



**MATERIAL
TERMS**

DESCRIPTION OF MATERIAL TERMS OF THE AIR LIQUIDE GROUP EMPLOYEE SHARE PURCHASE PLAN 2016 OFFERING

2009 REGULATIONS FOR U.S. EMPLOYEES (Amended And Restated Effective January 1, 2010)

Offer of shares of stock to employees

To facilitate the worldwide employees of the Air Liquide Group becoming shareholders of L'Air Liquide S.A. (the "Company"), the Company's Board of Directors ("Board") has adopted the Air Liquide Group Employee Share Purchase Plan France and the International Group Share Purchase Plan. These plans authorize offerings of shares of the Company for sale at a discounted price exclusively to Air Liquide Group employees.

The Company has adopted the 2009 Regulations for U.S. Employees (as Amended and Restated Effective January 1, 2010) (the "U.S. Plan") to allow employees of the Company's designated U.S. subsidiaries to participate in the stock offerings. The U.S. Plan is established under the provisions of the Company's International Group Employee Share Purchase Plan and, except as provided in the U.S. Plan, is subject to the same terms and conditions of the Company's International Group Employee Share Purchase Plan. Under the U.S. Plan, employees of the Company's U.S. subsidiaries will be offered the opportunity to purchase Company shares at a 15% discounted purchase price. The U.S. Plan is intended to qualify as an "employee stock purchase plan" under Section 423 of the U.S. Internal Revenue Code of 1986, as amended (the "Code").

Exercise price

The purchase price per share of the shares is the amount listed in the Appendix, which represents a 15% discount from the average of the opening quotations of the Company's shares on the Euronext Paris stock exchange during the twenty trading sessions preceding the date of the decision of the Board or its delegee setting the commencement date of the subscription period. Although shares of the Company are traded in Euros on the Euronext Paris Stock Exchange, for purposes of the U.S. offering, the discounted purchase price has been converted into U.S. dollars based on the Euro-Dollar exchange rate on the date listed in the Appendix and will not fluctuate during the offer period based on future changes in the Euro-Dollar conversion rates. See Exhibit B hereto for an illustration of the possible effect of changes in the Euro-Dollar exchange rates on the potential for gains and losses under the U.S. Plan.

Expected size of offering

The number of Company shares offered for sale to employees worldwide during the 2016 subscription period shall be 1,000,000 shares.

Provisions in the event that the offering is oversubscribed

In the event that the offering is oversubscribed, subscriptions for those employees who subscribed for the greatest number of shares will be reduced until the number of shares subscribed for no longer exceeds the number of shares available for purchase. In the event the offering continues to be oversubscribed after such reduction, subscriptions will be reduced pro-rata.

Subscription Period

The subscription period will begin and end on the dates listed in the Appendix (the "Subscription Period"). In order to participate in the U.S. Plan, employees must electronically complete an individual subscription form on-line by the date listed in the Appendix, the end of the Subscription Period. An employee will not be eligible to participate in the U.S. Plan if he or she does not electronically enroll on-line during the Subscription Period. No employee may elect to participate in the U.S. Plan prior to receipt of all subscription materials in respect of the U.S. Plan.

An employee may cancel his or her participation in the U.S. Plan and his or her election to purchase shares of the Company if the employee files a notice of withdrawal with the person designated to receive such notice on or before the last day of the Subscription Period.

• Payment terms for the shares

Employees may pay for the shares they purchase in one of two ways: (1) by approximately equal payments deducted from each paycheck over a 12 month period starting on the date listed in the Appendix or (2) by check for the total amount of the purchase price at the time of subscribing. The maximum subscription price that may be paid by payroll deductions is \$9,500.

- **Payment default**

Purchases of stock made by employees will become irrevocable as of the date listed in the Appendix, the last day of the Subscription Period. Should an employee (or his or her heir or assignee) default in his or her obligation to pay for the shares purchased for any reason whatsoever, the employee will be deemed to be a shareholder in default and shall no longer be eligible to participate in the U.S. Plan.

In the event an employee becomes a shareholder in default, following a notice period, his or her employer will have the right to sell the employee's shares on the open market and use the proceeds to reduce any outstanding balance then owed by the employee. If the sale proceeds are less than the outstanding balance owed, the employee will be personally liable for any remaining amount owed. If the sales proceeds exceed the outstanding balance, the employee will receive the excess amount, less applicable withholding taxes, as soon as practicable.

- **Registration of shares**

Once the final list of subscribers and the number of shares subscribed for by each subscriber has been finalized, the Company will register the shares in an account opened in the name of each employee subscriber in the Company's records in the custody of the Company's Shareholders Department in Paris, France, or in the records of the Company's authorized agent.

All employees purchasing shares shall be supplied with a statement attesting to the registered shares in their respective accounts.

Persons Entitled To Buy Shares

- **Eligible employees**

- All part-time and full-time employees for tax purposes of the Company's designated U.S. subsidiaries, who were employed by a U.S. subsidiary on or before the date listed in the Appendix, are eligible to participate in the U.S. Plan.
- An employee's participation in the U.S. Plan is entirely voluntary. There can be no guarantee that the Company shares purchased through the U.S. Plan will increase in value.

Terms And Conditions of Application

- **Number of shares for which employees are entitled to subscribe**

The maximum value of shares (equivalent to U.S. dollars of the subscription price in Euros) that an employee may subscribe for during the Subscription Period may not exceed the lower of \$25,000 or 25% of an employee's gross annual base pay (see above, however, "Provisions in the event of the offering being oversubscribed").

- **Assignment restrictions**

Employees cannot transfer or pledge their right to purchase Company shares to another individual.

- **Holding period for shares**

Shares purchased may not be sold for 5 years from the date the shares are registered in an account for each employee in the Company's Shareholders Department. During the holding period, the shares will remain in the registered account of the employee and may not be assigned or transferred in any manner whatsoever.

However, an employee may sell the shares (provided such shares have been fully paid for) prior to the end of the holding period under the following circumstances as determined by the committee that administers the U.S. Plan in its sole discretion:

- in the event of the death of the employee;
- if the employee ceases to be employed by the Company or any affiliate of the Company for any reason;
- if the employee acquires a new primary residence or substantially improves his or her primary residence; or
- if the employee experiences a serious financial hardship.

- **Taxation/Foreign Exchange Rate**

See Exhibit A, "Federal Income Tax Consequences," attached. Exhibit B attached illustrates the possible effect of changes in the Euro-Dollar exchange rates on the potential for gains and losses under the Plan.

Information Material

A copy of the U.S. Plan is included in your offering package.

Employees who become shareholders of the Company by virtue of participation in the U.S. Plan will receive all the documents normally forwarded annually to registered shareholders in compliance with legal requirements.

EXHIBIT A INCOME TAX CONSEQUENCES

U.S. Tax overview

The U.S. Plan is intended to comply with the provisions of Section 423 of the Internal Revenue Code (the “Code”).

Special Note: As described in the U.S. Plan and the Description of Material Terms, shares purchased under the U.S. Plan must generally be held for at least five (5) years. Under certain exceptions (such as death, cessation of employment, purchase of or substantial improvement to a primary residence, financial hardship), the shares may be sold earlier than five years. However, even if you qualify for one of such exceptions, in order to receive the maximum tax benefits of the U.S. Plan, you would need to hold shares purchased under the U.S. Plan for at least two (2) years from the date of purchase.

• Time of Purchase

Amounts deducted from your paycheck in order to purchase shares of common stock of the Company under the U.S. Plan are taxable as part of your compensation. However, under Section 421(a) of the Code, the purchase of shares under the U.S. Plan is not itself a taxable event even though the purchase price for the shares may be less than market price for the shares on the date of purchase. That is, the difference between the market price on the date of purchase and the purchase price — the 15% discount and any “additional discount” (described below) — is not taxable at the time of purchase.

Sales at Market Price of Shares Purchased Under the U.S. Plan

• Shares held for two (2) years or more.

If you sell shares that were purchased under the U.S. Plan which you have held for two (2) years or more after the date of purchase:

- Any profit up to the amount of the 15% discount (or, if lower, the excess of the fair market value of the shares on the date of sale over the purchase price) will be taxable as ordinary income, and any additional profit over the amount of the 15% discount will be taxable as a long-term capital gain;
- Any loss will be treated as a long-term capital loss.

Example — This example illustrates the tax consequences in U.S. dollars. Since you are purchasing shares which trade in Euros, the illustrations assume that the value of shares purchased and sold under the U.S. Plan has been converted to U.S. dollars. The possible effect of changes in the Euro-Dollar exchange rates on the potential for gains and losses under the U.S. Plan is attached as Exhibit B.

For purposes of this example, a participating employee purchases a share for \$110.50 when the market price is \$130.00 (i.e., the 15% discount is equal to \$19.50) and the market value of the stock at the end of the subscription period is \$135.00. The shares are sold after the requisite two-year holding period has expired.

	Same	Higher	Lower	Lower
Sales Price	\$130.00	\$140.00	\$120.00	\$100.00
Purchase Price (Discounted Subscription Price)	\$110.50	\$110.50	\$110.50	\$110.50
Total gain (loss)	\$19.50	\$29.50	\$9.50	\$(10.50)
Ordinary income	\$19.50	\$19.50	\$9.50	\$ -
Long-term capital gain (loss)	\$ -	\$10.00	\$ -	\$(10.50)

• Shares held for less than two (2) years.

If you sell shares that were purchased under the U.S. Plan that you have held for less than two (2) years after the date of purchase:

- The full amount of the 15% discount and any “additional discount” (i.e., any increase in the fair market value of the stock from the beginning of the subscription period through the end of the subscription period) will be taxable as ordinary income in the year of sale (regardless of the market price of the shares at the time of sale). Any appreciation after the end of the subscription period will be taxable as a capital gain (short-term or long-term depending on how long you have held the stock);
- Any loss, after including the amount of the 15% discount and any additional discount as ordinary income, will be treated as a capital loss.

Example — As noted above, these illustrations assume that share prices are converted from Euros to dollars.

For purposes of this example, a participating employee purchases a share for \$110.50 when the market price is \$130.00 (i.e., the 15% discount is equal to \$19.50) and the market value of the stock at the end of the subscription period is \$135.00. Accordingly, the “additional discount” is equal to \$5.00, which is the difference between the fair market value at the end of the subscription period and the fair market value at the beginning of the subscription period. The share is sold before the requisite holding periods have expired.

	Same	Higher	Lower	Lower
Sales Price	\$130.00	\$140.00	\$120.00	\$100.00
Total gain (loss)	\$19.50	\$29.50	\$9.50	\$(10.50)
Ordinary Income				
15% Discount	\$19.50	\$19.50	\$19.50	\$19.50
Add'l. Discount	\$5.00	\$5.00	\$5.00	\$5.00
Capital gain (loss)	\$(5.00)	\$5.00	\$(15.00)	\$(35.00)
Net Tax Impact	\$19.50	\$29.50	\$9.50	\$(10.50)

Shares of stock must have been held for more than one year in order for the capital gain portion to qualify for favorable long-term capital gain treatment. The capital gain portion for shares held for one year or less will be taxed at short-term capital gain or loss rates upon disposition of the shares.

- **Disposition Other Than by Sale**

If you make a gift of or otherwise dispose of your shares within two (2) years of purchase under the U.S. Plan, the full amount of the 15% discount and any “additional discount” will be taxed as ordinary income to you in the year of disposition under the rules noted above for shares held less than two years. A disposition two (2) years or more after purchase may also result in tax but the amount of the discount that is taxed as ordinary income will be limited to the lesser of the 15% discount or the amount by which the fair market value at the time of disposition exceeds the purchase price.

- **Death of an Employee**

Upon the death of an employee prior to disposing of shares purchased under the U.S. Plan, the tax return for the year of death must include as ordinary income the lesser of the amount of the full 15% discount or the amount by which the market value at death exceeds the purchase price. If such an amount is required to be included in the tax return in the year of death, an estate tax deduction may be available to the estate of the deceased employee.

- **Dividends**

“Qualified dividend income” received by an individual shareholder from either a domestic corporation or a “qualified foreign corporation” is subject to tax at the reduced rates applicable to certain capital gains (the tax rates on qualified dividends for 2016 are 0%, 15% and 20%; the 20% rate is for taxpayers in the maximum 39.6% tax bracket), provided that certain holding period requirements are satisfied (you must have held the stock for more than 60 days during the 121-day period that begins 60 days before the ex-dividend date) and none of certain exceptions apply. A qualified foreign corporation includes a foreign corporation that, among other things, is (i) eligible for benefits of a comprehensive income tax treaty with the United States which the Secretary of the Treasury determines is satisfactory for purposes of this provision and which includes an exchange of information program, or (ii) whose stock is readily tradable on an established securities market in the United States. Air Liquide S.A. should constitute a qualified foreign corporation and accordingly dividends paid by Air Liquide S.A. should be eligible for the reduced tax rates imposed on dividends provided that you meet the holding period requirements.

- **Tax Rate Increases**

Federal tax rates in effect on the date that you sell shares may be substantially higher than on the date you purchase shares. The maximum Federal 2016 tax rate on ordinary income is 39.6%; the maximum Federal 2016 tax rate on long-term capital gains is 20%; and the maximum Federal 2016 tax rate on dividends (other than qualified dividends as noted above) is 39.6%. 2013 health care reform legislation provides for an additional 3.8% surtax on the net investment from dividends, capital gains and certain other types of income for taxpayers with modified adjusted gross income above \$200,000 (\$250,000 for married couples). Effective 2013, there is also an additional 0.9% Medicare tax imposed on employees earning above \$200,000 (\$250,000 for married couples). State and local tax rates may also increase.

- **FATCA**

An employee holding shares of the Company, whether acquired under the US Plan or otherwise, may be required to file a report of Specified Foreign Financial Assets on IRS Form 8938 as part of the employee's annual US tax return listing certain non-US assets owned by the employee that exceed certain reporting thresholds. The report is required under the Foreign Account Tax Compliance Act known as "FATCA." Shares of the Company are included among the non-US assets that may need to be reported. There are substantial penalties for failure to file a timely Form 8938. Please consult with your tax advisor about your filing requirements.

French Tax overview

- **Dividends**

Under current French tax law, dividends paid by the Company to non-residents of France are generally subject to French withholding tax, which rate is generally 30% when the dividends are paid to a resident outside of the European Union. Under the tax treaty between the U.S. and France, the rate of French withholding tax on dividends paid to a U.S. resident is reduced to 15% for an individual whose ownership of the Company shares is not effectively connected with a permanent establishment or fixed base that the U.S. resident has in France. Any amount withheld in excess of 15% of the dividend will be refunded by the French tax authorities upon the filing of a refund claim. In order to be eligible for the reduced 15% withholding rate, an individual may be required to file certain certificates with the French tax authorities.

- **Sale or Exchange**

Under the treaty, a U.S. resident will generally not be subject to French tax on any capital gain from the redemption or sale or exchange of shares of the Company. Special rules apply to individuals who are residents of more than one country.

The preceding discussion is only a general summary of certain U.S. and French income tax consequences arising from the purchase and disposition of Company common stock pursuant to the U.S. Plan by employees who participate in the U.S. Plan. It is suggested that you obtain competent professional advice regarding the application of tax laws to your particular situation, particularly French tax law. Moreover, the above summary relates primarily to United States income taxation. Employees subject to state or local income taxation or to taxation in foreign jurisdictions may have different tax consequences, either more or less favorable from those described above. Such employees should seek competent professional advice regarding the applicability of state, local or foreign tax laws.

EXHIBIT B
EXAMPLES OF THE EFFECT OF CHANGES IN THE EURO-US DOLLAR
EXCHANGE RATES UPON THE SALE OF ONE SHARE

	Subscription Purchase Price								
Market Share Price in Euros	100	Sales Price							
Less: 15% discount	15	Example A	Example B	Example C	Example D	Example E	Example F	Example G	Example H
Subscription Price in Euros	85	85	85	100	100	100	70	70	70
Change in Share Price, Gain or (Loss) in Euros		No Change	No Change	15	15	15	-15	-15	-15
One Euro = US Dollars	\$1.10	\$1.00	\$1.32	\$1.10	\$0.94	\$0.90	\$1.10	\$1.34	\$1.40
Change in Exchange Rate		Euro Weakens	Euro Strengthens	No change	Euro Weakens	Euro Weakens	No change	Euro Strengthens	Euro Strengthens
Share Price in US Dollars	\$93.50	\$85.00	\$112.20	\$110.00	\$93.50	\$90.00	\$77.00	\$93.50	\$98.00
US Dollar Gain or (Loss) before taxes		(\$8.50)	\$18.70	\$16.50	\$0.00	(\$3.50)	(\$16.50)	\$0.00	\$4.50

€ = Euros

\$ = US Dollars

* Purchase Price includes 15 percent discount

Example A

Should the share price in Euros remains unchanged and the Euro weakens against the U.S. Dollar during the holding period, there may be a gross loss in US Dollars.

Example B

Should the share price in Euros remains unchanged but the Euro strengthens against the US Dollar during the holding period, there may be a gross gain during the holding period.

Example C

Should the share price increase in Euros and the exchange rate of Euro against US dollar remains the same during the holding period, there may be a gross gain in US Dollars.

Example D

Should the share price increase in Euros and the Euro weakens against the US Dollar during the holding period, there may no gross loss or gain in US Dollars.

Example E

Should the share price increase in Euros and the Euro weakens against the US Dollar even more than in Example D during the holding period, there may be a gross loss in US Dollars.

Example F

Should the share price decrease in Euros and the exchange rate between the Euro and the US Dollar remains unchanged during the holding period, there may be a gross loss in US Dollars during the holding period.

Example G

Should the share price decrease in Euros but the Euro strengthens against the US Dollar, there may be no gross gain or loss.

Example H

Should the share price decrease in Euros but the Euro strengthens against the US Dollar even more than in example G, there may be a gross gain in US Dollars.

**APPENDIX TO DESCRIPTION OF MATERIAL TERMS OF THE
AIR LIQUIDE GROUP EMPLOYEE SHARE PURCHASE PLAN
2009 REGULATIONS FOR U.S. EMPLOYEES**

2016 Exercise Price

The purchase price per share will be the average of the opening of the Company's shares in the Euronext Paris Stock exchange during the twenty trading sessions preceding the date on which the share price will be set minus 15%. The purchase price will be converted into US dollars based on the Euro-Dollar exchange rate on March 16, 2016.

2016 Subscription Period

The subscription period will begin on March 21, 2016 and will end on March 31, 2016 at 12:00 PM (Paris Time) / 5:00 PM (Houston Time). If you choose to subscribe, do so online at <https://al-assets.voxaly.com> using the personal login and password supplied in the packet mailed to your home. If you need your username and password sent to you again, please send an email to HR.Benefits@airliquide.com.

Note that subscription is only possible online.

A Notice of Withdrawal form must be filed no later than 12:00 PM (Paris Time) / 5:00 PM (Houston Time) on March 31, 2016 in order for an employee to cancel his or her participation in the U.S. Plan and his or her election to purchase shares of the Company.

Payment Terms for Shares

Payroll deductions in equal installments will begin in June, 2016 and will end on or about May 31, 2017, dependent upon the frequency at which the individual employee is paid. Shares paid for by payroll deductions must be fully paid no later than May 31, 2017.

Payment Default

Purchases of stock will become irrevocable on March 31, 2016, the last day of the 2016 Subscription Period, at 12:00 PM (Paris Time) / 5:00 PM (Houston Time).

Eligible Employees

Eligible employees must have been employed by a U.S. subsidiary on or before December 31, 2015 in order to be eligible to participate in the U.S. Plan.

Should you have any questions, please call the **Benefits Hotline** at **(800) 964-8826**, or send an e-mail to hrbenefits@airliquide.com.