

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 2013			
Ordinary dividend	797,720,774	312,831,676	2.55
Loyalty dividend	23,176,483	92,705,933	0.25
Fiscal year 2014			
Ordinary dividend	879,425,851	344,872,883	2.55
Loyalty dividend	25,661,003	102,644,011	0.25
Fiscal year 2015			
Ordinary dividend	894,823,802	344,163,001	2.60
Loyalty dividend	26,751,221	102,889,311	0.26

(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 2013 – ordinary dividend: 793,400,084 euros for 311,137,288 shares; loyalty dividend: 21,538,427 euros for 86,153,707 shares;
- fiscal year 2014 – ordinary dividend: 874,131,348 euros for 342,796,607 shares; loyalty dividend: 23,909,031 euros for 95,636,122 shares.
- fiscal year 2015 – ordinary dividend: 895,276,249 euros for 344,337,019 shares; loyalty dividend: 25,311,759 euros for 97,352,920 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 ex-dividend date, from the exercise of options over this same period and the capital increase reserved for employees.

BUYBACK BY THE COMPANY OF ITS OWN SHARES

A. Information on the completion of the Company's share buy-back program (pursuant to article L. 225-211 of the French Commercial Code)

The Combined Shareholders' Meeting of May 12, 2016 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 No. 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 free share attribution, 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 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.

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, 2015, namely 34,416,300 shares for a maximum total amount of 5,678,689,500 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 Commercial Code.

Pursuant to this authorization and the previous delegation authorized by the Combined Shareholders' Meeting of May 6, 2015:

- a liquidity contract was set up, which led to the following movements during the 2016 fiscal year:
 - 1,092,763 shares were purchased for a total price of 104,403,645 euros, or an average purchase price of 95.94 euros,

- 1,095,388 shares were sold for a total price of 104,832,183.91 euros, or an average purchase price of 95.70 euros;

No other shares were bought before the end of fiscal year 2016.

The total cost of the buy-backs was thus limited to 104,403,645 euros.

The total amount of the transaction fees (exclusive of taxes) was 0.2 million euros.

In addition, during the fiscal year, the Company proceeded to the delivery of treasury shares to certain beneficiaries of performance share plans as follows:

- 47,667 shares granted under the 2012 Performance Shares Plan ("World Plan");
- 39,936 shares granted under the 2013 Performance Shares Plan ("France Plan");
- 198 shares granted under the 2011 Performance Shares Plan under regularisations; and
- 89 shares and 83 shares granted following deaths under the 2013 and 2014 Performance Shares Plans ("World Plan").

As of December 31, 2016, the Company directly owned 1,029,934 shares at an average purchase price of 98.53 euros, i.e. a balance sheet value of 101,479,843 euros. These shares, each with a par value of 5.50 euros, represented 0.26% 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 (831,162 shares) and for the purpose of the implementation of any performance share plans (198,772 shares).

Under the liquidity contract, as of December 31, 2016 a total of 750 shares were on the balance sheet for a net value of 77,330 euros.

B. Draft resolution

As the authorization granted by the Ordinary Shareholders' Meeting of May 12, 2016 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 12th resolution;
- 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 share attribution, 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 grants of these shares in respect of a contribution in shares by the Company and/or to replace the discount; or (iv) allocation of share 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 market authority.

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, 2016, or 38,887,576 shares with a par value of 5.50 euros, for a maximum total amount of 6,416,450,040 euros, subject to the legal limits.

As the objective of retaining shares and subsequently tendering them within the scope of external growth transactions is no longer considered as an accepted market practice under the new European regulations, it has not been maintained in the draft resolution.

As in previous years, the resolution stipulates that the authorization does not apply during takeover bid periods. These shares may thus 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 Commercial Code.

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 treasury 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 12, 2016 in its 4th resolution with respect to its non-utilized portion.

RENEWAL OF THE TERM OF OFFICE OF A DIRECTOR

The Board of Directors is currently composed of 12 members, including one Director representing the employees. The terms of office of Mr Thierry Demarest and Mr Thierry Peugeot will expire at the end of this Shareholders' Meeting.

The Board took due note that Mr Thierry Desmarest's term of office will expire at the end of this Shareholders' Meeting, in compliance with the internal regulations of the Board of Directors.

Mr Thierry Desmarest has been a member of the Board since 1999 and has provided extensive experience and expertise in many areas for the Board, where he had served as lead Director since 2014. The Board thanked him warmly for his outstanding contribution to the development of Air Liquide throughout the years.