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China: major oxygen contract for gasification unit

press release

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The Large Industries business line of Air Liquide

proposes **gas and energy solutions** to the world's industrial companies to improve the efficiency of their processes and help them achieve greater respect for the environment. Its main markets are:

- **refining and natural gas:** hydrogen to desulphurise fuels and "break up" hydrocarbons, and oxygen to gasify oil residues...

- **chemicals:** air-gases, hydrogen and carbon monoxide used for manufacturing PVC, for example...

- **metals:** oxygen to improve energy performance and reduce emissions, and argon to manufacture stainless steel...

- **energy:** oxygen to transform coal and natural gas into fuel or liquid chemical products...

2008 revenue was **€3.675 billion**.

China owns **the world's third largest coal reserves**, and naturally looks into ways of valuing them in order to reduce its growing dependency on foreign energy sources and feedstock.

Several technologies based on coal gasification allow the transformation of coal into liquid petroleum or chemical products. **These gasification processes require huge quantities of oxygen.**

In this context, Air Liquide announces it has signed a **long-term contract** with **Yutianhua, Shaanxi Yulin Natural Gas Chemical Industry**. Under the terms of the agreement, Air Liquide will invest about **€60 million** in a **new large Air Separation Unit (ASU) - with a production capacity of 2,700 tonnes of oxygen per day** - to supply oxygen and nitrogen to Yutianhua. The ASU, designed and built by Air Liquide Hangzhou, the Air Liquide engineering center in China, will use Air Liquide's latest technologies providing both high reliability and energy efficiency.

Yutianhua, a natural gas based methanol player in China, has a current production capacity of 510 thousand tonnes per year. In 2008, Yutianhua launched an additional **600 thousand tonnes per year methanol coal-based project** with a total investment of 3 billion RMB. This is the first phase of a major methanol project. Its unit is located in Yuheng Chemical Industrial Park of Yulin City, Shaanxi Province. Air Liquide's new ASU will be located next to the Yutianhua site.

Jean-Pierre Duprieu, Vice President Asia-Pacific and a member of the Air Liquide's Executive Committee, said: **"We want to thank Yutianhua for its trust in us, as well as the Yulin authorities for their continuous support. This success illustrates Air Liquide's ability to develop leading edge technologies and high value-added solutions for this industry as well as the Group's commitment in China. This investment offers further illustration of the acceleration of our development in emerging economies, with a share of Group revenue that will have doubled over 6 years"**.

Air Liquide in China

Air Liquide began operating in China in the early 20th century, and returned in the 1970s to supply air separation units. In 1990, Air Liquide began to set up gas operations and invest in production facilities in China.

Currently, Air Liquide employs **more than 2,500 people** and its operations are located in **many of China's key industrial areas including** Beijing/Tianjin/Liaoning/Shandong in the north, Shanghai/Jiangsu/Zhejiang/Anhui in the east, and expanding to Sichuan/Hubei/Shaanxi and Guangdong in the west and south.

Mr. Han Delin, Chairman of Yutianhua, added: “Yutianhua’s methanol project is one of the key projects in Shaanxi, and is strongly supported by the local and provincial governments. After fruitful discussions, we have decided to entrust Air Liquide with our industrial gas needs. Air Liquide has demonstrated that it understands our needs and is competitive. We are happy to outsource our industrial gas needs and to enter into a long-term partnership with Air Liquide that enables us to benefit from its worldwide expertise.”



Shaanxi Province

Air Liquide is the world leader in gases for industry, health and the environment, and is present in over 75 countries with 43,000 employees. Oxygen, nitrogen, hydrogen and rare gases have been at the core of Air Liquide's activities since its creation in 1902. Using these molecules, Air Liquide continuously reinvents its business, anticipating the needs of current and future markets. The Group innovates to enable progress, to achieve dynamic growth and a consistent performance.

*Air Liquide combines many products and technologies to develop valuable applications and services not only for its customers but also for society. **Innovative technologies** that curb polluting emissions, lower industry's energy use, recover and reuse natural resources or develop the energies of tomorrow, such as hydrogen, biofuels or photovoltaic energy... Oxygen for hospitals, homecare, fighting nosocomial infections...*

***A partner for the long term**, Air Liquide relies on employee commitment, customer trust and shareholder support to pursue its vision of sustainable, competitive growth. The **diversity** of Air Liquide's teams, businesses, markets and geographic presence provides a solid and sustainable base for its development and strengthens its ability to push back its own limits, conquer new territories and build its future.*

***Air Liquide explores the best that air can offer to preserve life, staying true to its sustainable development approach.** In 2008, the Group's revenues amounted to €13.1 billion, of which almost 80% were earned outside France. 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.*