future.

By the 12th and 13th resolutions, you are asked to express a favorable opinion on the remuneration components due or allocated to Mr Benoît Potier, Chairman and Chief Executive Officer, and Mr Pierre Dufour, Senior Executive Vice-President, in respect of 2013, as described on page 157 herein.

DIRECTORS' FEES

The 14th resolution sets the authorized amount of Directors' fees per fiscal year. Since 2011, this amount has been 800,000 euros. It would be raised to 1 million euros per fiscal year in view of the increased number of Directors and meetings and the extension of the work handled by the Board and the Committees.

The Directors' fees allocation formula comprises a fixed part and a variable part based on fixed amounts per meeting, thereby taking into account the effective participation of each Director in the work of the Board and its Committees, as well as a fixed amount per trip for Directors travelling from abroad.

Resolutions within the authority of the Extraordinary Shareholders' Meeting

CANCELLATION OF SHARES PURCHASED BY THE COMPANY VIA A REDUCTION IN SHARE CAPITAL

To recap, in 2013 a total of 1 million shares with a total carrying amount of 92,547,129 euros were cancelled by the Board of Directors on May 7, 2013.

You are asked to authorize the Board of Directors to cancel, at its sole discretion, on one or more occasions, and within the limit of 10% of the Company's share capital per 24 month period, any or all of the shares bought back by the Company within the scope of the authorization adopted by this Ordinary Shareholders' Meeting in its 4th resolution and those shares bought back within the scope of the authorizations adopted by the Ordinary Shareholders' Meetings of May 7, 2013 and May 9, 2012 , and to reduce the share capital by this amount.

The difference between the carrying amount of the cancelled shares and their par value will be allocated to reserves or additional paid-in capital accounts.

This authorization shall be granted for a period of 24 months starting from the date hereof and supersedes the authorization granted by the Extraordinary Shareholders' Meeting of May 7, 2013 in its 10th resolution.

CAPITAL INCREASE THROUGH CAPITALIZATION OF ADDITIONAL PAID-IN CAPITAL, RESERVES, PROFITS OR ANY OTHER AMOUNTS

The Combined Shareholders' Meeting of May 9, 2012 had authorized the Board of Directors, for a period of 26 months, to increase the share capital, on one or more occasions, by capitalization of additional paid-in capital, reserves, profits or other amounts for the purpose of the attribution of free shares to the shareholders and/or an increase in the par value of existing shares, for a maximum amount of 250 million euros.

This authorization was partially used in 2012: the Company allotted 1 free share for every 10 existing shares following a capital increase through capitalization of the sum of 159.52 million euros taken from the "Additional paid-in capital" and "Retained earnings" accounts, thereby creating 29,003,797 new shares, including the 10% loyalty bonus (1 additional free share for every 100 existing shares) pursuant to the articles of association.

The purpose of the proposed resolution is to renew this authorization, in order to allow the Company to award 1 free share for every 10 existing shares on June 2, 2014. Consequently, under the terms of the 16th resolution, we ask you to delegate to the Board of Directors, with the option of sub-delegation, the authority necessary to decide to increase the share capital on one or more occasions through capitalization of additional paid-in capital, reserves, profits or any other amount that may be capitalized under the law and the articles of association as a free share attribution and/or an increase in the nominal value of existing shares.

The total amount of the capital increases likely to be performed in this way may not exceed 250 million euros, this limit being separate from and independent of that referred to in the 13th resolution passed by the Shareholders' Meeting of May 7, 2013, and may not in any case exceed the amount of the additional paid-in capital, reserve, profit or other accounts referred to above that exist at the time of the capital increase.

The proposed delegation of authority strips of all legal effect the delegation granted to the Board of Directors pursuant to the 9th resolution of the Extraordinary Shareholders' Meeting of May 9, 2012, for the amount of the non-utilized portion of such delegation.

AMENDMENT TO THE ARTICLES OF ASSOCIATION REGARDING EMPLOYEE DIRECTORS

Under new French legislation, the Board of Directors must now include one Director who represents the Group's employees.

By the 17th resolution, you are asked to approve the amendment to the articles of association entrusting the appointment of this Employee Director to the Group Committee in France; this Committee comprises representatives of trade unions within the Group's companies in France, which together represent 11,000 employees. The European Works Council would be the competent body if a second seat had to be filled (this Council comprises representatives of trade unions within the Group's companies in the 12 European Union countries where the Group has more than 150 employees – i.e. a total of 24,000 employees including France). The Director representing the employees shall serve on the Board of Directors with entitlement to vote in deliberations and shall be subject to all provisions of the internal regulations governing Directors' rights and obligations.

The Group Committee in France has been consulted and is in favor of this proposal. The appointment must be made within six months of the vote of the Shareholders' Meeting.

AMENDMENT TO THE ARTICLES OF ASSOCIATION REGARDING A LEAD DIRECTOR

The amendment to the articles of association that you are asked to approve in the 18th resolution is designed to include the principle of the appointment of a Lead Director by the Board of Directors when Executive Management is assumed by the Chairman of the Board of Directors.

The Board of Directors confirmed its agreement for the Lead Director to be appointed from among the independent Directors (within the meaning of the internal regulations) of the Appointments and Governance Committee. Under the terms of the Board's internal regulations, the tasks and authority of the Lead Director shall include the carrying out of the work of said Appointments and Governance Committee regarding the proper functioning of the governance bodies and management of potential conflicts of interest. The Lead Director shall have the authority to request that a meeting of the Board of Directors be convened on any specified agenda and that additional items be included on the agenda for any Board meeting; he/she shall chair the annual joint session of the Committees that shall be held without the presence of any Executive Director and shall ensure that response to shareholder requests. Details of the tasks assigned to the Lead Director are provided in the Report from the Chairman of the Board of Directors (page 123 herein).

Subject to the adoption of the 18th resolution, all of these measures shall be incorporated into the internal regulations of the Board of Directors which will be approved by the Board ruling on the renewal of the term of office of the Chairman and Chief Executive Officer and on the appointment of the Lead Director immediately after the Shareholders' Meeting on May 7, 2014.

OTHER AMENDMENT TO THE ARTICLES OF ASSOCIATION

The purpose of the amendment to the articles of association that you are asked to approve in the 19th resolution is to harmonize, based on two calendar years, the method for calculating the holding period necessary for registered shares to be eligible for the increase, not only in the dividend but also in the free share attribution.

> RESOLUTIONS PRESENTED FOR THE APPROVAL OF THE COMBINED SHAREHOLDERS' MEETING – MAY 7, 2014

Ordinary Shareholders' Meeting

Resolutions 1 and 2 Approval of the financial statements for the year

Purpose

Shareholders are asked in the **1st and 2nd resolutions** to approve both the Company and consolidated financial statements of Air Liquide for the year ended December 31, 2013.

FIRST RESOLUTION

(Approval of the Company financial statements for the year ended December 31, 2013)

The shareholders, deliberating according to the quorum and majority required for Ordinary Shareholders' Meetings, having reviewed:

- the Reports of the Board of Directors and the Statutory Auditors;
- the Company's financial statements, income statement, balance sheet and notes thereto,

approve the Company's financial statements for the year ended December 31, 2013 as presented, and approve the transactions reflected in these financial statements or mentioned in these reports.

The shareholders determined the amount of net earnings for the year at 1,017,870,966 euros.

SECOND RESOLUTION

(Approval of the consolidated financial statements for the year ended December 31, 2013)

The shareholders, deliberating according to the quorum and majority required for Ordinary Shareholders' Meetings, having reviewed:

- the Reports of the Board of Directors and the Statutory Auditors;
- the Group's consolidated financial statements,

approve the consolidated financial statements for the year ended December 31, 2013 as presented.

Resolution 3 Appropriation of earnings and setting of the dividend

Purpose

By the **3rd resolution,** the Board of Directors asks you to approve **the distribution of a dividend of 2.55 euros per share**, an increase of 2,0%. This level of dividend is to be appreciated in the context of the grant of one free share for every 10 existing shares as of June 2, 2014, subject to the necessary approvals at this Shareholders' Meeting.

A loyalty dividend of 10%, i.e. 0.25 euro per share, shall be granted to shares which have been held in registered form since December 31, 2011, and which remain held in this form continuously until May 21, 2014, the dividend payment date. As of December 31, 2013, 29.6% of the shares making up the share capital are likely to benefit from this loyalty dividend.

With **a pay-out ratio of 49.7% of the Group's net profit**, estimated taking into account share buybacks and cancellations, the proposed dividend is an integral part of Air Liquide's policy to reward and grow shareholder portfolios over the long term.

The dividend ex date has been set for **May 16, 2014** and the dividend payment date will be set for **May 21, 2014**.

THIRD RESOLUTION

(Appropriation of 2013 earnings and setting of the dividend)

The shareholders, deliberating according to the quorum and majority required for Ordinary Shareholders' Meetings, having noted that, considering the fiscal year 2013 earnings of 1,017,870,966 euros and the retained earnings of 1,315,637,836 euros as of December 31, 2013, distributable earnings for the year amount to a total of 2,333,508,802 euros, approve the proposals of the Board of Directors regarding the appropriation of earnings. The shareholders hereby decide to appropriate distributable earnings as follows:

Legal reserve	302,784 euros
Retained earnings	1,512,308,761 euros
Dividend (including the loyalty dividend)	820,897,257 euros

Hence, a dividend of 2.55 euros shall be paid to each of the shares conferring entitlement to a dividend, it being specified that in the event of a change in the number of shares conferring entitlement to a dividend compared to the 312,831,676 shares making up the share capital as of December 31, 2013, the overall dividend amount would be adjusted accordingly and the amount appropriated to the retained earnings account would be determined on the basis of the dividend effectively paid.

The dividend payment date will be set for May 21, 2014:

- for directly registered shares: directly by the Company, based on the means of payment indicated by the holders;
- for intermediary registered shares, as well as for bearer shares which are registered in shareholder accounts: by the authorized intermediaries to whom the management of these shares has been entrusted.

The dividend distributions made with respect to the last three fiscal years are as follows:

	Total amount distributed (a) *(in euros)*	Number of shares concerned (b)	Dividend distributed eligible in its entirety for the 40% allowance referred to in article 158-3-2° of the French Tax Code *(in euros)*
Fiscal year 2010			
Ordinary dividend	667,623,469	284,095,093	2.35
Loyalty dividend	16,546,310	71,940,478	0.23
Fiscal year 2011			
Ordinary dividend	709,532,352	283,812,941	2.50
Loyalty dividend	19,517,704	78,070,815	0.25
Fiscal year 2012			
Ordinary dividend	780,702,897	312,281,159	2.50
Loyalty dividend	22,657,383	90,629,532	0.25

(a) Theoretical values calculated based on the number of shares as of December 31 for each fiscal year.

(b) Number of shares expressed historically as of December 31 for each fiscal year.

The amounts effectively paid after adjustment were as follows:

- *fiscal year 2010 – ordinary dividend: 663,885,267 euros for 282,504,369 shares; loyalty dividend: 15,615,897 euros for 67,895,204 shares;*
- *fiscal year 2011 – ordinary dividend: 704,800,280 euros for 281,920,112 shares; loyalty dividend: 17,872,597 euros for 71,490,388 shares;*
- *fiscal year 2012 – ordinary dividend: 776,404,573 euros for 310,561,829 shares; loyalty dividend: 20,886,338 euros for 83,545,351 shares.*

The adjustment arises from the change in the number of treasury shares, from the final determination of the loyalty dividend taking into account shares sold between January 1 and the dividend ex date, and from the exercise of options over this same period.

Pursuant to the provisions of the articles of association, a loyalty dividend of 10%, i.e. 0.25 euro per share with a par value of 5.50 euros, shall be granted to shares which have been held in registered form since December 31, 2011, and which remain held in this form continuously until May 21, 2014, the dividend payment date.

In accordance with the provisions of article 243 bis of the French Tax Code, it is specified that the ordinary and loyalty dividends are also in their entirety eligible for the 40% allowance referred to in section 2° of paragraph 3 of article 158 of the aforementioned Code.

The amount of the loyalty dividend for the 92,705,933 shares which have been held in registered form since December 31, 2011, and which remained held in this form continuously until December 31, 2013, amounts to a total of 23,176,483 euros.

The total loyalty dividend corresponding to these 92,705,933 shares that cease to be held in registered form between January 1, 2014 and May 21, 2014, the dividend payment date, shall be deducted from the aforementioned amount.

Resolution 4 Buyback by the Company of its own shares

Purpose

The 4th **resolution renews** the authorization granted to the Board, for a term of 18 months, to allow the Company to buy back its own shares (including under a liquidity contract).

The maximum purchase price is set at 165 euros (unchanged amount) per share and the maximum number of shares that can be bought back is limited to 10% of the total number of shares comprising the share capital as of December 31, 2013, i.e. 31,283,167 shares for a maximum total amount of 5,161,722,555 euros.

The shares purchased may be cancelled in order to offset in the long term the dilutive impact resulting from diverse capital increases.

In 2013, the buyback program resulted in the purchase of 1.2 million shares, representing 0.38% of the capital and the cancellation of 1 million shares. Additionally, under the liquidity contract, 2.05 million shares were purchased and 2.04 million were sold. As of December 31, 2013, 11,000 shares were held under the liquidity contract.

As of December 31, 2013, the Company held approximately 1 million shares for the purpose of exchange or payment in the context of external growth transactions and the implementation of conditional share grants to employees. **These shares represent 0.32% of the Company's share capital.** They do not have any voting rights and their related dividends are allocated to retained earnings.

The objectives of the share buyback program are detailed in the **4th resolution** and the program description available on the Company's website www.airliquide.com prior to the Shareholders' Meeting.

FOURTH RESOLUTION

(Authorization granted to the Board of Directors for a period of 18 months to allow the Company to trade in its own shares)

The shareholders, deliberating according to the quorum and majority required for Ordinary Shareholders' Meetings, after having reviewed the Report of the Board of Directors, in accordance with articles L. 225-209 et seq. of the French Commercial Code and the directly applicable provisions of European Commission regulation No. 2273/2003 of December 22, 2003, authorize the Board of Directors to allow the Company to repurchase its own shares in order to:

- cancel them, subject to the adoption of the 15th resolution;
- retain them for the purpose of tendering them within the scope of an exchange offer or for payment in external growth transactions, in accordance with recognized market practice and applicable regulations;
- tender them following the exercise of rights attached to marketable securities conferring entitlement to Company shares by redemption, conversion, exchange, presentation of a warrant or any other means;
- implement (i) any share purchase option plans or (ii) plans for free grants of shares, or (iii) any employee share ownership transactions reserved for members of a Company savings plan, performed under the terms and conditions set forth in articles L. 3331-1 et seq. of the French Labor Code through the transfer of shares bought back previously by the Company under this resolution, or providing for a free grant of shares in respect of a contribution in shares by the Company and/or to replace the discount; or (iv) share grants to employees and/or Executive Officers of the Company or affiliated companies, in accordance with the laws and regulations in force;
- maintain an active market in the Company's shares pursuant to a market liquidity contract in accordance with an Ethics Charter recognized by the French financial markets authority (Autorité des marchés financiers).

The shareholders set the maximum purchase price at 165 euros (excluding acquisition costs) per share with a par value of 5.50 euros and the maximum number of shares that can be bought back at 10% of the total number of shares comprising the share capital at December 31, 2013, i.e. 31,283,167 shares with a par value of 5.50 euros, for a maximum total amount of 5,161,722,555 euros, subject to the legal limits.

These shares may be purchased at any time, excluding the periods for takeover bids on the Company's share capital, and by all available means, either on or off a stock exchange, in private transactions, including the purchase of blocks of shares, or through the use of option mechanisms, and, if applicable, by all third parties acting on behalf of the Company, under the terms and conditions stipulated in the last paragraph of article L. 225-206 of the French Commercial Code.

Shares bought back may be commuted, assigned or transferred in any manner on or off a stock exchange or through private transactions, including the sale of blocks of shares, in accordance with the applicable regulations.

Dividends on own shares held by the Company shall be allocated to retained earnings.

This authorization is granted for a period of 18 months starting from the date of this Shareholders' Meeting. It supersedes the authorization granted by the fourth resolution of the Ordinary Shareholders' Meeting of May 7, 2013 with respect to the non-utilized portion of such authorization.

The shareholders give full powers to the Board of Directors, with the possibility of delegating such powers, to implement this authorization, place orders for trades, enter into all agreements, perform all formalities and make all declarations with regard to all authorities and, generally, do all that is necessary for the execution of any of the Board's decisions made in connection with this authorization.

The Board of Directors shall inform the shareholders of any transactions performed in light of this authorization in accordance with applicable regulations.

Resolutions 5 to 7 Renewal of terms of office of Directors

Purpose

The **5th, 6th and 7th resolutions** concern the **renewal**, as members of the Company's Board of Directors, for a period of four years, of the respective **terms of office** of Mr Benoît Potier, Mr Paul Skinner and Mr Jean-Paul Agon that expire at the end of this Shareholders' Meeting.

The Board of Directors confirmed its wish to renew the term of office of Mr Benoît Potier as Chairman and CEO at the meeting scheduled to take place after this Shareholders' Meeting. Maintaining the combination of the roles of Chairman and Chief Executive Officer is a continuation of the Company's history and reflects the very specific structure of Air Liquide's share ownership.

Supplementary governance measures will strengthen the balance between the governance bodies, in particular with the appointment of a Lead Director subject to the vote for the 18th resolution below and the holding of a combined annual meeting between the Appointments and Governance Committee and the Remuneration Committee, held without the presence of Executive Officers and Directors.

Mr Paul Skinner, former Group Managing Director of Royal Dutch/Shell and former Chairman of Rio Tinto plc, who has been a Director since 2006, will continue to provide the Board of Directors with his management experience within major international industrial companies and his knowledge of key markets for Air Liquide's businesses.

Mr Jean-Paul Agon, Chairman and CEO of the L'Oréal group, who has been a Director since 2010, will continue to provide the Board of Directors with his expertise in the senior management of a major international company and his specific knowledge of consumer product markets.

The Board of Directors has noted the decision of Ms Béatrice Majnoni d'Intignano not to seek renewal of her term of office, which expires at the end of this Shareholders' Meeting.

FIFTH RESOLUTION

(Renewal of the term of office of Mr Benoît Potier as Director)

The shareholders, deliberating according to the quorum and majority required for Ordinary Shareholders' Meetings, after having reviewed the Report of the Board of Directors, decide to renew the term of office of Mr Benoît Potier as a Director for a term of four years, which will expire at the end of the Ordinary Shareholders' Meeting in 2018, held to approve the financial statements for the fiscal year ending December 31, 2017.

SIXTH RESOLUTION

(Renewal of the term of office of Mr Paul Skinner as Director)

The shareholders, deliberating according to the quorum and majority required for Ordinary Shareholders' Meetings, after having reviewed the Report of the Board of Directors, decide to renew the term of office of Mr Paul Skinner as a Director for a term of four years, which will expire at the end of the Ordinary Shareholders' Meeting in 2018, held to approve the financial statements for the fiscal year ending December 31, 2017.

SEVENTH RESOLUTION

(Renewal of the term of office of Mr Jean-Paul Agon as Director)

The shareholders, deliberating according to the quorum and majority required for Ordinary Shareholders' Meetings, after having reviewed the Report of the Board of Directors, decide to renew the term of office of Mr Jean-Paul Agon as a Director for a term of four years, which will expire at the end of the Ordinary Shareholders' Meeting in 2018, held to approve the financial statements for the fiscal year ending December 31, 2017.

Resolutions 8 and 9 Appointment of new members to the Board of Directors

Purpose

On the recommendation of the Appointments and Governance Committee, the **8th and 9th resolutions** propose that you appoint as Directors, for a period of four years, Ms Sin Leng Low and Ms Annette Winkler. This proposal is the result of a recruitment process led by the Appointments and Governance Committee with the assistance of an external advisor, which took place over several months.

Ms Sin Leng Low is a Singaporean citizen. Having spent part of her career in the Singapore government, she joined the industrial engineering group Sembcorp in 2000, where she spearheaded the group's Industrial Parks business subsidiary as Executive Chairman until end of 2012. She speaks fluent Chinese (Mandarin) and English, and will bring to the Board her experience in the management of industrial activities and her knowledge of the Asian markets.

Ms Annette Winkler is a German citizen. She has worked as Vice President in Daimler AG starting in 1995, as head of Smart since 2010, including the responsibility for the Smart factory in Lorraine (France). She speaks fluent German, English, French and Dutch and will bring to the Board her experience in senior management of a major German industrial group with an international reach, focused on the consumer goods market.

At the end of this Shareholders' Meeting, the Board of Directors will comprise 12 members, 10 of whom will be independent as defined by the internal regulations. In particular, the Board will include four women and seven non-French members.

EIGHTH RESOLUTION

(Appointment of Ms Sin Leng Low as Director)

The shareholders, deliberating according to the quorum and majority required for Ordinary Shareholders' Meetings, after having reviewed the Report of the Board of Directors, decide to appoint Ms Sin Leng Low as a Director for a term of four years, which will expire at the end of the Ordinary Shareholders' Meeting in 2018, held to approve the financial statements for the fiscal year ending December 31, 2017.

NINTH RESOLUTION

(Appointment of Ms Annette Winkler as Director)

The shareholders, deliberating according to the quorum and majority required for Ordinary Shareholders' Meetings, after having reviewed the Report of the Board of Directors, decide to appoint Ms Annette Winkler as a Director for a term of four years, which will expire at the end of the Ordinary Shareholders' Meeting in 2018, held to approve the financial statements for the fiscal year ending December 31, 2017.

Resolutions 10 and 11 Approval of related agreements

Purpose

The **10th and 11th resolutions** concern the approval under a specific resolution for each Executive Officer of the regulated agreements between the Company and Mr Benoît Potier or Mr Pierre Dufour.

- In the context of the renewal of the mandates of Mr Benoît Potier and Mr Pierre Dufour, the Board of Directors reviewed termination indemnities of which they could be beneficiaries. It decided to raise the criteria with regard to the measure of regular value creation for the Group, that condition the amount of termination indemnity. It also decided that no indemnity shall be paid below a minimum threshold. The amount of the indemnity cannot exceed 24 months' fixed and variable remuneration paid by any entity in the Group. It is only payable in the event that the Company dismisses the Director following a change of strategy or change of control. You are asked to approve the renewal of the agreement as amended.
- Following the evolution of the Group's operational organization, changes have been made to the defined-benefit pension plan applicable to senior managers and Executive Officers; these changes are mainly aimed at limiting the calculation base for the annuity solely to fixed and variable remuneration, irrespective of which Group entity it was paid by, whether in France or another country. You are asked to approve the application of this amended plan for the Executive Officers.

These agreements are shown in the Statutory Auditors' Special Report on regulated agreements and commitments (see 2013 Reference Document and the Company's website).

TENTH RESOLUTION

(Approval of the agreements referred to in articles L. 225-38 et seq. of the French Commercial Code and the Statutory Auditors' Special Report, relating to Mr Benoît Potier)

The shareholders, deliberating according to the quorum and majority required for Ordinary Shareholders' Meetings, duly note that the Special Report provided for by the laws and regulations currently in force on the new agreements referred to in articles L. 225-38 et seq. of the French Commercial Code undertaken in favor of Mr Benoît Potier, has been submitted to them.

The shareholders approve the agreements and the report prepared with regard to such agreements pursuant to articles L. 225-38 et seq. of the French Commercial Code.

ELEVENTH RESOLUTION

(Approval of the agreements referred to in articles L. 225-38 et seq. of the French Commercial Code and the Statutory Auditors' Special Report, relating to Mr Pierre Dufour)

The shareholders, deliberating according to the quorum and majority required for Ordinary Shareholders' Meetings, duly note that the Special Report provided for by the laws and regulations currently in force on the new agreements referred to in articles L. 225-38 et seq. of the French Commercial Code undertaken in favor of Mr Pierre Dufour, has been submitted to them.

The shareholders approve the agreements and the report prepared with regard to such agreements pursuant to articles L. 225-38 et seq. of the French Commercial Code.

Resolutions 12 and 13 Opinion on remuneration of Executive Officers for 2013 ("Say on Pay")

Purpose

The AFEP/MEDEF governance Code, to which the Company refers, suggests that companies submit to the opinion of shareholders the elements of remuneration of Executive Officers for the previous fiscal year.

In the **12th and 13th resolutions**, you are asked to express a favorable opinion on the elements of remuneration due or allocated respectively to Mr Benoît Potier, Chairman and CEO, and to Mr Pierre Dufour, Senior Executive Vice President in respect of fiscal year 2013, as set forth in the 2013 Reference Document and in the Invitation to Shareholders' Meeting (pages 30 to 34).

TWELFTH RESOLUTION

(Opinion on elements of remuneration due or allocated to Mr Benoît Potier for the year ended December 31, 2013)

The shareholders, consulted in accordance with the AFEP/MEDEF corporate governance code for listed companies, and deliberating according to the quorum and majority required for Ordinary Shareholders' Meetings, issues a favorable opinion on the elements of remuneration for 2013 due or allocated to Mr Benoît Potier, as presented in the Company's 2013 Reference Document, in chapter 3 "Corporate Governance", sub-section "Elements of remuneration for 2013 due or allocated to Mr Benoît Potier, submitted for the shareholders' opinion".

THIRTEENTH RESOLUTION

(Opinion on elements of remuneration due or allocated to Mr Pierre Dufour for the year ended December 31, 2013)

The shareholders, consulted in accordance with the AFEP/MEDEF corporate governance code for listed companies, and deliberating according to the quorum and majority required for Ordinary Shareholders' Meetings, issues a favorable opinion on the elements of remuneration for 2013 due or allocated to Mr Pierre Dufour, as presented in the Company's 2013 Reference Document, in chapter 3 "Corporate Governance", sub-section "Elements of remuneration for 2013 due or allocated to Mr Pierre Dufour, submitted for the shareholders' opinion".

Resolution 14 Setting Directors' fees

Purpose

The **14th resolution** sets the amount authorized for Directors' fees per fiscal year. Since 2011, the amount has been 800,000 euros. It would be raised to 1 million euros per fiscal year given the greater number of Directors and meetings and the extension in the work handled by the Board and the Committees.

The Directors' fees allocation formula comprises a fixed part and a variable remuneration part based on fixed amounts per meeting, thereby taking into account the effective participation of each Director in the work of the Board and its Committees, as well as a fixed amount per trip for Directors travelling from abroad.

FOURTEENTH RESOLUTION

(Setting the amount of the Directors' fees)

The shareholders deliberating according to the quorum and majority required for Ordinary Shareholders' Meetings, after having reviewed the Report of the Board of Directors, decides in accordance with article 16 of the articles of association, to set, from fiscal year 2014, the overall amount of Directors' fees to be allocated to Directors at the amount of 1 million euros per year.

Extraordinary Shareholders' Meeting

Resolution 15 Authorization to reduce the share capital by cancellation of treasury shares

Purpose

As it is the case each year, we ask you, in the **15th resolution**, to authorize the Board of Directors to cancel any or all of the shares purchased in the share buyback program and reduce share capital under certain conditions, particularly in order to fully offset, where necessary, any potential dilution resulting from diverse capital increases.

The difference between the carrying amount of the cancelled shares and their par value will be allocated to reserves or additional paid-in capital accounts. This authorization granted to the Board of Directors will be for a period of 24 months.

FIFTEENTH RESOLUTION

(Authorization granted to the Board of Directors for a period of 24 months to reduce the share capital by cancellation of treasury shares)

The shareholders, deliberating according to the quorum and majority required for Extraordinary Shareholders' Meetings, after having reviewed the Report of the Board of Directors and the Statutory Auditors' Special Report, authorize the Board of Directors to cancel, *via* its decisions alone, on one or more occasions, and within the limit of 10% of the Company's share capital per 24-month period, any or all of the shares bought back by the Company within the scope of the authorization adopted by this Ordinary Shareholders' Meeting in its fourth resolution and of those shares bought back within the scope of the authorizations adopted by the Ordinary Shareholders' Meetings of May 7, 2013 and May 9, 2012 and to reduce the share capital by this amount.

The difference between the carrying amount of the cancelled shares and their par value will be allocated to any reserve or additional paid-in capital accounts.

This authorization is granted for a period of 24 months starting from the date of this Shareholders' Meeting. It supersedes the authorization granted by the Extraordinary Shareholders' Meeting of May 7, 2013 in its tenth resolution with respect to the non-utilized portion of such authorization.

Full powers are granted to the Board of Directors, with the possibility of sub-delegation under the conditions set by law, to implement this authorization, deduct the difference between the carrying amount of the shares cancelled and their par value amount from all reserve and additional paid-in capital accounts and to carry out the necessary formalities to implement the reduction in capital which shall be decided in accordance with this resolution and amend the articles of association accordingly.

Resolution 16

Share capital increase through capitalization of additional paid-in capital, reserves, profits or any other amounts

Purpose

The Combined Shareholders' Meeting of May 9, 2012 had granted the Board of Directors, for a period of 26 months, the authority to increase the share capital, on one or more occasions, through capitalization of additional paid-in capital, reserves, profits or any other amounts that may be capitalized, for the purposes of **attributing free shares** to shareholders.

This authorization was partially used in 2012 when the Company attributed 1 free share for every 10 existing shares following a share capital increase through capitalization of the sum of 159.52 million euros taken from "additional paid-in capital" and "retained earnings" accounts, thereby creating 29,003,797 new shares (amount including the loyalty bonus of 10% , i.e. 1 additional free share for every 100 existing shares).

The purpose of the **16th resolution** is to renew this authorization in order to allow the Company to award 1 free share for 10 existing shares on June 2, 2014.

The registered shares held for at least two calendar years on the date on which the attribution process begins will entitle their owners to a share attribution which is 10% higher than the attribution made in favor of other shares.

SIXTEENTH RESOLUTION

(Delegation of authority granted to the Board of Directors for a period of 26 months in order to increase the share capital through capitalization of additional paid-in capital, reserves, profits or any other amount that may be capitalized, in view of attributing free shares to shareholders and/or increasing the par value of existing shares, for a maximum amount of 250 million euros)

The shareholders, deliberating according to the quorum and majority required for Extraordinary Shareholders' Meetings, after having reviewed the Report of the Board of Directors and pursuant to articles L. 225-129-2 and L. 225-130 of the French Commercial Code:

- delegate to the Board of Directors, with the option of subdelegation, the authority necessary to increase the share capital on one or more occasions, according to the terms and conditions and at the time it shall determine, through capitalization of additional paid-in capital, reserves, profits or any other amount that may be capitalized, the capitalization of which will be possible under the law and the articles of association as a free share attribution to shareholders and/or an increase in the par value of existing shares;
- the delegation thereby granted to the Board of Directors is valid for a period of 26 months starting from the date of this Shareholders' Meeting;
- decide that the total amount of share capital increases likely to be performed thereby may not exceed 250 million euros, this limit being separate from and independent from the limit provided for in paragraph 2 of the thirteenth resolution passed by the Shareholders' Meeting of May 7, 2013 (or any resolution which would replace it at a later date), and may not in any case exceed the amount of the additional paid-in capital, reserve, profit or other accounts referred to above that exist at the time of the capital increase (it being specified that this amount does not include additional shares to be issued, in accordance with applicable legal and regulatory provisions, and when relevant, contractual stipulations providing for other adjustments, to preserve the rights of holders of marketable securities or other rights conferring access to share capital);
- decide that, should the Board of Directors use this delegation in accordance with the provisions of article L. 225-130 of the French Commercial Code, fractional rights will not be negotiable and the corresponding securities shall be sold; the sums resulting from the sale shall be allocated to the holder of the rights according to applicable regulatory terms and conditions;
- take due note that this delegation strips of all legal effect the delegation granted to the Board of Directors pursuant to the ninth resolution of the Extraordinary Shareholders' Meeting of May 9, 2012, for the amount of the non-utilized portion of such delegation;
- grant full powers to the Board of Directors, with the possibility of sub-delegation under the conditions set by law, to implement this delegation and in particular to set the terms of the issue, to deduct from one or more "available reserves" accounts the amount of the fees relating to the corresponding capital increase and, if it deems appropriate, deduct the necessary sums to take the legal reserve to one-tenth of the new share capital after each issue, to record the completion of the resulting capital increases, make the corresponding amendments to the articles of association and, in general, carry out all formalities that may be required to complete the share capital increases.

Resolution 17 Employee Director

Purpose

Under new French legislation, the Board of Directors must now include one member who represents the Group's employees.

The **17th resolution** invites you to approve the amendment to the articles of association entrusting the appointment of this Employee Director to the Group Committee in France; this Committee comprises representatives of trade unions within the Group's companies in France, which together represent 11,000 employees. The European Works Council would be the competent body if a second seat had to be filled (this Council comprises representatives of trade unions within the Group's companies in the 12 European Union countries where the Group has more than 150 employees – i.e. a total of 24,000 employees including France). The Group Committee in France has been consulted and is in favor of this proposal. The appointment must be made within six months of the vote of the Shareholders' Meeting.

SEVENTEENTH RESOLUTION

(Amendment to the articles of association regarding Employee Directors)

The shareholders, deliberating according to the quorum and majority required for Extraordinary Shareholders' Meetings, after having reviewed the Board of Directors' Report and the favorable opinion of the Group Committee in France, pursuant to the provisions of article L. 225-27-1 et seq. of the French Commercial Code, decide to amend article 11 of the articles of association of the Company as follows (new sections are in bold):

"Article 11:
Composition of the Board of Directors

The Company is managed by a Board of Directors, comprising a minimum of three members and a maximum of fourteen members (unless temporarily waived in the event of a merger), physical persons or legal entities.

The members of the Board of Directors are appointed by the Ordinary Shareholders' Meeting for a term of four years expiring at the close of the Shareholders' Meeting held to approve the financial statements for the previous year and which is held in the year during which the mandate expires. As an exception to this rule, the members of the first Board of Directors who exercised functions as members of the Supervisory Board in the Company under its former mode of administration shall be appointed for a period equal to the remaining term of their mandate as members of the Supervisory Board.

The members of the Board of Directors may be re-elected.

Each Director must own at least 500 registered shares in the Company during the term of his functions. If, on the date of his appointment, a Director does not own the required number of shares, or if, during his term, he ceases to own them, he is deemed to have resigned with immediate effect if he has not rectified the situation within a period of three months.

In the event of a vacancy of one or more seats due to death or resignation, the Board of Directors may, between two Shareholders' Meetings, make temporary appointments. Provisional appointments made by the Board of Directors are subject to the approval of the next Ordinary Shareholders' Meeting. If the number of Directors falls below the legal minimum, the remaining Directors must immediately convene an Ordinary Shareholders' Meeting in order to make up the numbers of the Board.

No individual over the age of 70 shall be appointed as a member of the Board of Directors if their appointment increases the number of the members of the Board of Directors who have passed this age to over one third. If during their term, the number of the members of the Board of Directors who have passed 70 years of age exceeds one third of the Board's members, the oldest member of the Board of Directors who has not carried out management functions in the Company is deemed to have resigned at the end of the Annual Shareholders' Meeting held following the occurrence of this event.

During the Company's term, Directors are appointed and their mandates renewed under the conditions provided by law.

They may be dismissed by the Ordinary Shareholders' Meeting at any time.

Director(s) representing employees

In accordance with statutory requirements, if the number of members of the Board of Directors, calculated in accordance with article L. 225-27-1-II of the French Commercial Code, is less than or equal to 12, the Group Committee in France shall proceed to appoint a Director representing employees.

If the number of members of the Board of Directors, calculated in accordance with article L. 225-27-1-II of the French Commercial Code, is more than 12, and provided this criterion is still fulfilled on the date of the appointment, a second Director representing employees shall be appointed by the European Works Council.

If the number of members of the Board of Directors, calculated in accordance with article L. 225-27-1-II of the French Commercial Code, was originally more than 12 members but becomes less than or equal to 12 members, the Director appointed by the European Works Council shall remain in office until his term of office expires.

As an exception to the foregoing, the Director representing employees appointed by virtue of this clause is not required to hold at least 500 registered shares during his term of office.

The Director representing employees shall be appointed for a four-year term expiring at the close of the Shareholders' Meeting called to approve the financial statements for the previous year and which is held in the year in which his term of office expires. The tenure of the Director representing employees may be renewed.

The tenure of the Director representing employees shall be terminated in accordance with statutory requirements and the provisions contained in this clause, particularly in the event of termination of said Director's employment contract; if the criteria for the application of article L. 225-27-1 of the Commercial Code are no longer met, the tenure of the Director(s) representing employees shall expire at the end of the meeting during which the Board of Directors observes that the Company has been released from this obligation.

In the event that the seat of a Director representing employees is vacant for any reason whatsoever, the vacant seat shall be filled under the conditions set forth in article L. 225-34 of the French Commercial Code.

In addition to the provisions of the second paragraph of article L. 225-29 of the French Commercial Code, it is stipulated, if need be, that any failure to appoint a Director representing employees by the body designated herein, in accordance with the law and with this clause, shall not invalidate the resolutions of the Board of Directors."

Resolution 18 Lead Director

Purpose

The amendment to the articles of association that you are invited to approve in the **18th resolution** is designed to include the principle of the appointment of a Lead Director by the Board of Directors when Executive Management is assumed by the Chairman of the Board of Directors.

The Board of Directors confirmed its agreement for a Lead Director to be appointed from among the independent Directors (within the meaning of the internal regulations) of the Appointments and Governance Committee. Under the terms of the Board's internal regulations, the tasks and authority of the Lead Director shall include the carrying out of the work of said Appointments and Governance Committee regarding the proper functioning of the governance bodies and management of potential conflicts of interest. The Lead Director shall have the authority to request that a meeting of the Board of Directors be convened on any specified agenda and that additional items be included on the agenda for any Board meeting; he/she shall chair the annual joint session of the Committees that shall be held without the presence of any Executive Director and shall ensure response to shareholder requests.

EIGHTEENTH RESOLUTION

(Amendment to the articles of association regarding a lead Director)

The shareholders, deliberating according to the quorum and majority required for Extraordinary Shareholders' Meetings, after having reviewed the Board of Directors' Report, decide to amend the "Management Organization" section of article 13 of the articles of association of the Company as follows (the new section is in bold):

"Article 13:
General Management

Management organization

In accordance with the law, the Company's General Management is assumed either by the Chairman of the Board of Directors or by any other physical person, Director or not, appointed by the Board of Directors and who assumes the role of Chief Executive Officer.

The choice between either of the two General Management organizations described above is made by the Board of Directors. The Board of Directors makes its decision relating to the choice of General Management organization under the quorum and majority conditions stipulated in article 14 of these articles of association. The shareholders and third parties are informed of the Board of Directors' decision under the conditions stipulated by the regulations in force.

When the Company's General Management is assumed by the Chairman of the Board of Directors, the Board of Directors must appoint, among its members considered as independent by the Board of Directors, a Lead Director. The conditions of appointment, the tasks and powers of the

Lead Director (in particular, if applicable, the power to ask to convene a meeting of the Board of Directors), are set out in the Board of Directors' internal regulations.

The choice made by the Board of Directors remains valid until it decides otherwise.

The Board of Directors will review, as necessary, the choice made each time the mandate of the Chairman of the Board of Directors or the Chief Executive Officer comes up for renewal.

[…]"

The rest of article 13 remains unchanged.

Resolution 19 Other amendment to the articles of association

Purpose

The purpose of the amendment to the articles of association that you are invited to approve in the **19th resolution** is to harmonize based on two calendar years, the method for calculating the holding period necessary for registered shares to be eligible for the increase, not only in the dividend but also in the free share attributions.

NINETEENTH RESOLUTION

(Amendment to article 21 of the Company's articles of association)

The shareholders, deliberating according to the quorum and majority required for Extraordinary Shareholders' Meeting, after having reviewed the Board of Directors' Report, decide to amend article 21 of the Company's articles of association as follows:

"Article 21:
Inventory, distribution of profits

The first six paragraphs of article 21 remain unchanged.

Starting on January 1, 1996, the shares registered at December 31 of each year in registered form for at least two years, and which remain registered until the date of the payment of the dividend, will entitle their owners to collect a dividend per share which is 10% higher, rounded down if necessary to the lower centime, than the dividend per share distributed in respect of other shares, provided that the amount of the dividend per share prior to any increase is at least equal to the amount of the dividend per share prior to any increase distributed in the preceding year, adjusted to take into account the change in the number of shares from one year to the next resulting in a capital increase by capitalizing premiums, reserves or profits or a share split.

Existing text	New text
In the event that, starting on January 1, 1996, the Board of Directors, with the approval of the shareholders decides to increase the capital by capitalizing reserves, profits or premiums, the registered shares held for at least two years on the date on which the attribution process begins will entitle their owners to an attribution of shares which is 10% higher than the attribution made in favor of other shares, and according to the same procedure.	In the event that, starting on January 1, 1996, the Board of Directors, with the approval of the shareholders, decides to increase the capital by capitalizing reserves, profits or premiums, the registered shares held on December 31 prior to the attribution for at least two years and that remain held until the day before the share attribution date will entitle their owners to an attribution of shares which is 10% higher than the attribution made in favor of other shares, and according to the same procedure.

The new shares created in this manner will be comparable in all respects to the existing shares from which they are issued, for calculating the entitlement to the higher dividends and the higher attributions.

The increases defined in each of the two preceding paragraphs may be modified or eliminated by simple decision during the Extraordinary Shareholders' Meeting, according to the procedures it determines.

Pursuant to law, the number of shares eligible for these increases shall not for any given shareholder exceed 0.5% of the Company's share capital.

The Shareholders' Meeting held to approve the financial statements for the year shall have the possibility of granting to each shareholder, for all or part of the dividend or interim dividends, an option for payment of the dividend or interim dividends in either cash or shares."

Ordinary Shareholders' Meeting

Resolution 20 Powers

Purpose

The **20th resolution** is a standard resolution required for the completion of publications and legal formalities.

TWENTIETH RESOLUTION

(Powers for formalities)

Full powers are granted to a holder of a copy or extract of the minutes of this Shareholders' Meeting to perform all official publications and other formalities required by law and the regulations.

> STATUTORY AUDITORS REPORTS

Statutory Auditors' Special Report on related-party agreements and commitments

This is an unofficial translation into English of the Statutory Auditors' Special Report on related-party agreements and commitments that is issued in the French language and provided solely for the convenience of English-speaking readers.

This report should be read in conjunction with, and construed in accordance with French law and professional auditing standards applicable in France.

It should be understood that the agreements and commitments reported on are only those provided for by the French Commercial Code and that the report does not apply to those related-party transactions described in IAS24 or other equivalent accounting standards.

To the Shareholders,

In our capacity as Statutory Auditors of your Company, we hereby report on the agreements and commitments with related parties.

We are required to inform you, based on the information provided to us, of the characteristics and principal terms and conditions of those agreements and commitments of which we have been informed or which we discovered at the time of our engagement, without expressing an opinion on their usefulness and appropriateness or seeking to identify other agreements or commitments. It is your responsibility, pursuant to Article R. 225-31 of the French Commercial Code, to assess the benefits resulting from the conclusion of these agreements and commitments prior to their approval.

Furthermore, we are required, where applicable, to inform you in accordance with Article R. 225-31 of the French Commercial Code (Code de commerce) relating to the performance, during the past fiscal year, of the agreements and commitments already approved by an Annual Shareholders' Meeting.

We performed those procedures which we considered necessary to comply with professional guidance issued by the national auditing body (Compagnie nationale des Commissaires aux comptes) relating to this type of engagement. These procedures consisted in verifying that information provided to us is consistent with the documentation from which it has been extracted.

AGREEMENTS AND COMMITMENTS SUBMITTED FOR APPROVAL OF THE ANNUAL SHAREHOLDERS' MEETING

Agreements and commitments authorized during the past fiscal year

We hereby inform you that we have not been advised of any agreement or commitment authorized during the past fiscal year to be submitted for the approval of the Shareholders' Meeting pursuant to Article L. 225-38 of the French Commercial Code.

Agreements and commitments authorized since year-end

We have been advised of the following agreements and commitments, authorized since year-end, which have received the prior authorization of your Board of Directors.

1. With Mr Benoît Potier, Chairman and Chief Executive Officer

Termination indemnity

In the context of the proposal for the renewal of Mr Benoît Potier's term of office, the Board of Directors re-examined the conditions relating to his termination indemnity:

This commitment will be effective as from the close of the Annual Shareholders' Meeting on May 7, 2014 on the condition precedent of renewal of Mr Benoît Potier's term of office as a Director and Chairman and Chief Executive Officer of the Company. It cancels and supersedes the decision made by the Board of Directors on February 12, 2010 with regard to the same subject matter as from its effective date.

The Board of Directors decided that, in the event of the forced departure, irrespective of its form (removal from office, non-renewal of his duties, request for resignation), of Mr Benoît Potier from his corporate offices as Chairman and Chief Executive Officer:

(a) related to a change of strategy, or

(b) that takes place within 24 months following the acquisition of control of your Company by a person acting alone or several persons acting in concert.

Your Company undertakes to pay Mr Benoît Potier a fixed aggregate indemnity in full discharge equal to 24 months' gross fixed and variable remuneration, the calculation being based on the average monthly amount of gross fixed and variable remuneration received during the 24 months prior to departure. It is specified that the indemnities referred to in points (a) and (b) cannot be received in conjunction with one another.

Payment of the indemnity due in respect of forced departure as provided for above is subject to compliance with the conditions related to Mr Benoît Potier's performance assessed in light of the Company's own performance, defined as of the date hereof as follows:

Entitlement to the indemnity will depend on, and the amount of the indemnity paid will be adjusted on the basis of, the average of the annual gap between Return on Capital Employed after tax (ROCE) and Weighted Average Cost of Capital (WACC) (assessed using the net equity method) calculated over the last three fiscal years prior to the year of departure. These performance conditions will be re-examined, in particular, at the time of each renewal of Mr Benoît Potier's term of office and, where applicable, during the course of his term of office.

The Board of Directors decided on February 17, 2014 to increase the performance criteria on which payment of the indemnity is contingent, with an average ROCE-WACC gap over three years of 300 basis points now being required to benefit from the total indemnity.

Average ROCE-WACC gap until May 6, 2014	Average ROCE-WACC gap as from May 7, 2014	Proportion of the indemnity due
≥ 200 bp*	≥ 300 bp*	100%
≥ 100 bp and < 200 bp	≥ 200 bp and < 300 bp	66%
≥ 50 bp and < 100 bp	≥ 150 bp and < 200 bp	50%
≥ 0 bp and < 50 bp	≥ 100 bp and < 150 bp	33%
< 0	< 100 bp	0%

* *bp: basis point.*

In the event that the forced departure takes place during the 24 months prior to the date on which the term of office of Mr Benoît Potier as Chairman and Chief Executive Officer terminates as a result of the age limit defined in the articles of association, the amount of the indemnity will be capped at the number of months of gross remuneration for the period between the date of forced departure and the date on which the age limit defined in the articles of association will be reached. No indemnity will be paid if, at the date of forced departure, the beneficiary claims his pension entitlements.

Defined benefit pension scheme

A defined benefit pension scheme covers the portion of the remuneration exceeding 24 times the annual social security ceiling. Pursuant to this scheme, total pension benefits, under all pension plans, may not exceed 45% of the average of the best three years out of the last five years of total annual remuneration. For the purposes of this calculation, the average of the variable portions of remuneration taken into account may not exceed 100% of the average of the fixed portions. Should this ceiling be reached, the amount paid under the defined benefit scheme would be reduced accordingly.

Following the changes in the group's operational organization, changes were made to this scheme by the Board of Directors on February 17, 2014. These changes are aimed (i) at limiting the basis for calculation of the pension annuity to the fixed and variable remuneration only (to the exclusion of any other form of remuneration) whether paid by the Company or any French or foreign subsidiary of the group; (ii) at specifying that, in addition to the condition of ending his career in the group, in order to be able to receive the benefits, the beneficiary will have to apply for his pension entitlements, the requirement of a full rate pension having been removed.

Finally, it is specified that the above-mentioned limit of 45% includes all pension schemes, of public or private origin, in France or a foreign country.

This agreement entails the amendment of the decision made by the Board of Directors on February 12, 2010 concerning the same subject matter as from its effective date.

2. With Mr Pierre Dufour, Senior Executive Vice-President

In the context of the proposal for the renewal of Mr Pierre Dufour's term of office, the Board of Directors re-examined the conditions relating to his termination indemnity:

Termination indemnity

This commitment will be effective as from the close of the Annual Shareholders' Meeting on May 7, 2014 on the condition precedent of renewal of Mr Pierre Dufour's term of office as Senior Executive Vice-President of the Company. It cancels and supersedes the decision made by the Board of Directors on May 4, 2011 with regard to the same subject matter as from its effective date.

The Board of Directors decided that, in the event of the forced departure, irrespective of its form (removal from office, non-renewal of his duties, request for resignation), of Mr Pierre Dufour from his corporate office as Senior Executive Vice-President:

(a) related to a change of strategy, or

(b) that takes place within 24 months following the acquisition of control of your Company by a person acting alone or several persons acting in concert.

Your Company undertakes to pay Mr Pierre Dufour a fixed aggregate indemnity in full discharge equal to 24 months' gross fixed and variable remuneration, the calculation being based on the average monthly amount of gross fixed and variable remuneration received on any basis whatsoever from any company of the Air Liquide group during the 24 months prior to departure. It is specified that the indemnities referred to in points (a) and (b) cannot be received in conjunction with one another.

Payment of the indemnity due in respect of forced departure as provided for above is subject to compliance with the conditions related to Mr Pierre Dufour's performance assessed in light of the Company's own performance, defined as of the date hereof as follows:

Entitlement to the indemnity will depend on, and the amount of the indemnity paid will be adjusted on the basis of, the average of the annual gap between Return on Capital Employed after tax (ROCE) and Weighted Average Cost of Capital (WACC) (assessed using the net equity method) calculated over the last three fiscal years prior to the year of departure. These performance conditions will be re-examined, in particular, at the time of each renewal of Mr Pierre Dufour's term of office and, where applicable, during the course of his term of office.

The Board of Directors decided on February 17, 2014 to increase the performance criteria on which payment of the indemnity is contingent, with an average ROCE-WACC gap over three years of 300 basis points now being required to benefit from the total indemnity.

Average ROCE-WACC gap until May 6, 2014	Average ROCE-WACC gap as from May 7, 2014	Proportion of the indemnity due
≥ 200 bp*	≥ 300 bp*	100%
≥ 100 bp and < 200 bp	≥ 200 bp and < 300 bp	66%
≥ 50 bp and < 100 bp	≥ 150 bp and < 200 bp	50%
≥ 0 bp and < 50 bp	≥ 100 bp and < 150 bp	33%
< 0	< 100 bp	0%

* *bp: basis point.*

Any statutory or contractual indemnity or indemnity under the collective bargaining agreement that may be paid, where applicable, to Mr Pierre Dufour in respect of the termination of any other functions or duties performed within the Air Liquide group, as well as any non-competition indemnity due in respect of this termination, are not subject to the above-mentioned conditions.

The sum of all indemnities paid in respect of termination of any other functions or duties held in the Air Liquide group and the indemnity due in the event of forced departure may not exceed 24 months' remuneration.

No indemnity will be paid if the beneficiary has the possibility to claim his full pension entitlements in the short term at the date of a forced departure.

Defined benefit pension scheme

A defined benefit pension scheme covers the portion of the remuneration exceeding 24 times the annual social security ceiling. Pursuant to this scheme, total pension benefits, under all pension plans, may not exceed 45% of the average of the best three years out of the last five years of total annual remuneration. For the purposes of this calculation, the average of the variable portions of remuneration taken into account may not exceed 100% of the average of the fixed portions. Should this ceiling be reached, the amount paid under the defined benefit plan would be reduced accordingly.

Following the changes in the group's operational organization, changes were made to this scheme by the Board of Directors on February 17, 2014. These changes are aimed (i) at limiting the basis for calculation of the pension annuity to the fixed and variable remuneration only (to the exclusion of any other form of remuneration) whether paid by the Company or any French or foreign subsidiary of the group; (ii) specifying that, in addition to the condition of ending his career in the group, in order to be able to receive the benefits, the beneficiary will have to apply for his pension entitlements, the requirement of a full rate pension having been removed.

Finally, it is specified that the above-mentioned limit of 45% includes all pension schemes, of public or private origin, in France or a foreign country.

This agreement entails the amendment of the decision made by the Board of Directors on February 12, 2010 concerning the same subject matter as from its effective date.

AGREEMENTS AND COMMITMENTS ALREADY APPROVED BY AN ANNUAL SHAREHOLDERS' MEETING

Agreements and commitments approved during prior fiscal years

a) the performance of which continued during the past year

Pursuant to Article R. 225-30 of the French Commercial Code, we have been informed that the performance of the following agreements and commitments, already approved by the Annual Shareholders' Meeting during prior fiscal years, continued during the last fiscal year.

1. With Mr Benoît Potier, Chairman and Chief Executive Officer

Defined contribution pension schemes

Mr Benoît Potier benefits from the pension schemes applicable to senior managers and executives consisting of defined-contribution schemes for the part of remuneration which amounts to less than eight times the annual social security ceiling.

The ceiling on remuneration taken into account for the calculation of the defined-contribution plan was reduced to eight times the annual social security ceiling at the beginning of 2013. The amount of contributions paid by your Company in respect of the defined-contribution schemes in 2013 totals 16,128 euros.

Life insurance contract

Since 2013 and following the revision of the defined-contribution pension plan, Mr Benoît Potier benefits from a life insurance contract for the portion of his reference remuneration amounting to between eight and 24 times the annual social security ceiling. The reference remuneration includes the fixed remuneration and the variable remuneration within the limit of 100% of the fixed remuneration.

The rights resulting from the contributions paid have been definitively acquired by Mr Benoît Potier and savings have been created that are available at any time.

The amount of contributions paid in respect of this contract in 2013 totals 189,135 euros for Mr Benoît Potier.

Death and disability benefits plan

As an Executive Officer, Mr Benoît Potier benefits from the death and disability benefits plan applicable to senior managers and executives whose remuneration exceeds eight times the annual social security ceiling. This scheme guarantees the payment of a capital sum in the event of death or permanent and absolute invalidity.

The amount of the contributions paid in this respect by your Company in 2013 totals 66,368 euros.

Unemployment insurance

As an Executive Officer, Mr Benoît Potier benefits from the unemployment insurance for Company managers and corporate officers taken out by your Company.

The amount of the contributions paid in this respect by your Company in 2013 totals 7,205 euros.

2. With Mr Pierre Dufour, Senior Executive Vice-President

Defined contribution pension schemes

Mr Pierre Dufour benefits from the pension schemes applicable to senior managers and executives consisting of defined-contribution plans for the part of remuneration which amounts to less than eight times the annual social security ceiling.

The ceiling on remuneration taken into account for the calculation of the defined-contribution plan was reduced to eight times the annual social security ceiling at the beginning of 2013. The amount of contributions paid by your Company in respect of the defined-contribution schemes in 2013 totals 7,274 euros.

This agreement terminated following the termination of Mr Pierre Dufour's employment contract on December 31, 2013.

Life insurance contract

Since 2013 and following the revision of the defined-contribution pension plan, Mr Pierre Dufour benefits from a life insurance contract for the portion of his reference remuneration amounting to between eight and 24 times the annual social security ceiling. The reference remuneration includes the fixed remuneration and the variable remuneration within the limit of 100% of the fixed remuneration.

The rights resulting from the contributions paid have been definitively acquired by Mr Pierre Dufour and savings have been created that are available at any time.

The amount of contributions paid in respect of this contract in 2013 totals 189,135 euros for Mr Pierre Dufour.

This agreement terminated as from 2013 following the changes made to Mr Pierre Dufour's situation.

Death and disability benefits plan

Mr Pierre Dufour benefits from the death and disability benefits plan applicable to senior managers and executives whose remuneration exceeds eight times the annual social security ceiling. This scheme guarantees the payment of a capital sum in the event of death or permanent and absolute invalidity.

The amount of the contributions paid in this respect by your Company in 2013 totals 28,805 euros.

This agreement terminated following the termination of Mr Pierre Dufour's employment contract on December 31, 2013.

b) which were not implemented during the past year

Furthermore, we have been informed of the continuance in effect of the following agreements and commitments, already approved by the Annual Shareholders' Meeting during prior fiscal years, which were not implemented during the last fiscal year.

With Mr Pierre Dufour, Senior Executive Vice-President

Amendment to the employment contract

Following his appointment as Senior Executive Vice-President, the Board of Directors authorized the signature of an amendment to Mr Pierre Dufour's employment contract in order to adjust the duties and terms and conditions of remuneration applicable to Mr Pierre Dufour, as an employee. It is stipulated in this amendment that should Mr Pierre Dufour cease to be a corporate officer, he shall be reinstated in full in his position as an employee. In consideration thereof, the fixed and variable portions of his remuneration shall be reinstated in the same proportions as those existing before he assumed the duties of corporate officer.

This commitment did not have any effect during the fiscal year.

This agreement terminated following the termination of Mr Pierre Dufour's employment contract on December 31, 2013.

Courbevoie and Paris-La Défense, March 4, 2014

The Statutory Auditors

Mazars		Ernst & Young et Autres	
Lionel Gotlib	Daniel Escudeiro	Jean-Yves Jégourel	Emmanuelle Mossé

Statutory Auditors' Report on the reduction in capital

This is a free translation into English of a report issued in French language and is provided solely for the convenience of English-speaking readers. This report should be read in conjunction with, and is construed in accordance with, French law and professional auditing standards applicable in France.

To the Shareholders,

In our capacity as Statutory Auditors of your Company and in compliance with article L. 225-209 of the French Commercial Code (Code de commerce) in respect of the reduction in capital by the cancellation of repurchased shares, we hereby report on our assessment of the terms and conditions for the proposed reduction in capital.

Your Board of Directors requests that it be authorised, for a period of 24 months starting from the date of this Shareholders' Meeting, to proceed with the cancellation of shares the Company was authorised to repurchase, representing an amount not exceeding 10% of its total share capital, by periods of 24 months in compliance with the article mentioned above.

We have performed those procedures which we considered necessary in accordance with professional guidance issued by the French auditing body (Compagnie nationale des Commissaires aux comptes) for this type of engagement. These procedures consisted in verifying that the terms and conditions for the proposed reduction in capital, which should not compromise equality among the shareholders, are fair.

We have no matters to report as to the terms and conditions of the proposed reduction in capital.

Paris-La Défense, March 4, 2014

The Statutory Auditors
French original signed by

Mazars		Ernst & Young et Autres	
Lionel Gotlib	Daniel Escudeiro	Jean-Yves Jégourel	Emmanuelle Mossé

Statutory Auditors' supplementary report on the increase in capital reserved for Company employees members of the Company's savings plan

This is a free translation into English of a report issued in French language and is provided solely for the convenience of English-speaking readers. This report should be read in conjunction with, and is construed in accordance with, French law and professional auditing standards applicable in France.

To the Shareholders,

In our capacity as Statutory Auditors of your Company and in compliance with article R. 225-116 of the French Commercial Code (Code de commerce) and further to our report dated March 1, 2013, we hereby report on the issue of shares with cancellation of preferential subscription rights reserved for Company employees members of the Company's or the Group's savings plan, authorized by your Extraordinary Shareholders' Meeting on May 7, 2013.

This increase in capital had been submitted for your approval in accordance with articles L. 225-129-6 of the French Commercial Code (Code de commerce) and L. 3332-18 et seq. of the French Labour Code (Code du travail).

The shareholders authorized your Board of Directors to decide on whether to proceed with such operation for a period of twenty-six months and a maximum par value amount of € 30,250,000.

Exercising this authorization, your Board of Directors decided on May 7, 2013 an increase in capital reserved for employees of French and foreign subsidiaries in which your Company holds over 50% of shares or voting rights, and certain affiliated companies as presented in the supplementary report of the Board of Directors, in which your Company directly or indirectly holds 40% to 50% of the share capital or voting rights, and adhering to the French Group's savings plan and to the International Group's savings plan, with a limit of 750,000 shares, and granted full powers to your Chairman and Chief Executive Officer to proceed with this operation. Exercising this sub-delegation, your Chairman and Chief Executive Officer decided, on October 29, 2013, to proceed with such operation, and determined the subscription period and the subscription price of the shares. On December 6, 2013, your Chairman and Chief Executive Officer noted the issuing of 749,272 shares with a par value of € 5.50 and a subscription price of € 80.70 (€ 85.75 in the United States).

It is the responsibility of the Board of Directors to prepare a supplementary report in accordance with articles R. 225-115 and R. 225-116 of the French Commercial Code (Code de commerce). Our role is to report on the fairness of the financial information taken from the accounts, on the proposed cancellation of preferential subscription rights and on other information relating the share issue, provided in the report.

We have performed those procedures which we considered necessary to comply with the professional guidance issued by the French national auditing body (Compagnie nationale des commissaires aux comptes) relating to this operation. These procedures consisted in verifying:

- the fairness of the financial information taken from the annual financial statements approved by the Board of Directors. We performed an audit of these accounts in accordance with professional standards applicable in France;
- the compliance with the terms of the operation as authorized by the shareholders;
- the information provided in the Board of Directors' supplementary report on the choice of constituent elements used to determine the issue price and on its amount.

We have no matters to report as to:

- the fairness of the financial information taken from the accounts and included in the Board of Directors' supplementary report, it being noted that the annual accounts have not yet been approved by the shareholder's meeting;
- the compliance with the terms of the operation as authorized by the Extraordinary Shareholder's Meeting on May 7, 2013 and the information provided to the shareholders;
- the choice of constituent elements used to determine the issue price of the capital securities and its final amount;
- the presentation of the effect of the issuance on the financial position of the shareholders as expressed in relation to shareholders' equity and on the market value of the share;
- the proposed cancellation of the preferential subscription rights, upon which you have voted.

Courbevoie and Paris-La Défense, March 4, 2014

French original signed by
The Statutory Auditors

Mazars		Ernst & Young et Autres	
Lionel Gotlib	Daniel Escudeiro	Jean-Yves Jégourel	Emmanuelle Mossé

6 Additional information

> SHARE CAPITAL

Trends in share capital over the past three years

Issue date	Type of transaction	Number of shares issued	Aggregate number of shares	Capital increase	Issue premiums and reserves	Share capital
(in euros, except for shares)						
February 14, 2011	Exercise of share subscription options	173,741	284,159,791	955,575.50	8,037,099.31	1,562,878,850.50
May 4, 2011	Exercise of share subscription options	498,167	284,657,958	2,739,918.50	22,828,176.20	1,565,618,769.00
May 4, 2011	Cancellation of shares	(1,200,000)	283,457,958	(6,600,000.00)	(94,044,685.22)	1,559,018,769.00
February 16, 2012	Exercise of share subscription options	439,581	283,897,539	2,417,695.50	24,970,558.76	1,561,436,464.50
May 9, 2012	Cancellation of shares	(1,200,000)	282,697,539	(6,600,000.00)	(109,415,825.60)	1,554,836,464.50
May 29, 2012	Exercise of share subscription options	160,422	282,857,961	882,321.00	9,598,169.91	1,555,718,785.50
May 29, 2012	Free share attribution (1 for 10)	28,285,796	311,143,757	155,571,878.00	(155,571,878.00)	1,711,290,663.50
May 29, 2012	Free share attribution loyalty bonus (1 for 100)	718,001	311,861,758	3,949,005.50	(3,949,005.50)	1,715,239,669.00
February 13, 2013	Exercise of share subscription options	479,125	312,340,883	2,635,187.50	24,831,930.35	1,717,874,856.50
May 7, 2013	Exercise of share subscription options	296,203	312,637,086	1,629,116.50	13,905,853.74	1 719 503 973.00
May 7, 2013	Cancellation of shares	(1,000,000)	311,637,086	(5,500,000.00)	(87,047,129.43)	1,714,003,973.00
December 6, 2013	Exercise of share subscription options	307,501	311,944,587	1,691,255.50	17,593,092.58	1,715,695,228.50
December 6, 2013	Share capital increase reserved for employees	749,272	312,693,859	4,120,996.00	56,558,339.15	1,719,816,224.50

Note: Between December 6 and December 31, 2013, 137,817 options were exercised, giving rise to an outstanding capital as at December 31, 2013 of 1,720,574,218 euros, divided up into 312,831,676 shares.

Changes in share capital ownership over the last three years

	2011	2012	2013
Individual shareholders	37%	37%	36%
French institutional investors	21%	19%	19%
Foreign institutional investors	42%	44%	45%
Own shares held by the Company (directly and indirectly)	>0%	>0%	>0%

THRESHOLD NOTIFICATIONS IN 2013

- On May 17, 2013, Norges Bank Investment Management declared that it had come back below the threshold of 2% of the capital as fixed under the Company's articles of association and as of that date held 1.98% of the capital of the Company.
- On June 4, 2013, Massachusetts Financial Services and its subsidiaries declared that it had breached the 2% threshold and as of that date held 2.14% of the capital of the Company.
- On December 31, 2013, no shareholder had notified holding 5% or more of the capital and voting rights.

Share capital and voting rights for the last three years

	Number of shares comprising share capital	Theoretical number of voting rights (including treasury shares)	Actual number of voting rights (excluding treasury shares)
2011	283,812,941	283,812,941	282,693,265
2012	312,281,159	312,281,159	311,277,765
2013	**312,831,676**	**312,831,676**	**311,738,309**

There are no double voting rights.

To the best of the Company's knowledge, there are no shareholders' agreements or joint or concerted action agreements.

The portion of the L'Air Liquide S.A. share capital comprising the direct registered shares owned by the main shareholders and pledged is not material.

Amount of share capital held by employees

Since 1986, L'Air Liquide S.A. has given the employees of certain Group companies the possibility to subscribe to capital increases reserved for them. At the end of 2013, the share of capital held by employees and former employees of the Group is estimated at 2.4%, of which 1.6%, that is 5,107,787 shares, (within the meaning of article L. 225-102 of the French Commercial Code) corresponds to shares subscribed by employees during employee reserved capital increase operations or held through mutual funds.

Delegations of authority granted at the Shareholders' Meeting

Type of authorization	Purpose of the authorization	Validity of the delegation	Maximum amount	Utilization in 2013
Share buyback	Purchase own shares for the purpose of: ■ cancelling them; ■ retaining them for the purpose of a share exchange or payment as part of an external growth strategy, in accordance with applicable regulations; ■ tendering them following the exercise of rights attached to marketable securities conferring entitlement to Company shares by redemption, conversion, exchange, presentation of a warrant or any other means; ■ implementing (i) share purchase option plans, or (ii) plans for free grants of shares, or (iii) any employee share ownership transactions in favor of its employees or those of its subsidiaries, or (iv) allocations of shares to employees and/or corporate officers of the Company and affiliated companies, in accordance with the laws and regulations in force; ■ maintaining an active market in the Company's shares pursuant to a market liquidity contract in accordance with an Ethics Charter recognized by the French financial markets authority (Autorité des marchés financiers).	Granted by: AGM of May 7, 2013* For a period of: 18 months Maximum price: 165 euros (Balo[a] of March 18, 2013)	10% of share capital, representing 31,228,116 shares, for a maximum par value amount of 5,152,639,140 euros	**Treasury shares:** 39,432 Company treasury shares were tendered in connection with the 2011 CGSE Plan ("France" Plan) and 81,595 Company treasury shares were tendered in connection with the 2009 CGSE Plan ("World" Plan). In the first few months of 2013, pursuant to the preceding delegation authorized by the AGM on May 9, 2012, 1.2 million shares were bought back at an average purchase price of 94.40 euros. No purchase was made between April 2013 and the end of December 2013 under the delegation granted by the AGM of May 7, 2013. As a result of these operations, as of December 31, 2013, the Company directly owned 995,745 shares at an average purchase price of 87.83 euros, i.e. a balance sheet value of 87,460,656 euros. **Liquidity contract changes:** 2,053,687 shares purchased at an average price of 96.77 euros and 2,042,687 shares sold at an average price of 96.84 euros. At December 31, 2013, under the liquidity contract, 11,000 shares are recorded in the balance sheet for a net value of 1,094,907 euros (see Information on the completion of the Company's share buyback program on page 296).
Cancellation of shares purchased by the Company	Reduce the number of outstanding shares and improve basic earnings per share.	Granted by: AGM of May 7, 2013*. For a period of: 24 months (Balo of March 18, 2013)	10% of share capital	1 million shares were cancelled in May 2013 for a total carrying amount of 92,547,129 euros (or an average price of 92.55 euros). (See Information on the completion of the Company's share buyback program on page 296).

(a) Balo: Bulletin des annonces légales obligatoires—French official journal of legal announcements.

Type of authorization	Purpose of the authorization	Validity of the delegation	Maximum amount	Utilization in 2013
Share capital increase	Increase share capital by the issuance of shares or marketable securities conferring entitlement, immediately or in the future, to the Company's capital, with retention of the shareholders' preferential share subscription rights.	Granted by: AGM of May 7, 2013 For a period of: 26 months (Balo of March 18, 2013)	■ Share capital increase: for a maximum par value amount of 430 million (overall limit) ■ Maximum nominal amount of marketable debt securities: 2.5 billion euros	This authorization was not used in 2013.
Share capital increase	To be able to increase the amount of shares or marketable securities issued with retention of the shareholders' preferential share subscription rights in the event of oversubscription.	Granted by: AGM of May 7, 2013 For a period of: 26 months (Balo of March 18, 2013)	To be deducted from the aforementioned overall limit of 430 million euros (share capital increase) and 2.5 billion euros (maximum nominal amount of marketable debt securities)	This authorization was not used in 2013.
Share capital increase	Increase share capital by capitalization of additional paid-in capital, reserves, profits, or other items in view of the attribution of free shares and/or an increase in the par value of existing shares.	Granted by: AGM of May 9, 2012* For a period of: 26 months (Balo of March 21, 2012)	For a maximum par value amount of 250 million euros	This authorization was not used in 2013.
Share capital increase	Increase share capital by the issuance of shares intended for subscription by employees of the Company and affiliated companies, members of a Company or Group savings plan, by cancelling the shareholders' preferential share subscription rights to the issued shares. Increase share capital by the issuance of shares for subscription by employees and corporate officers of Group companies abroad, by cancelling the shareholders' preferential share subscription rights to the issued shares.	Granted by: AGM of May 7, 2013 For a period of: 26 months (Balo of March 18, 2013) Granted by: AGM of May 7, 2013 For a period of: 18 months (Balo of March 18, 2013)	30.25 million euros in par value and 5.5 million shares. To be deducted from the aforementioned overall limit of 430 million euros	Pursuant to the first of these resolutions, the Board of Directors' meeting of May 7, 2013 decided to propose a share capital increase reserved for employees of Group companies that are members of a Company or Group savings plan in France or abroad. As a result, 749,272 new shares were subscribed with a par value of 5.50 euros.

Type of authorization	Purpose of the authorization	Validity of the delegation	Maximum amount	Utilization in 2013
Bond issuance	Issue one or more bonds.	Granted by: AGM of May 7, 2013 For a period of: five years (Balo of March 18, 2013)	12 billion euros	At December 31, 2013, outstanding bond issues amounted to 1.6 billion euros for L'Air Liquide S.A. and 5.1 billion euros for the Air Liquide Group.
Allotment of share subscription options	Grant to employees and Executive Officers of the Company or of French and foreign subsidiaries, or some of them, options conferring entitlement to subscribe to new shares of the Company to be issued to increase the share capital or options conferring entitlement to purchase the Air Liquide existing shares bought back by the Company.	Granted by: AGM of May 7, 2013 For a period of: 38 months (Balo of March 18, 2013)	2% of the Company's capital on the day the options were granted	768,866 options to subscribe to Air Liquide shares were granted by the Board on September 26, 2013.
Conditional grant of shares to employees (CGSE)	Proceed to free grants of existing or new shares to employees and Executive Officers of the Group or some of them.	Granted by: AGM of May 7, 2013 For a period of: 38 months (Balo of March 18, 2013)	0.5% of the Company's capital on the day the shares were granted 0.15% of the Company's capital on the day the shares were granted for Executive Officers	122,595 free shares subject to performance requirements were granted by the Board on September 26, 2013. No free shares were granted by the Board on September 26, 2013 to Executive Officers or members of the Executive Committee.

* *Renewal to be proposed to the Combined Shareholders' Meeting on May 7, 2014.*

> GENERAL INFORMATION

General information

Law applicable to L'Air Liquide S.A.

French law.

Incorporation and expiration dates

The Company was incorporated on November 8, 1902, for a set term expiring on February 17, 2028.

Business and Company register

552 096 281 RCS Paris

APE Code: 2011Z

Consulting legal documents

The articles of association, Minutes of Shareholders' Meetings and other Company documents may be consulted at Company headquarters.

Fiscal year

The Company's fiscal year starts on January 1, and ends on December 31, of the same year.

Address and phone number of the head office

75, quai d'Orsay, 75007 Paris—+33 (0)1 40 62 55 55

Articles of association

SECTION I

NAME—PURPOSE—HEAD OFFICE—TERM

Article 1: Form and name

The Company is a joint stock company, with a Board of Directors. This Company will be governed by the laws and regulations in force and these articles of association.

The Company's name is "L'Air Liquide, société anonyme pour l'Étude et l'Exploitation des procédés Georges Claude".

Article 2: Purpose

The Company's corporate purpose includes:

- the study, exploitation, sale of the patents or inventions of Messrs. Georges and Eugène Claude pertaining to the liquefaction of gases, the industrial production of refrigeration, liquid air and oxygen, and the applications or utilizations thereof;
- the industrial production of refrigeration, of liquid air, the applications or uses thereof, the production and liquefaction of gases, and in particular oxygen, nitrogen, helium and hydrogen, the applications and uses thereof in all forms, pure, in blends and combinations, without any distinction as to state or origin, in all areas of application of their physical, thermodynamic, chemical, thermochemical and biological properties, and, in particular, in the domains of propulsion, the sea, health, agri-business and pollution;
- the purchase, manufacturing, sale, use of all products pertaining directly or indirectly to the aforementioned corporate purpose, as well as all sub-products resulting from their manufacturing or their use, of all machines or devices used for the utilization or application thereof and, more specifically, the purchase, manufacturing, sale, use of all products, metals or alloys, derived or resulting from a use of oxygen, nitrogen and hydrogen, pure, blended or combined, in particular of all oxygenated or nitrogenous products;
- the study, acquisition, direct or indirect exploitation or sale of all patents, inventions or methods pertaining to the same corporate purposes;
- the exploitation, directly or through the incorporation of companies, of all elements connected, directly or indirectly, with the Company's purpose or likely to contribute to the development of its industry;
- the supply of all services, or the supply of all products likely to develop its clientele in the industry or health sectors.

The Company may request or acquire all franchises, perform all constructions, acquire or lease all quarries, mines and all real property, and take over all operations connected with its corporate purpose, sell or lease these franchises, merge or create partnerships with other companies by acquiring Company shares or rights, through advances or in any appropriate manner. It may undertake these operations either alone or jointly.

Lastly, and more generally, it may carry out all industrial, commercial, real estate, personal or financial operations pertaining directly or indirectly to the corporate purposes specified above.

Article 3: Head office

The Company's head office is located at 75, quai d'Orsay, Paris.

It may be transferred upon a Board of Directors' decision to any other location in Paris or a neighboring department, subject to the ratification of such decision by the next Ordinary General Shareholders' Meeting, and anywhere else by virtue of a decision by an Extraordinary Shareholders' Meeting.

Article 4: Term

The Company's term has been fixed at 99 years beginning on February 18, 1929, except in the event of early dissolution or extension.

SECTION II

SHARE CAPITAL—SHARES—IDENTIFICATION OF SHAREHOLDERS

Article 5: Share capital

The share capital has been set at 1,720,879,792.50 euros divided into 312,887,235 fully paid-up shares of a par value of 5.50 euros each.

Share capital is increased under the conditions stipulated by law either by issuing ordinary or preferred shares, or by raising the par value of existing shares. It may also be increased by exercising the rights attached to marketable securities granting access to share capital, under the conditions stipulated by law.

In accordance with prevailing legal provisions, unless otherwise decided by the Shareholders' Meeting, the shareholders have, in proportion to the amount of shares they own, a preferential subscription right to the shares issued in cash in order to increase share capital.

The share capital may also be reduced under the conditions stipulated by law, in particular, by reducing the par value of the shares, or by reimbursing or redeeming shares on the stock exchange and by canceling shares, or by exchanging existing shares for new shares, in an equivalent or lesser number, with or without the same par value, and with or without a cash balance to be paid or received. The Shareholders' Meeting may always compel the shareholders to sell or purchase existing shares to permit the exchange of existing shares for new shares, with or without a cash balance to be paid or received, even if such reduction is not a result of losses.

Article 6: Shares

If the new shares are not fully paid up upon issuance, calls for payment shall be performed, on dates set by the Board of Directors, by means of announcements posted one month in advance in one of the Paris official legal publications chosen for the legal publication of the Company's deeds.

Shares not fully paid up shall be held as registered shares until they are fully paid up.

Each payment on any subscribed shares will be registered in an account opened in the name of the subscriber.

All late payments shall automatically bear interest, for the benefit of the Company, as of the due date, without any formal notice or legal action, at the legal interest rate, subject to any personal action that the Company may take against any defaulting shareholder and the compulsory execution measures provided by law.

Article 7: Type of shares

Paid-up shares are registered as registered shares or bearer shares depending on the choice of the shareholder.

The provisions of the aforementioned paragraph also apply to other securities of any nature issued by the Company.

Article 8: Rights and obligations governing shares

Shareholders shall not be liable above the amount of their subscription.

Share ownership automatically binds shareholders to the articles of association and the decisions of the Shareholders' Meetings.

Any share grants entitlement, during the Company's term, as in the event of liquidation, to the payment of an identical net amount for any distribution or redemption.

Shares are freely transferable under the conditions provided by law.

Article 9: Identification of shareholders

The Company may avail itself at any time of the legal and statutory provisions in force permitting the identification of the owners of shares conferring immediately or in the future the right to vote in Shareholders' Meetings, as well as the number of shares they own.

In addition to the legal obligations to notify the Company, any person, acting alone or jointly, coming in direct or indirect possession of a fraction of the Company's capital or voting rights equal to or greater than 2%, or a multiple of 2% of capital or voting rights (including above the 5% threshold), is required to inform the Company within fifteen days as of the date on which the threshold is exceeded and, as the case may be, independently of the effective transfer date of share ownership. The person shall state the number of shares and marketable securities granting entitlement to capital that he or she owns on the date of notification. Any decrease below the 2% threshold or a multiple of 2% of capital or voting rights shall be notified in the same manner.

In the event of a failure to meet this additional notification obligation, one or several shareholders, owning a fraction of the Company's capital or voting rights amounting to at least 2%, may, at a Shareholders' Meeting, request that the shares exceeding the fraction which should have been reported, be stripped of their voting rights for any Shareholders' Meeting held until the end of a two-year period following the date on which the notice is rectified. The request is recorded in the Minutes of the Shareholders' Meeting.

Article 10: Co-ownership and usufruct

As all shares are indivisible from the point of view of the Company, all joint owners of shares are required to be represented vis-à-vis the Company by a single owner selected from among them or proxy under the conditions provided by law.

The voting right attached to the share is exercised by the beneficial owner at both Ordinary and Extraordinary Shareholders' Meetings. However, the bare-owner shall be entitled to attend all Shareholders' Meetings. He or she may also represent the beneficial owner at Shareholders' Meetings.

The heirs, creditors, trustees or successors of a shareholder may not, on any grounds whatsoever, call for the affixing of seals on the Company's assets and securities, request the distribution thereof, or interfere in any manner whatsoever in its administration.

In order to exercise their rights, they must consult the Company's records and decisions of the Shareholders' Meetings.

SECTION III

MANAGEMENT OF THE COMPANY

Article 11: Composition of the Board of Directors

The Company is managed by a Board of Directors, comprising a minimum of three members and a maximum of fourteen members (unless temporarily waived in the event of a merger), physical persons or legal entities.

The members of the Board of Directors are appointed by the Ordinary Shareholders' Meeting for a term of four years expiring at the close of the Shareholders' Meeting held to approve the financial statements for the previous year and which is held in the year during which the mandate expires. As an exception to this rule, the members of the first Board of Directors who exercised functions as members of the Supervisory Board in the Company under its former mode of administration shall be appointed for a period equal to the remaining term of their mandate as members of the Supervisory Board.

The members of the Board of Directors may be re-elected.

Each Director must own at least 500 registered shares in the Company during the term of his functions. If, on the date of his appointment, a Director does not own the required number of shares or if, during his term, he ceases to own them, he is deemed to have resigned with immediate effect if he has not rectified the situation within a period of three months.

In the event of a vacancy of one or more seats due to death or resignation, the Board of Directors may, between two Shareholders' Meetings, make temporary appointments. Provisional appointments made by the Board of Directors are subject to the approval of the next Ordinary Shareholders' Meeting. If the number of Directors falls below the legal minimum, the remaining Directors must immediately convene an Ordinary Shareholders' Meeting in order to make up the numbers of the Board.

No individual over the age of 70 shall be appointed as a member of the Board of Directors if his appointment increases the number of the members of the Board of Directors who have passed this age to over one third. If during their term, the number of the members of the Board of Directors who have passed 70 years of age exceeds one third of the Board's members, the oldest member of the Board of Directors who has not carried out management functions in the Company is deemed to have resigned at the end of the Annual Shareholders' Meeting held following the occurrence of this event.

During the Company's term, Directors are appointed and their mandates renewed under the conditions provided by law.

They may be dismissed by the Ordinary Shareholders' Meeting at any time.

Article 12: Organization and management of the Board of Directors

The Board of Directors elects from among its members who are individuals, a Chairman. It determines his remuneration and sets his term of office which may not exceed his term of office as Director. The Chairman may be re-elected.

The Chairman of the Board of Directors performs the duties entrusted to him by law. He chairs the Board of Directors, organizes and manages its work and reports on such work to the Shareholders' Meeting. He ensures that the Company's bodies operate properly and, in particular, that the Directors are able to fulfill their assignments.

The Board may also appoint from among its members one or more Vice-Chairmen, whose term of office shall be determined within the limit of their term as Director and whose role it is, subject to the legal provisions applicable in the event of the temporary impediment or death of the Chairman, to convene and chair Board meetings or chair Shareholders' Meetings in accordance with these articles of association when the Chairman is impeded.

No Director who does not also assume the role of Chief Executive Officer may be appointed as Chairman of the Board of Directors after the age of 68. If, during the term of office, this age limit is reached, the Chairman's mandate shall terminate at the close of the Shareholders' Meeting held to approve the financial statements for the year during which he has reached the age of 68. If the Chairman of the Board of Directors also assumes the role of Chief Executive Officer, the applicable age limit is that applicable to the Chief Executive Officer.

The Chairman and each Vice-Chairman may be dismissed by the Board of Directors at any time. They may also be re-elected.

The Board may appoint a secretary who need not be a shareholder or one of its members.

Article 13: General Management

Management organization

In accordance with the law, the Company's General Management is assumed either by the Chairman of the Board of Directors or by any other physical person, Director or not, appointed by the Board of Directors and who assumes the role of Chief Executive Officer.

The choice between either of the two General Management organizations described above is made by the Board of Directors. The Board of Directors makes its decision relating to the choice of General Management organization under the quorum and majority conditions stipulated in article 14 of these articles of association. The shareholders and third parties are informed of the Board of Directors' decision under the conditions stipulated by the regulations in force.

The choice made by the Board of Directors remains valid until it decides otherwise.

The Board of Directors will review, as necessary, the choice made each time the mandate of the Chairman of the Board of Directors or the Chief Executive Officer comes up for renewal.

Chief Executive Officer

If the Company's Chief Executive Officer is assumed by the Chairman of the Board of Directors, the following provisions relating to the Chief Executive Officer are applicable.

The Board of Directors sets the term of office and determines the remuneration of the Chief Executive Officer.

No individual over the age of 63 may be appointed as Chief Executive Officer. If, during the term of office, this age limit is reached, the Chief Executive Officer's mandate shall terminate at the close of the Shareholders' Meeting held to approve the financial statements for the year during which he has reached the age of 63.

The Chief Executive Officer may be dismissed at any time by the Board of Directors. The discharge of a Chief Executive Officer who does not assume the role of Chairman may give rise to damages if decided without reasonable cause.

The Chief Executive Officer may always be re-elected.

Powers of the Chief Executive Officer

The Chief Executive Officer is vested with the broadest powers to act in all circumstances on behalf of the Company within the limit of the Company's corporate purpose, the articles of association, and subject to the powers expressly granted by law to Shareholders' Meetings and the Board of Directors.

The Board of Directors is responsible for defining the decisions of the Chief Executive Officer that require its prior approval. The Board of Directors' prior approval should be sought particularly for external acquisitions or sales of interests or assets, and for investment commitments, in each case under the conditions and exceeding the amounts corresponding to an efficient operation of the Company as set by the Board of Directors. It should also be sought for financing operations of any amount likely to substantially alter the Company's financial structure and for any decision likely to substantially alter the Company's strategic orientations determined by the Board of Directors.

Senior Executive Vice-Presidents

On the Chief Executive Officer's proposal, whether he be Chairman of the Board of Directors or any other person, the Board of Directors may appoint one or more physical persons as Senior Executive Vice-Presidents to assist the Chief Executive Officer.

The maximum number of Senior Executive Vice-Presidents is set at three.

In accordance with the Chief Executive Officer, the Board of Directors determines the scope and term of the powers granted to the Senior Executive Vice-Presidents and sets their remuneration.

The Senior Executive Vice-Presidents have the same powers as the Chief Executive Officer vis-à-vis third parties.

In the event of impediment of the Chief Executive Officer or the cessation of his functions, the Senior Executive Vice-Presidents shall maintain, unless decided otherwise by the Board of Directors, their functions and powers until a new Chief Executive Officer is appointed.

The Senior Executive Vice-Presidents may be dismissed at any time by the Board of Directors, at the Chief Executive Officer's proposal. They are subject to the age limit provided by law.

Senior Executive Vice-Presidents may be re-elected.

Article 14: Board of Directors' Meetings and deliberations

The Board of Directors meets as often as the interest of the Company so requires, by notice from its Chairman or in the case of impediment, from the oldest Vice-Chairman, if one or more Vice-Chairmen have been appointed, at the head office or in any other location indicated in the Notice of Meeting.

The agenda is set by the Chairman and may only be finalized at the time of the Meeting.

Directors representing at least one third of members of the Board of Directors may, while specifying the meeting's agenda, ask the Chairman to summon the Board if it has not met for more than two months.

Likewise, the Chief Executive Officer, if he does not chair the Board of Directors, may ask the Chairman to summon the Board of Directors on any specified agenda.

The Chairman is bound to the requests made to him.

In the event that the Chairman is impeded or fails in performing the aforementioned tasks, the oldest Vice-Chairman, if one or more Vice-Chairmen have been appointed, shall have the authority to call the Board and set the meeting's agenda at the request of at least one third of members of the Board of Directors or the Chief Executive Officer, as the case may be. In the absence of a Vice-Chairman, the minimum of one third of members of the Board of Directors or the Chief Executive Officer, depending on the case, shall have the authority to call the Board and set the meeting's agenda.

Notices may be made by all means, including verbally.

The presence of one half of the members of the Board of Directors is required for the validity of the Board's decisions.

Decisions are made by a simple majority of the votes of the members present or represented. In the event of a tie, the Chairman shall have the casting vote.

The Board of Directors will set its internal rules that it may amend by simple resolution.

The Board of Directors may stipulate in its internal rules that the members of the Board of Directors who take part in the Board's meeting by videoconference or telecommunications in accordance with the conditions provided by the regulations in force shall be considered as present for calculating the quorum and voting majority of the members, for all decisions in which the law does not exclude such possibility.

Article 15: Powers of the Board of Directors

The Board of Directors determines the orientations of the Company's activities and ensures their implementation.

Subject to the powers expressly attributed to Shareholders' Meetings by law and these articles of association and in accordance with the corporate purpose, the Board deals with any issues concerning the smooth running of the Company and manages corporate business pursuant to its decisions.

The Board of Directors may conduct controls and verifications as it deems appropriate.

The Board is authorized to issue bonds pursuant to a delegation granted by the Ordinary Shareholders' Meeting.

It may also decide to create committees of its members responsible for analyzing issues which it itself or its Chairman submits thereto for review. The Board determines the composition and powers of the committees which conduct their activities under its responsibility.

Issues related to the performance, remuneration and, where appropriate, the renewal of the term of office of the Chairman and Chief Executive Officer, or the Chief Executive Officer, shall be decided by the Board of Directors as and when required, and at least once a year, after analysis by the Committee(s) of the Board of Directors that deal with appointment and remuneration issues.

Article 16: Remuneration

The Ordinary Shareholders' Meeting may allocate to the members of the Board of Directors, as remuneration for their activity, a fixed annual amount in Directors' fees. The Board of Directors is free to distribute the overall sum thus allocated among its members. It may also allocate a greater amount to the Directors who are members of committees set up within the Board than that allocated to the other Directors.

The Board may allocate exceptional sums to remunerate assignments or mandates entrusted to the members of the Board.

SECTION IV

STATUTORY AUDITORS

Article 17: Audit of the Company

At the Ordinary Shareholders' Meeting, the shareholders appoint, under the conditions and with the assignments set by law, the principal and deputy Statutory Auditors.

SECTION V

SHAREHOLDERS' MEETINGS

Article 18: Shareholders' Meetings

The Shareholders' Meeting is comprised of all the shareholders, regardless of the number of shares they own, provided that all shares are fully paid up and that they are not stripped of voting rights.

The right to attend Shareholders' Meetings of the Company shall be justified by the registration of the shares in the name of the shareholder or of the intermediary registered on behalf of the shareholder (pursuant to legal provisions) at 00:00, Paris time, on the third business day preceding the Shareholders' Meeting:

- for owners of registered shares: in the registered share accounts kept by the Company;
- for owners of bearer shares: in the bearer share accounts kept by the duly empowered intermediary, in accordance with prevailing regulations.

The owners of registered shares or bearer shares must furthermore have filed a proxy or absentee ballot form, or a single document presented in lieu thereof, or if the Board of Directors has so decided, a request for an admission card, at least three days prior to the meeting. The Board of Directors may however reduce this time period if it deems appropriate. It may also authorize the submission to the Company of the proxy or absentee ballot forms by teletransmission (including electronically) in accordance with prevailing regulatory and legal provisions.

The electronic signature can, when used, take the form of a process that satisfies the conditions defined in the first sentence of section 2 of article 1316-4 of the French Civil Code.

The Shareholders' Meeting, duly constituted, represents all of the shareholders.

Ordinary and Extraordinary Shareholders' Meetings, and where necessary, Special Shareholders' Meetings are convened, meet and deliberate under the conditions provided by law and these articles of association.

Meetings take place at the head office or at any other place designated by the author of the notice, even outside of the head office or the head office's department.

Shareholders' Meetings are chaired by the Chairman of the Board of Directors or, in his absence, by the Vice-Chairman or the oldest Vice-Chairman of the Board, if one or more Vice-Chairmen have been appointed, or otherwise by a Director specifically appointed for this purpose by the Board. In the event of impediment of the Vice-Chairman or Vice-Chairmen when Vice-Chairmen have been appointed or if the Board has not appointed a Director, the shareholders shall themselves appoint the Chairman.

The two members of the Shareholders' Meeting with the highest number of votes and having accepted the position act as ballot inspectors for the Shareholders' Meeting. The officers of the meeting appoint a secretary who need not be a shareholder.

In the event that the meeting is convened by a Statutory Auditor or by a judicial representative, the Shareholders' Meeting is chaired by the author of the notice.

Upon the decision of the Board of Directors published in the Notice of Meeting or notice of convocation to rely on means of telecommunication, the shareholders who take part in the Shareholders' Meeting by videoconference or using telecommunications means permitting their identification in accordance with the conditions provided by prevailing law, shall be considered as present for calculating the quorum and voting majority.

Article 19: Powers of Shareholders' Meetings

Ordinary and Extraordinary Shareholders' Meetings, and where necessary, Special Shareholders' Meetings allow shareholders to exercise the powers defined by law and these articles of association.

During the Ordinary Shareholders' Meeting, shareholders decide or authorize the issue of bonds secured, where necessary, by specific collateral in accordance with prevailing laws and regulations and authorize the Chairman to grant such collateral. They may delegate to the Board of Directors the competence and powers necessary to issue such bonds, in one or more installments, within a period set by them, and to determine the terms and conditions of the issuance of such bonds. The guarantees set up subsequent to the issue of the bonds are granted by the Chairman of the Board of Directors upon the Board's authorization.

SECTION VI

INVENTORY—RESERVES—DISTRIBUTION OF PROFITS

Article 20: Fiscal year

The fiscal year begins on January 1 and ends on December 31.

Article 21: Inventory, distribution of profits

The Company's net proceeds, established in the annual inventory, after deducting overheads and other costs, including all amortization, depreciation and provisions, constitute the net profits.

From these profits, less, as the case may be, previous losses, a deduction of at least 5% is first of all made to create the reserve required by law. This deduction ceases to be mandatory when the reserve amounts to 10% of the share capital. It is resumed if this reserve is ever used.

The distributable profits are made up of the annual net profits, less previous losses, as well as the sums to be placed on reserve pursuant to law, plus the profit carried forward.

From these profits, a deduction is made of the amount necessary to pay the shareholders, as a first dividend, 5% of the sums paid-up on their shares, and not amortized, and 5% of the sums from premiums on shares issued in cash, and appearing in a "share premium" account, without it being possible, if the profits of a given year do not permit this payment, for the shareholders to claim such amounts from the profits of subsequent years.

The Shareholders' Meeting may decide to earmark any portion of the available surplus of said profits it wishes for the creation of general or special providence or reserve funds, under any name whatsoever or even simply as an amount carried forward.

The balance constitutes a surplus fund which is intended for the distribution of the second dividend as well as the amount provisionally assessed as necessary to pay a 10% increase to the registered shares satisfying the following conditions.

Starting on January 1, 1996, the shares registered at December 31 of each year in registered form for at least two years, and which remain registered until the date of the payment of the dividend, will entitle their owners to collect a dividend per share which is 10% higher, rounded down if necessary to the lower centime, than the dividend per share distributed in respect of other shares, provided that the amount of the dividend per share prior to any increase is at least equal to the amount of the dividend per share prior to any increase distributed in the preceding year, adjusted to take into account the change in the number of shares from one year to the next resulting in a capital increase by capitalizing premiums, reserves or profits or a share split.

In the event that, starting on January 1, 1996, the Board of Directors, with the approval of the shareholders decide to increase the capital by capitalizing reserves, profits or premiums, the registered shares held for at least two years on the date on which the attribution process begins will entitle their owners to an attribution of shares which is 10% higher than the attribution made in favor of other shares, and according to the same procedure.

The new shares created in this manner will be comparable in all respects to the existing shares from which they are issued, for calculating the entitlement to the higher dividends and the higher attributions.

The increases defined in each of the two preceding paragraphs may be modified or eliminated by simple decision during the Extraordinary Shareholders' Meeting, according to the procedures it determines.

Pursuant to law, the number of shares eligible for these increases shall not for any given shareholder exceed 0.5% of the Company's share capital.

The Shareholders' Meeting held to approve the financial statements for the year shall have the possibility of granting to each shareholder, for all or part of the dividend or interim dividends, an option for payment of the dividend or interim dividends in either cash or shares.

SECTION VII

LIQUIDATION

Article 22: Liquidation

At the expiration of the Company's term, or in the event of early dissolution, the shareholders determine the method of liquidation, in accordance with the conditions stipulated by law. They appoint and determine the powers of one or more liquidators.

The liquidators may, pursuant to a decision of the shareholders, transfer to another company or sell to a company or to any other entity or person, all or part of the assets, rights and obligations of the dissolved Company.

The duly constituted Shareholders' Meeting retains the same prerogatives during the liquidation as during the Company's term. In particular, it has the power to approve the accounts of the liquidation and to grant a discharge thereof.

After the Company's commitments have been settled, the net proceeds from the liquidation are used first to fully redeem the shares, and the surplus is then distributed equally among them.

SECTION VIII

DISPUTES

Article 23: Disputes

All disputes which may arise during the Company's term or liquidation, either between the shareholders and the Company or among the shareholders themselves, regarding Company affairs, are settled in accordance with law and submitted to the jurisdiction of the competent Paris courts.

For this purpose, in the event of disputes, all shareholders shall elect domicile in Paris, and all summonses and notices are duly served at this domicile.

Failing election of domicile, summonses and notices are validly served at the Office of Public Prosecution of the French Republic at the High Court of Paris.

Dividends

Year	Paid	Ordinary dividend [(a)] Loyalty dividend [(b)]	Number of shares	Distribution *(in euros)*
2011 [(e)]	May 16, 2012	2.50 [(a)]	281,920,112	704,800,280
		0.25 [(b)]	71,490,388	17,872,597
				722,672,877
2012 [(e)]	May 22, 2013	2.50 [(a)]	310,561,829	776,404,573
		0.25 [(b)]	83,547,351	20,886,337
				797,290,910
2013 [(c)] [(d)]	May 21, 2014	2.55 [(a)]	312,831,676	797,720,774
		0.25 [(b)]	92,705,933	23,176,483
				820,897,257

(a) Ordinary dividend paid on all shares.

(b) Loyalty dividend paid only on registered shares held continuously for two full calendar years.

(c) Subject to the approval of the General Shareholders' Meeting on May 7, 2014.

(d) For 2013, amounts distributed are theoretical values calculated based on the number of shares as of December 31, 2013.

(e) For 2011 and 2012, amounts actually paid.

Management of the Company

Pursuant to the statements made to the Company by each corporate officer, the Company confirms that corporate officers do not have any family ties with another corporate officer and have not been convicted of fraud at least during the last five years.

No incrimination and/or official public sanction has been pronounced against them by statutory or regulatory authorities (including professional organizations) and they have not been prevented by a court from acting in their capacity as a member of an administration, management or supervisory body or interfering in the management or carrying out of business of an issuer during at least the last five years. They have no potential conflicts of interest with L'Air Liquide S.A. No arrangements or agreements have been made with the significant shareholders, customers, suppliers or others, pursuant to which the persons mentioned above have been chosen as corporate officers.

There exist no restrictions accepted by these persons as to the transfer, within a certain lapse of time, of their interest in the capital of L'Air Liquide S.A. except for the rules on preventing insider trading and the obligation set forth in the articles of association requiring the members of the Board of Directors to own at least 500 registered shares of the Company during the term of their office and the obligation to hold shares imposed on corporate Executive Officers. Corporate officers have not been associated with any bankruptcy, any receivership or liquidation during the last five years.

COMPLIANCE WITH CORPORATE GOVERNANCE

The Company complies with all aspects of the recommendations set forth in the AFEP/MEDEF Code of corporate governance (see Report from the Chairman of the Board of Directors page 122), except for the points described in the Chairman's Report (see pages 122 et seq.) and the section on remunerations (see pages 142 et seq.) summarized in the table on page 156.

Property, plant and equipment

The Group's facilities and establishments are located in 80 countries around the world, with extremely diversified production capacities and characteristics.

No material tangible fixed asset exists at Group level.

The number of main plants by unit types is detailed in the 2013 Sustainable Development Report—pages 104 to 108.

Documents accessible to the public

In accordance with Annex I of the European Regulation (EC) 809/2004, documents, or copies of the documents listed below may be consulted during the period of the Reference Document's validity at Shareholders Services located at the head office of Air Liquide (75, quai d'Orsay, 75007 Paris) and, if applicable, on the Company's Internet website (www.airliquide.com), subject to the documents made available at the Company's head office or Internet site under the applicable laws and regulations:

- the Company's articles of association;
- all reports, letters and other documents, historical financial information, evaluations and official assertions and declarations prepared by an expert at the Company's request, some of which are included or referred to in this Reference Document;
- historical financial information of the Group, for each of the two fiscal years preceding publication of this Reference Document.

Incorporation by reference

Pursuant to article 28 of EC Regulation No.809/2004, the following information is included in this Reference Document:

- the consolidated and parent company financial statements for the year ended December 31, 2011, accompanied by the Statutory Auditor's Reports which appear on pages 232 and 233, and on pages 256 and 257, respectively, of the 2011 Reference Document filed on March 20, 2012 with the French financial markets authority (AMF) under number D.12-0180;
- the financial information shown on pages 4 to 50 of the 2011 Reference Document filed on March 20, 2012 with the French financial markets authority (AMF) under number D.12-0180;
- the consolidated and parent company financial statements for the year ended December 31, 2012, accompanied by the Statutory Auditor's Reports which appear on pages 251 and 252, and on pages 270 and 271, respectively, of the 2012 Reference Document filed on March 14, 2013 with the French financial markets authority (AMF) under number D.13-0133;
- the financial information shown on pages 10 to 56 of the 2012 Reference Document filed on March 14, 2013 with the French financial markets authority (AMF) under number D.13-0133.

The sections not included in these documents serve no useful purpose to investors or are already covered in this Reference Document.

> TRADE PAYABLES

Pursuant to article D. 441-4 of the French Commercial Code, a breakdown by maturity date of the trade payables balance of L'Air Liquide S.A. as of December 31, 2012 and December 31, 2013, is provided below.

(in millions of euros)	Balance	Maturity				
		Past due	of which ≤30 days	of which >30 days and ≤45 days	of which >45 days and ≤60 days	of which >60 days
2012						
Trade payables and related accounts	100.6	5.1	23.8	52.6	16.7	2.4
Amounts payable in respect of fixed assets and related accounts	8.0	0.1	2.7	0.1	0.1	5.0
TOTAL	**108.6**	**5.2**	**26.5**	**52.7**	**16.8**	**7.4**
2013						
Trade payables and related accounts	29.7	–	3.8	16.3	9.1	0.5
Amounts payable in respect of fixed assets and related accounts	12.2	0.1	0.5	0.2	0.1	11.3
TOTAL	**41.9**	**0.1**	**4.3**	**16.5**	**9.2**	**11.8**

> FACTORS THAT MAY HAVE AN IMPACT IN THE EVENT OF A TAKEOVER BID

Pursuant to article L. 225-100-3 of the French Commercial Code, the factors that may have an impact in the event of a takeover bid are set forth below.

Board of Directors' powers

The share buyback authorization currently granted to the Company excludes any buybacks during a period of bidding on the Company's shares.

Some provisions relating to the stock options plans regulations are also applicable in the event of a takeover bid launched on the Company's shares (see page 165).

Agreements that may be modified or terminated in the event of a change of control of the Company

Several bond issues under the Group's EMTN program include a clause providing that, under certain circumstances, the early repayment of such bonds may be requested in the event of a change of control of the Company:

- bond issued in July 2007 maturing in July 2017 (500 million euros);
- private placement issued in January 2008 maturing in January 2038 (15 billion yen, or 103.6 million euros equivalent [a]);
- bond issued in June 2009 maturing in June 2015 (255.85 million euros);
- bond issued in June 2010 maturing in June 2020 (500 million euros);
- bond issued in October 2010 maturing in October 2018 (456.75 million euros);
- private placement issued in December 2011 maturing in December 2019 (15.5 billion yen, or 107.1 million euros equivalent [a]);
- private placement issued in January 2012 maturing in March 2019 (200 million US dollars, or 145.0 million euros equivalent [a]);
- private placement issued in August 2012 maturing in August 2016 (13.5 billion yen, or 93.3 million euros equivalent [a]);
- bond issued in October 2012 maturing in October 2021 (500 million euros);
- bond issued in March 2013 maturing in September 2023 (300 million euros);
- bond issued in June 2013 maturing in June 2015 (250 million euros), in June 2016 (200 million euros) and in June 2019 (250 million euros);

Three bonds (or private placements) issued outside of the Group's EMTN program include a clause providing that, under certain circumstances, the early repayment of such bonds may be requested in the event of a change of control of the Company:

- bond issued in September 2011 maturing in September 2016 (1,750 million renminbis, or 209.6 million euros equivalent [a]);
- bond issued in September 2011 maturing in September 2018 (850 million renminbis, or 101.8 million euros equivalent [a]);
- US Private Placement issued in September 2012, maturing in September 2022 (400 million US dollars, or 290.1 million euros equivalent [a]), September 2024 (200 million US dollars, or 145.0 million euros equivalent [a]) and September 2027 (100 million US dollars, or 72.5 million euros equivalent [a]).

Some credit agreements of the Group include a clause providing that, under certain circumstances, the early repayment of the advances made under those credit agreements may be requested in the event of a change of control of the Company.

(a) Converted at closing rates as of December 31, 2013, with 1 EUR = 144.72 JPY, 1 EUR = 1.379 USD, 1 EUR = 8.3491CNY.

Agreements providing indemnities for Board members or employees if they resign or are dismissed without good and sufficient cause or if their employment ends due to a takeover bid

The indemnities granted to the Company's corporate officers in the event of a termination of their office are detailed on pages 152 et seq. of this Reference Document.

> PERSON RESPONSIBLE FOR THE REFERENCE DOCUMENT

Person responsible for the Reference Document

Benoît Potier, Chairman and CEO of L'Air Liquide S.A.

Certification by the person responsible for the Reference Document

I hereby attest, after having taken all reasonable measures for such purpose, that the information contained in this Reference Document reflects, to the best of my knowledge, the current situation and does not omit any information that could alter its scope.

I certify that, to the best of my knowledge, the financial statements have been prepared in accordance with applicable accounting standards and give a true and fair view of the assets and liabilities, and of the financial position and results of the Company and of its consolidated subsidiaries, and that the Management Report of the Annual Financial Report defined on pages 1 to 7, 10 to 59, 62 to 113, 120 to 161, 163 to 190, 294 to 301, 322 to 326, 337 to 339, 350 and 351 provide a true and fair view of the evolution of the business, results and financial condition of the Company and of its consolidated subsidiaries, and a description of the main risks and uncertainties the Company and its consolidated subsidiaries are subject to.

I have obtained a work completion letter from the Statutory Auditors indicating that they have, in accordance with French professional standards, verified the information on the financial position and the financial statements and have reviewed all of the information presented in the Reference Document.

The Statutory Auditors' Report on consolidated financial statements for fiscal year 2013, available in the Reference Document pages 269 and 270, contains an observation.

Paris, March 14, 2014

Benoît Potier

Chairman and CEO

> CROSS-REFERENCE TABLE

The cross-reference table identify the main information required by Regulation No.809/2004 of the European Commission dated April 29, 2004 (the "Regulation"). The table indicates the pages of this Reference Document where is presented the information related to each item. The table indicates, when required by the Regulation, the pages of the Reference Document related to the year ended December 2012, filed on March 14, 2013 under the number D.13-0133 (the "DDR 2012"), and the pages of the Reference Document related to the year ended December 2011, filed on March 20, 2012 under the number D.12-0180 (the "DDR 2011"), which are incorporated by reference in this document.

N°	Items of the Annex I of the Regulation	Pages
1.	**Persons Responsible**	
1.1	Indication of persons responsible	340
1.2	Declaration by persons responsible	340
2.	**Statutory Auditors**	
2.1	Names and addresses of the auditors	189
2.2	Indication of the removal or resignation of auditors	N/A
3.	**Selected financial information**	
3.1	Historical financial information	2 to 3, 5, 30 to 40, 45 to 48, 350, 351
3.2	Financial information for interim periods	N/A
4.	**Risk Factors**	**24 to 29, 134 to 141, 251 to 260**
5.	**Information about the issuer**	
5.1.	History and Development of the issuer	10 to 12
5.1.1	The legal and commercial name of the issuer	327
5.1.2	The place and the number of registration	327
5.1.3	The date of incorporation and the length of life of the issuer	327, 328
5.1.4	The domicile and legal form of the issuer, the legislation under which the issuer operates, its country of incorporation, and the address and telephone number of its registered office	327, 328
5.1.5	The important events in the development of the issuer's business	10 to 12, 31, 32
5.2.	Investments	
5.2.1	Principal investments realised	5, 40, 196, 216 3, 41, 42, 180, 198 of DDR 2012 4, 36, 37, 160, 176 of DDR 2011
5.2.2	Principal investments in progress	41 to 45, 262
5.2.3	Principal future investments on which the management bodies have already made firm commitments	41 to 45
6.	**Business Overview**	
6.1.	Principal Activities	
6.1.1	Nature of the issuer's operations and its principal activities	1,2, 5, 13 to 23, 30 to 38, 216 to 218 1 to 3, 13 to 23, 29 to 39, 198 to 201 of DDR 2012 1, 4, 5, 13 to 20, 26 to 35, 176 to 178 of DDR 2011
6.1.2	New products	49 to 54
6.2.	Principal Markets	2, 13 to 24, 30 to 38, 55 to 57, 216 to 218 2, 3, 13 to 24, 29 to 39, 54, 55, 198 to 201 of DDR 2012 4, 5, 13 to 21, 26 to 35, 47, 48, 176 to 178 of DDR 2011
6.3.	Exceptional factors	N/A

N°	Items of the Annex I of the Regulation	Pages
6.4.	Dependence on patents or licences, industrial, commercial o financial contracts or new manufacturing processes	24, 25
6.5.	Basis for statements made by the issuer regarding its competitive position	24
7.	**Organizational Structure**	
7.1.	Brief description of the Group	1, 13 to 23
7.2	List of significant subsidiaries	265 to 267
8.	**Property, Plants and Equipment**	
8.1.	Material tangible fixed assets	44, 45, 225 to 227,335
8.2	Environmental issues that pay affect the utilisation of the tangible fixed assets	95 to 109, 263
9.	**Operating and Financial Review**	
9.1.	Financial Condition	2, 5, 30 to 40, 45 to 48, 193 to 200, 350, 351 2, 3, 29 to 42, 47 to 50, 177 to 183, 338, 339 of DDR 2012 4 to 7, 26 to 37, 42 to 44, 157 to 163 of DDR 2011
9.2.	Operating Results	
9.2.1	Significant factors materially affecting the issuer's income from operations	30 to 38, 218 to 220
9.2.2	Disclosure of material changes in net sales or revenues	30 to 37, 218
9.2.3	Policies or factors that have materially affected, or could materially affect, directly or indirectly, the issuer's operations	31, 32, 55 to 59
10.	**Capital Resources**	
10.1.	Issuer's capital resources	45 to 48, 196, 197, 232, 246 to 250 (note 26), 251 to 260 (note 29), 350, 351
10.2.	Sources and amounts of the issuer's cash flows	39, 40, 196, 197
10.3.	Information on the borrowing requirements and funding structure	45 to 48, 246 to 250
10.4.	Restrictions on the use of capital resources	N/A
10.5.	Anticipated sources of funds	39, 40, 45 to 48
11.	**Research and Development, Patents and Licences**	**49 to 54**
12.	**Trend Information**	
12.1	The most significant recent trends in production, sales and inventory, and costs and selling prices since the end of the last financial year	59
12.2	Known trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on the issuer's prospects	59
13.	**Profit Forecasts or Estimates**	
13.1	Statement setting out the principal assumptions upon which the issuer has based its forecast or estimate	N/A
13.2	Report prepared by independent accountants or auditors	N/A
13.3	Preparation of the forecast or estimate	N/A
13.4	Statement on the correctness of a forecast included in the prospectus	N/A
14.	**Administrative, Management, and Supervisory Bodies and Senior Management**	
14.1.	Composition – statements	120, 121, 176 to 186
14.2.	Conflicts of interests	122 to 125, 156, 335

N°	Items of the Annex I of the Regulation	Pages
15.	**Remuneration and Benefits**	
15.1.	Remuneration and benefits in kind	128, 142 to 150,157 to 161, 261, 262, 285
15.2.	Pension, retirement or similar benefits	150 to 155, 157 to 161, 261, 262, 285
16.	**Board Practices**	
16.1.	Current term office	120, 121, 176 to 186
16.2.	Contracts providing benefits upon termination of employment	155
16.3.	Information about audit and remuneration committee	129, 130, 132 to 134,156
16.4.	Statement related to corporate governance	122, 156, 335
17.	**Employees**	
17.1.	Number of employees	1, 3, 91, 92, 219, 285
17.2.	Shareholdings and stock options	147 to 150, 163 to 171, 262, 323
17.3.	Arrangements involving the employees in the capital of the issuer	164 to 175, 233 to 236
18.	**Major Shareholders**	
18.1.	Identification of the main shareholders	323
18.2.	Voting rights	323
18.3.	Ownership and control	323
18.4.	Arrangements which may result in a change in control of the issuer	323
19.	**Related party transactions**	**261, 262**
20.	**Financial Information concerning the issuer's assets and liabilities, financial position and profits and losses**	
20.1.	Historical Financial Information	2, 5, 30 to 40, 45 to 48, 193 to 291, 350, 351 2, 3, 29 to 42, 47 to 50, 177 to 273, 338, 339 of DDR 2012 4 to 7, 26 to 37, 42 to 44, 157 to 259 of DDR 2011
20.2.	Pro forma financial information	N/A
20.3.	Financial statements	193 to 291 177 to 273 of DDR 2012 157 to 259 of DDR 2011
20.4.	Auditing of historical annual financial information	
20.4.1	Statement indicating that the historical financial information has been audited	269, 270, 288, 289, 340 251, 252, 270, 271, 328 of DDR 2012 232, 233, 256, 257, 302 of DDR 2011
20.4.2	Indication of other information which has been audited	114 to 116, 162, 314 to 320
20.4.3	Source of the data when financial data in the registration document is not extracted from the issuer's audited financial statements	N/A
20.5.	Age of latest financial information	December 31, 2013
20.6.	Interim and other financial information	N/A
20.6.1	Quarterly or half yearly financial information	N/A
20.6.2	Interim financial information	N/A

> CROSS-REFERENCE TABLE FOR THE ANNUAL FINANCIAL REPORT

In order to facilitate the reading of this document, the cross-reference table, hereafter, allows to identify in this Reference Document, the information which constitutes the Annual Financial Report having to be published by the listed companies in accordance with article L. 451-1-2 of the French Monetary and Financial Code and article 222-3 of the French Market Authorities' General Regulations.

> GLOSSARY

Financial glossary

A

Adjusted price

Share price adjusted to take account of changes in capital (issue of new shares, share split, etc.). The adjusted share price is used to produce meaningful comparisons of price changes over time.

AMF (Autorité des marchés financiers*, the French financial market authority)*

The AMF governs and oversees the conduct and professional ethics of the markets and protects the interests of investors and shareholders.

B

Bearer share

Share held in a security account at the shareholder's financial broker.

Bond

Tradable debt security issued by a public or private company, a group, an association or a government. Bonds carry fixed interest for a specific period and are redeemable on maturity.

C

*CAC 40 (*Cotation assistée en continu*—Continuous Automated Trading)*

The flagship stock market index of NYSE Euronext in Paris, the CAC 40 tracks the evolution of a selection of 40 stocks registered on this stock market. A committee of NYSE Euronext specialists regularly revises its composition to ensure that it remains representative. Air Liquide has been included in the CAC 40 since its inception in 1988.

Capital employed

Balance sheet capital corresponding to financial resources used by a company to develop its business. It is the sum of equity, minority interests and net debt.

Capital gain

Gain realized on the sale of a security, that is, the difference between its sale price and its original purchase price, or book value.

Cash flow

This indicator provides the exact measure of annual cash flow that the Company is able to generate from its operations, independently of the evolution of the working capital requirement, which can be seasonal or erratic. This indicator is before tax, dividends and cost of financing.

Conditional grant of shares to employees (CGSE)

Means of remuneration that grants free shares of the Company to all the employees or a specific employee category. The employee only becomes the owner of the shares after a given acquisition period and according to the plan's conditions. If the acquisition period is shorter than four years, the law provides that the employee must keep his/her shares for a minimum additional two-year period.

Custody fees

Fees charged by a financial intermediary for maintaining a share account. They generally represent a percentage of the portfolio or a set fee per line of shares held. Air Liquide's Shareholder Services provide this service free of charge for shares held in a direct registered account.

D

Deferred settlement service (SRD)

Fee-based service available for the most traded stocks through which settlement for orders or delivery of shares is deferred to the last trading day of the month. Air Liquide shares are eligible for this service.

Diluted earnings per share (Diluted EPS)

Net profit Group share divided by the average weighted number of shares which would be outstanding, assuming conversion of all potential shares (exercise of share subscription options, definitive grant of free shares, etc.). The equivalent accounting term is diluted net profit by share.

Direct registered shares

Direct registered shares are managed by Air Liquide and registered in its accounts. They are held in a securities account opened at Air Liquide.

Dividend

The part of a company's net profit distributed to shareholders. Shareholders vote the dividend at the Annual General Meeting after approval of the financial statements and the allocation of earnings proposed by the Board of Directors.

E

Earnings per share (EPS)

Net profit Group share divided by the average weighted number of shares outstanding. The equivalent accounting term is net profit per share.

ESG (Environmental, Social and Corporate Governance)

Environmental, social and corporate governance are the three main areas appraised by SRI analysts. A positive appraisal of these criteria is a guarantee of quality. It reflects the sustainability of a company's development.

Euronext Paris

Name of the firm which organizes, manages and develops the securities market in Paris, and acts as market regulator (financial transactions, monitoring of companies listed on the stock market) with the delegated authority of the AMF.

Euro Stoxx 50

Stock Exchange index composed of 50 of the highest capitalizations and most actively traded stocks listed in the eurozone.

F

Fractional right

Part of a share that cannot be distributed in the case of a free share attribution or subscription if the number of shares held is not a multiple of the transaction. Example: in a 1 for 10 free share attribution, a shareholder holding 68 shares is allocated 6 new shares and 8 fractional rights.

Free float

The part of a company's capital publicly available and tradable on the stock markets. The higher the free float, the greater the liquidity of the shares. Nearly 100% of Air Liquide's capital is floated.

Free share attribution

Transaction by which the Company issues new shares by capitalizing undistributed earnings at no cost to shareholders, and allocates new shares in proportion to the number of shares already held. Air Liquide allocates regularly such free shares.

G

Goodwill

Difference between the purchase price of a company and its net tangible assets on the day of the acquisition.

I

IFRS (International Financial Reporting Standards)

International accounting standards with effect from January 1, 2005, conceived by the International Accounting Standards Board, or IASB, for quoted companies to harmonize the presentation and increase the transparency of their financial statements.

Indirectly/intermediary registered shares

Indirectly/intermediary registered shares are registered in the Air Liquide accounts and held in a securities account at the shareholder's financial broker.

ISIN Codes (International Securities Identification Numbers)

Codes used to identify financial products quoted on the spot market on the stock exchanges (Air Liquide ISIN trading Code: FR0000120073; for the three other Air Liquide Codes, please refer to the shareholders section of this Reference Document – page 73).

L

Liquidity

Ratio of the volume of shares traded over the total number of shares outstanding, which make up the capital.

Loyalty bonus

The loyalty bonus increases the dividend distributed and the number of free shares attributed by 10% for registered shares held for more than two full calendar years and subject to the conditions defined by Air Liquide's articles of association.

Loyalty dividend

Pursuant to Air Liquide's articles of association, a dividend premium of 10%, granted to loyal shareholders for registered shares held continuously for more than two full calendar years and until the date of the payment of the dividend.

M

Market capitalization

A company's market value equal, at any given time, to the quoted share price multiplied by the total number of shares outstanding.

Market sheet

The market sheet presents all the buy and sell orders for a share, as well as the latest orders executed. Investors can only have access to the five best offers (sales) and the five best demands (purchases).

N

Net profit (Group share)

Profit or loss made by the Company. It is calculated by adding operating income recurring, other non recurring operating expenses, net finance costs, other net financial expenses, share of profit of associates, profit (loss) from discontinued operations, then subtracting Company tax and minority interests.

O

OPCVM (Organisme de placement collectif en valeurs mobilières—*pooled investment funds)*

A savings product that makes it possible to hold part of a collective marketable security portfolio handled by a professional, like SICAVs (open-ended investment companies) or FCPs (mutual funds).

Operating income recurring

Annual sales minus the cost of producing, distributing and selling products and the depreciation or amortization on capital expenditures. It provides an operating performance indicator before financing and taxes.

P

Par value

The issue price of a share as defined in a company's articles of association. A company's total capital is the par value of the share multiplied by the total number of shares outstanding.

PER (Price Earnings Ratio)

The ratio of the market price of a share over earnings per share.

Preferential subscription right

Tradable right giving shareholders priority in subscribing to a number of new shares in proportion to the number of shares already held in the event of a share issue. This is a negotiable right in the stock exchange. In exceptional cases, the Company may ask its shareholders to suspend their subscription right at an Extraordinary Shareholders' Meeting.

Q

Quorum

Minimum percentage of shares with voting rights required to be present or represented for a General Shareholders' Meeting to be validly constituted.

R

Registered share

Share registered in the Air Liquide accounts.

Retained earnings

Undistributed profit, held by the Company until further decision.

Roadshow

Organized series of meetings during which a listed company, represented by its management or an Investor Relations team, travels to meet with institutional investors in their offices.

ROCE (Return on capital employed)

The ratio of Net Profit before interest expenses and after taxes over average capital employed. It reflects the net return on funds invested by shareholders and those loaned by banks and financial institutions.

ROE (Return on equity)

The ratio of Net Profit over shareholders' equity. It represents the net return on money invested by shareholders.

S

Share

Tradable security representing a portion of a company's capital. The owner of a share, the shareholder, is a part-owner of the Company and enjoys certain rights. Shares can be held as registered or bearer shares.

Share buyback

Transaction by which a company buys its own stock on the market, up to the limit of 10% of its capital. The transaction requires shareholder approval at the Company's General Shareholders' Meeting. Bought back shares are not taken into account in the net earnings per share calculation and do not receive any dividends.

Shareholders' equity

The part of the Company's capital belonging to its shareholders. It includes the value of issued shares, retained earnings and Net Profit for the financial year.

SRI (Socially Responsible Investment)

Socially responsible investment integrates, over and above the standard financial criteria, environmental, social and corporate governance (ESG) criteria in the analysis process and investment decision.

Stock option

A subscription option that offers the right to subscribe, at a price set in advance, for a fixed period, a company's shares.

Share split

Split of a share's par value to improve its liquidity. A share split leads, in the same proportions, to a split in the share's market value and the multiplication of the number of shares comprising the capital. The value is unchanged.

U

Usufruct

The legal right to use and derive profit or benefit from property that belongs to another person, as long as the property is not damaged. The holder of an usufruct has the right to use and enjoy the property, as well as the right to receive profits from the fruits of the property.

V

Volatility

The degree of variation of a share over a given period. It is a risk indicator: the greater the volatility, the higher the risk.

Y

Yield

Ratio of dividend per share over market share price.

Technical glossary

Advanced precursors

The increasing performance of electronic chips requires the use of new materials. These materials are supplied and integrated into the chips by advanced precursors, complex molecules that are generally liquid.

Alternative energy

Energy that represents an alternative to traditional energies, produced by transformation of natural gas or coal using gasification and/or gas cleaning techniques.

ASU

Air Separation Unit.

Carrier Gases

Carrier gases (nitrogen, oxygen, hydrogen, etc.) are used to transport and dilute process gases or to protect semiconductors from minute dust particles.

Cogen

Cogeneration is the simultaneous production of electricity and steam. It is an environmentally virtuous process as it avoids energy loss by harnessing the heat emitted during electricity production to produce steam.

Cold technologies

All cryogenic-related technologies used, primarily, in the production of air gases.

Cryogenics

Very low temperatures, necessary to the liquefaction of air gases, hydrogen and helium. Concerns temperatures below -150 degrees Celsius.

Fab

Production facility in the Electronics sector.

Fellow

The second highest international level of expertise (among four) in the Air Liquide Technical Career Ladder. Fellows are recognized as worldwide authorities within their given field of expertise. Fellows are consultants of the top management in long-term company strategy.

Hot technologies

All heat-producing technologies, such as combustion processes. For Air Liquide, hot technologies comprise steam reforming of methane to produce hydrogen and carbon monoxide and cogeneration units.

HyCO unit

Unit that simultaneously produces hydrogen (H_2) and carbon monoxide (CO).

On-site

On-site installations consist of gas production units installed directly on Industrial Merchant or Electronic customer premises, thanks to which truck deliveries can be avoided.

Orders in hand

They represent the contractual value of all Group and third-party engineering and construction contracts managed by the Engineering and Construction entities, excluding projects under warranty, from the signature date.

Orders intake

They represent the sum of all Group and third-party engineering contracts which entered into force during the period.

Renewable energy

Forms of energy whose production does not lead to a decline in resources on a human scale, e.g. solar, wind, geothermal and hydroelectric energies.

Substrate

Material on or in which components of a micro-electronic system or circuit are manufactured.

Take-or-Pay

Contracts used in Large Industries integrating fixed minimum payments below minimum volume thresholds.

Traditional energy

As opposed to renewable energies, energy whose production exhausts resources by consuming them more quickly than they are created. It is directly produced from fossil fuels: coal, oil, natural gas.

> TEN-YEAR CONSOLIDATED FINANCIAL SUMMARY

	Notes	2004	2004 IFRS	2005
Key figures *(in millions of euros)*				
Consolidated income statement				
Revenue		9,376.2	9,428.4	10,434.8
of which Gas & Services		*8,275.2*	*8,275.2*	*9,147.7*
Operating Income Recurring	(a)	1,276.9	1,374.6	1,517.6
Operating Income Recurring / Revenue		13.6%	14.6%	14.5%
Net profit (Group share)		777.5	780.1	933.4
Consolidated cash flow statement				
Cash flow from operating activities before changes in working capital	(b)	1,694.9	1,691.7	1,804.8
Purchase of property, plant and equipment and intangible assets		875.4	901.0	975.2
Purchase of property, plant and equipment and intangible assets / Revenue		9.3%	9.6%	9.3%
Acquisition of subsidiaries and financial assets		2,858.5	2,858.5	76.2
Total capital expenditures / Revenue	(c)	39.8%	39.9%	10.1%
Dividends related to fiscal year and paid in the following year	(d)	391.2	391.2	432.1
Consolidated balance sheet				
Shareholders' equity at the end of the period		5,373.6	4,916.3	5,930.5
Net indebtedness at the end of the period		3,790.3	4,012.5	3,739.8
Gearing		66.3%	76.7%	60.2%
Capital employed at the end of the period	(e)	9,505.4	9,245.0	9,948.5
Share capital				
Number of shares issued and outstanding at the end of the period		109,180,823	109,180,823	109,538,475
Adjusted weighted average number of shares outstanding	(f)	309,022,563	309,022,563	308,477,956
Key figures per share in euros				
Net profit per share	(g)	2.52	2.52	3.03
Dividend per share		3.50	3.50	3.85
Total dividend		3.50	3.50	3.85
Dividend adjusted per share	(h)	1.22	1.22	1.35
Ratios				
Return on equity (ROE)	(i)	14.9%	16.3%	17.2%
Return on capital employed after tax (ROCE)	(j)	11.3%	11.9%	11.7%

Loyalty dividend:

Since 1995, a 10% loyalty dividend is attributed to shareholders holding their shares in registered form for at least two years on the December 31 preceding the period of distribution, and owned until the date of the payment of the dividend.

The dividend proposed to the Annual General Meeting for fiscal year 2013 amounts to 2.55 euros per share, and the enhanced dividend to 2.80 euros per share representing a total distribution of 820.9 million euros.

(a) *Operating income in 2004.*

(b) *Funds provided by operations in 2004 (before adjustments of profit/loss on disposal of fixed assets).*

(c) *Purchase of property, plant and equipment, intangible assets and long-term investments. Industrial and financial capital expenditures and transactions with minority shareholders are included.*

(d) *Including a loyalty dividend of 23.2 million euros in 2013, 22.7 million euros in 2012, 19.5 million euros in 2011, 16.5 million euros in 2010, 14.7 million euros in 2009, 15.0 million euros in 2008, 13.5 million euros in 2007, 12.5 million euros in 2006, 10.4 million euros in 2005 and 9.1 million euros in 2004).*

(e) *Capital employed at the end of period: shareholders' equity + minority interests + net indebtedness.*

2006	2007	2008	2009	2010	2011	2012	2013
10,948.7	11,801.2	13,103.1	11,976.1	13,488.0	14,456.9	15,326.3	15,225.2
9,628.0	*9,998.5*	*11,027.6*	*10,191.8*	*11,885.7*	13,046.0 (m)	*13,912.0*	*13,837.0*
1,659.2	1,794.1	1,949.0	1,949.0	2,252.2	2,408.7	2,553.0 (n)	2,580.6
15.2%	15.2%	14.9%	16.3%	16.7%	16.7%	16.7% (n)	16.9%
1,002.3	1,123.1	1,220.0	1,230.0	1,403.6	1,534.9	1,591.1 (n)	1,640.3
1,889.3	2,054.4	2,206.7	2,274.5	2,660.9	2,728.1	2,885.9 (n)	2,948.5
1,128.2	1,359.3	1,908.3	1,411.0	1,449.8	1,755.0	2,007.9	2,156.1
10.3%	11.5%	14.6%	11.8%	10.7%	12.1%	13.1%	14.2%
72.3	1,308.2	242.3	109.2	239.9	99.5	879.4	391.9
11.0%	22.6%	16.4%	12.7%	13.2%	12.9%	18.9%	16.7%
497.0	551.0	602.0	609.2	684.2	729.1	803.4	820.9
6,285.8	6,369.5 (l)	6,757.4 (l)	7,583.7	8,903.5	9,758.6	10,190.4 (n)	10,625.1
3,446.6	4,660.2	5,484.4	4,890.8	5,039.3	5,248.1	6,102.5	6,061.9
52.5%	71.5%	79.5%	63.1%	55.3%	52.5%	58.5%	55.7%
10,013.4	11,179.8 (l)	12,386.1 (l)	12,642.7	14,151.8	15,243.8	16,525.5	16,950.0
121,149,189	238,844,710 (k)	260,922,348	264,254,354	284,095,093	283,812,941	312,281,159	312,831,676
311,749,765	310,641,903	305,802,569	307,994,710	310,355,373	311,594,600	311,147,191	310,734,410
3.22	3.62	3.99	3.99	4.52	4.93	5.11 (n)	5.28
4.00	2.25	2.25	2.25	2.35	2.50	2.50	2.55
4.00	2.25	2.25	2.25	2.35	2.50	2.50	2.55
1.54	1.73	1.91	1.91	2.13	2.27	2.50	2.55
16.4%	17.7% (l)	18.6% (l)	17.2%	17.0%	16.8%	16.1% (n)	16.0%
11.9%	12.3% (l)	12.2% (l)	11.6%	12.1%	12.1%	11.6% (n)	11.1%

(f) Adjusted to account for, on a basis of a weighted number of shares outstanding, the two-for-one share split (in 2007), free share attribution (declared in 2012, 2010, 2008, 2006 and 2004), stock offering (from 2004 to 2013) and treasury shares.

(g) Calculated on the adjusted weighted number of shares outstanding during the year (excluding treasury shares).

(h) Adjusted to account for share capital movements.

(i) Return on equity: (Net profit Group share)/(weighted average of shareholders' equity over the year).

(j) Return on capital employed after tax: (Net profit after tax before deduction of minority interests – net cost of debt after taxes)/weighted average for the year of (shareholders' equity + minority interests + net indebtedness).

(k) The L'Air Liquide S.A. two-for-one share split on June 13, 2007.

(l) Corresponds to the amounts as of December 31 restated for the impacts of the application of the option offered by the revised IAS19 "Employee Benefits", to immediately recognize all actuarial gains and losses and adjustments arising from the asset ceiling, net of deferred tax, in addition to the first-time adoption of IFRIC14.

(m) The specialty ingredients activities of Seppic and its subsidiaries were reclassified from "Other activities" to "Gas & Services".

(n) Corresponds to the amounts as of December 31, 2012 restated for the impacts of IAS19 revised "Employee Benefits".

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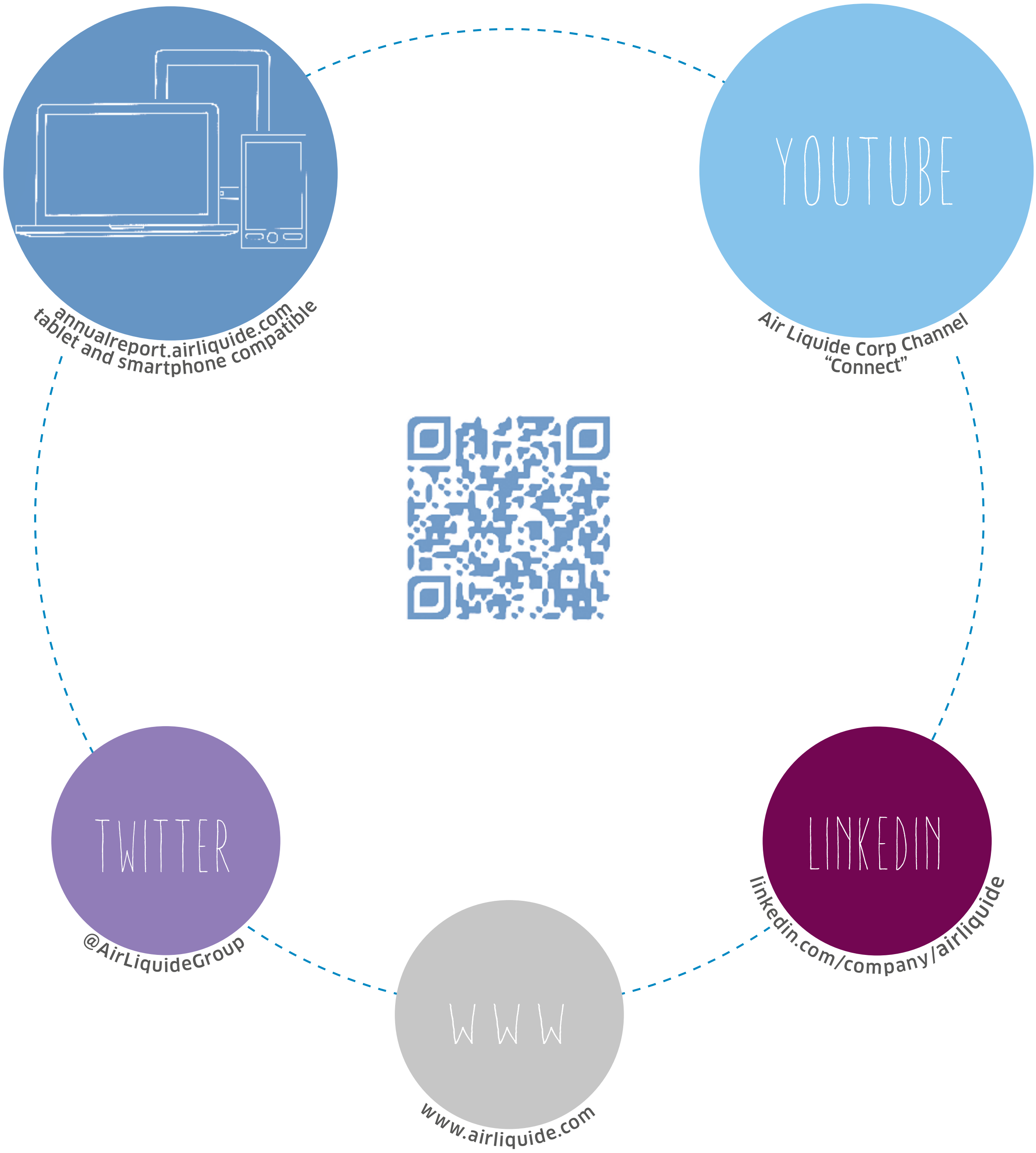

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Air Liquide - Company established for the study and application of processes developed by Georges Claude with issued capital of 1,720,879,792.50 euros