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Russia: signature of a new major contract with Severstal

press release

Contacts:

Corporate Communications

Corinne Estrade-Bordry
+ 33 (0)1 40 62 51 31
Garance Bertrand
+ 33 (0)1 40 62 59 62

Investor Relations

Virginia Jeanson
+33 (0) 1 40 62 57 37
Annie Fournier
+33 (0) 1 40 62 57 18

Communications Air Liquide Russia

Aliya Urazaeva
+7 (495) 641 28 98 ext 133

Air Liquide in Russia

Air Liquide Russia has been based in Moscow since 1989 and was primarily concerned with the sale of industrial gas production equipment in Russia and Ukraine. In 2005, OOO Air Liquide, the Russian subsidiary for production and sale of industrial gases was founded and since that time several long term contracts for industrial gases supply have been signed with large Russian and foreign companies.

The **Russian industrial gases market** has been growing **annually by 5%** and is still in development. Air Liquide operates several production units in Russia and has already **invested €150 million** in this market over the last years.

Metallurgy is one of the main industrial sectors of Russia contributing significantly to the country's economy. After a slowdown at the end of 2008 and at the beginning of 2009, an average of 6% per year growth in volume is expected over the next 4 years to exceed 80 million tonnes of **steel production output** in 2014.

In this context, after the successful start-up in 2007 of the **largest Air Separation Unit in Russia** at Severstal integrated steel mill in Cherepovets, the Air Liquide Group announces the **expansion of its partnership** with the Russian steel major through the signature of a new contract for outsourcing of industrial gases in Cherepovets.

The production capacity of the new unit, which is scheduled to start-up at the end of 2012, will reach **2,000 tonnes per day** of gaseous oxygen. It will also produce nitrogen, argon and rare gases. The new state-of-the-art Air Separation Unit, designed by Air Liquide, will be built and operated by Air Liquide Severstal (ALS), the joint venture created in 2005 in which Air Liquide holds 75% and Severstal 25%. This new unit, based at Cherepovets, will bring the total production capacity of ALS on this site to **5,000 tonnes per day**.

The global investments will amount to €50 million.

Guy Salzgeber, member of the Air Liquide Group Executive Committee, Vice-President North and Central Europe, declared: ***"We are very pleased to see that, after more than two years of operation in Cherepovets, the cooperation based on mutual long-term trust between our two companies is now being reinforced. This new contract is symbolic of our development potential in this expanding area."***

Anatoly Kruchinin, a member of the JSC Severstal Administration Board and Managing Director of the Cherepovets steelwork company Severstal, commented: ***"We continue our partnership within the frame of current activities of joint venture ALS. After a successful experience of the first project, we are confident that Air Liquide is a responsible and reliable partner with whom we have efficient collaboration. The new project will allow us to implement***

The Large Industries business line of Air Liquide

proposes **gas and energy solutions** that improve process efficiency and help achieve greater respect for the environment, mainly to the **refining and natural gas, chemicals, metals and energy** markets. 2009 revenues were **€3,219 million**.

sequentially converter steel production development program. ALS applies the latest technologies for gas production, paying close attention to the environment and industrial safety. That makes this project even more significant”.



OAQ Severstal is an international metals and mining company, with a listing on the Russian Trading System, Moscow Interbank Currency Exchange and the London Stock Exchange. Incorporated in 1993, the company focuses on high value added and unique niche products and has a track record of acquiring and operating high-quality assets in North America and Europe. Severstal owns mining assets in Russia and in the US, thus securing its supplies of raw materials. Its enterprises are located in Russia, Ukraine, Kazakhstan, United Kingdom, France, Italy, United States and Africa. In 2009, Severstal produced 16.7 million tones of steel. Revenues were \$13.05 billion and EBITDA was \$844 million.

Air Liquide is the world leader in gases for industry, health and the environment, and is present in over **75 countries** with **42,300 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.

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... Air Liquide combines many products and technologies to develop valuable applications and services not only for its customers but also for society.

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 2009, the Group's revenues amounted to **€12 billion**, of which almost 80% were generated 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.