

# Linde AG.

Financial Statements for the year  
ended 31 December 2010.



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## Executive Board

### Professor Dr Wolfgang Reitzle

Born 1949

Doctorate in Engineering (Dr.-Ing.)

Degree in Economics and Engineering (Dipl.-Wirtsch.-Ing.)

Chief Executive Officer

Responsible for the following global and central functions:

Communications & Investor Relations, Corporate Strategy, Group Human Resources, Group Information Services, Group Legal, Innovation Management, Internal Audit, SHEQ (Safety, Health, Environment, Quality) and Gist

Member of the Executive Board since 2002

### Dr Aldo Belloni

Born 1950

Doctorate in Chemical Engineering (Dr.-Ing.)

Responsible for the Engineering Division, the operating segments Western Europe and Asia & Eastern Europe, the Global Business Unit Tonnage (on-site) and the Business Area Electronics (electronic gases)

Member of the Executive Board since 2000

### J. Kent Masters

Born 1960

BS Chemical Engineering

MBA Finance

Responsible for the operating segments Americas and South Pacific & Africa, the Global Business Unit Healthcare and the Business Area Merchant & Packaged Gases (liquefied and cylinder gases)

Member of the Executive Board since 2006

### Georg Denoke

Born 1965

Degree in Information Science

Degree in Business Administration (BA)

Responsible for the following global and central functions:

Capital Expenditure, Financial Control, Group Accounting & Reporting, Group Treasury, Growth & Performance, Mergers & Acquisitions, Procurement, Risk Management and Tax

Human Resources Director

Member of the Executive Board since 2006

# Supervisory Board

## Members of the Supervisory Board

**Dr Manfred Schneider**  
 Chairman  
 Chairman of the Supervisory Board  
 of Bayer AG

**Hans-Dieter Katte<sup>1</sup>**  
 Deputy Chairman  
 Chairman of the Pullach  
 Works Council,  
 Engineering Division,  
 Linde AG

**Michael Diekmann**  
 Second Deputy Chairman  
 Chairman of the Board of Management  
 of Allianz SE

**Dr Gerhard Beiten**  
 Lawyer

**Dr Clemens Börsig**  
 Chairman of the Supervisory Board  
 of Deutsche Bank AG

**Gernot Hahl<sup>1</sup>**  
 Chairman of the Worms Works Council,  
 Gases Division, Linde AG

**Thilo Kämmerer<sup>1</sup>**  
 Trade Union Secretary of IG Metall

**Matthew F. C. Miao**  
 Chairman of the MiTAC-SYNNEX-Group,  
 Taiwan

**Klaus-Peter Müller**  
 Chairman of the Supervisory Board  
 of Commerzbank AG

**Jens Riedel<sup>1</sup>**  
 Chairman of the Leuna Works Council,  
 Gases Division, Linde AG

**Xaver Schmidt<sup>1</sup>**  
 Secretary to the Executive Board  
 of IG Bergbau, Chemie, Energie, Hanover

**Josef Schregle<sup>1</sup>**  
 Manager responsible for finance and  
 financial control, Engineering Division,  
 Linde AG

## Supervisory Board committees

### Mediation Committee in accordance with Section 27 (3) of the German Codetermination Law (MitbestG)

Dr Manfred Schneider  
 (Chairman)

Hans-Dieter Katte<sup>1</sup>  
 Michael Diekmann  
 Gernot Hahl<sup>1</sup>

### Standing Committee

Dr Manfred Schneider  
 (Chairman)

Hans-Dieter Katte<sup>1</sup>  
 Michael Diekmann  
 Gernot Hahl<sup>1</sup>  
 Klaus-Peter Müller

### Audit Committee

Dr Clemens Börsig  
 (Chairman)

Dr Gerhard Beiten  
 Gernot Hahl<sup>1</sup>  
 Hans-Dieter Katte<sup>1</sup>  
 Dr Manfred Schneider

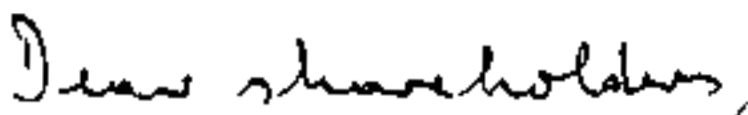
### Nomination Committee

Dr Manfred Schneider  
 (Chairman)

Michael Diekmann  
 Klaus-Peter Müller

<sup>1</sup> Employee representative.

## Report of the Supervisory Board



During the 2010 financial year, the Supervisory Board conducted detailed reviews of the company's situation, its prospects and its strategic development, as well as the future long-term positioning of The Linde Group. It also focused on individual initiatives of key importance to the company. We monitored and advised the Executive Board in the running of its business operations in accordance with the duties assigned to us by law, the articles of association and the procedural rules of the Supervisory Board. Through verbal updates at our meetings and written reports, the Executive Board regularly provided us with timely and comprehensive reviews of company performance, the economic situation, profitability and plans for the company and its subsidiaries. We assessed the plausibility of all documents presented to us and regularly discussed significant matters with the Executive Board. The Supervisory Board was involved in all major decisions made by the company including Executive Board transactions and measures requiring the approval of the Supervisory Board - in particular the annual capital expenditure programme, major acquisitions, divestments, and capital and financial measures. The Chairman of the Supervisory Board also ensured he remained up-to-date on the current business situation, significant business transactions and decisions taken by the Executive Board through various channels including the minutes of Executive Board meetings. The Chairman of the Supervisory Board maintained close contact with the Chairman of the Executive Board throughout the year to keep abreast of the latest developments and events and held regular consultations with him on the Group's strategy, risk situation and risk management. On the basis of the auditors' report and reports submitted by the Executive Board, the Supervisory Board was able to satisfy itself as to the effectiveness of the risk monitoring system set up in accordance with Section 91 (2) of the German Stock Corporation Law (AktG). At no time did the Supervisory Board raise any objections in relation to the sound, efficient management of the Group.

### Meetings and resolutions of the Supervisory Board

Four regular Supervisory Board meetings were held in the 2010 financial year. One member of the Supervisory Board excused himself from the meeting on 16 March for health reasons. All Supervisory Board members were present for the remaining meetings. There were no conflicts of interest involving Supervisory Board members during the period under review.

In 2010, the Supervisory Board's advisory and monitoring activities focused mainly on the growth prospects of the Group, its individual lines of business and operating segments. In-depth discussions with the Executive Board examined in particular the Group's corporate and strategic goals, their feasibility, economic implications and expected impact on the Group's financial situation. The Executive Board provided us with extensive information on the competitive landscape. Based on verbal reports from the Executive Board, the Supervisory Board is satisfied that the Group's structures and processes are being continually assessed and streamlined in order to increase and consolidate long-term competitiveness across all lines of business.

In addition to reviewing current business developments, our meetings also addressed the Group's financial and risk situation, compliance with legal regulations and internal guidelines and key individual business transactions requiring Supervisory Board approval. After a thorough review of the documents submitted and detailed discussions on the proposals by the Executive Board, the Supervisory Board granted all the necessary approvals. Due to time pressure, three proposals that had already been discussed in part in a plenary meeting were approved outside Supervisory Board meetings in written form and on the basis of extensive documentation. One of these proposals related to a new EUR 2.5 bn five-year revolving credit line, which took advantage of more favourable market conditions, to replace the syndicated credit financing the 2006 acquisition of BOC and the forward start facility concluded in 2009. The other proposals concerned internal legal restructuring and

modifications to the procedural rules of the Supervisory Board to reflect amendments to the German Corporate Governance Code dated May 2010.

At the Supervisory Board meeting to approve the financial statements on 16 March 2010, we discussed in detail and approved the annual financial statements of Linde AG and the Group financial statements for the year ending 31 December 2009 and agreed the proposed appropriation of earnings. We also received a report from an independent external expert in executive pay detailing the key results of a review of the existing system of remuneration for the Executive Board and the appropriateness of Executive Board remuneration. On the basis of this report and the recommendation from the Standing Committee, we approved the remuneration system for the Executive Board for the duration of existing contractual obligations as well as the overall remuneration for individual Executive Board members for 2009. In light of this, we have also decided to submit the remuneration system for members of the Executive Board to the Annual General Meeting for approval. Moreover, the Supervisory Board issued a declaration of compliance with the German Corporate Governance Code and approved the agenda for the Annual General Meeting, including the proposed resolutions. In addition to its regular reports on business performance and the general position of The Linde Group, the Executive Board also presented us with a competitive analysis and peer review to give added insights into prospective changes on the global market for industrial gases.

Just before the Annual General Meeting on 4 May 2010, the Executive Board presented the Group financial results for the quarter ending 31 March 2010. On the basis of these quarterly results, we then discussed the forecast for 2010 with the Executive Board. The Executive Board provided detailed information on selected indicators and informed us of their impact on the Group's finances and operations. During this meeting, the Executive Board also outlined plans to conclude a EUR 2.5 bn syndicated credit facility. These plans were then discussed in detail. The meeting also served to prepare for the ensuing Annual General Meeting.

At our meeting on 1 October 2010, the Executive Board outlined in detail the economic situation of The Linde Group and its divisions. It also presented the outlook for 2010 as a whole. The meeting focused on the Group's strategic roadmap, outlining progress thus far and future strategic steps. In particular we discussed the strategic positioning and direction of the Group and its divisions along with current and prospective initiatives in this area. The Executive Board explained in detail the opportunities and risks on the international market in light of the current general economic climate. In conjunction with this, the Executive Board explained the importance of its process optimisation and efficiency gains programme and outlined measures in the pipeline. We also received in-depth information on the clean energy strategy during the course of the meeting. Two items requiring Supervisory Board approval were also tabled, namely: the proposed increase to The Linde Group's 2010 capital expenditure programme and amendments to the existing Euro Commercial Paper Programme. Both items were approved. The Supervisory Board addressed new provisions in the German Corporate Governance Code and prepared the resulting amendments to its procedural rules. We also received a report on compliance.

On 3 December 2010, the Executive Board presented us with a report on current business developments and the performance of the Group in comparison with its competitors. It also presented us with a preview of the 2010 financial statements as well as the budget for the 2011 financial year and the mid-term business plan, including financial, capital expenditure and human resources plans. The Executive Board explained any variances between the plans and targets and actual results. We questioned the Executive Board in depth about the assumptions they had made, focusing in particular on issues relating to investment policy, investment and financing planning, liquidity and debt repayment. We were satisfied that the Executive Board continues to assess thoroughly any risks to the Group given the overall economic climate and is taking appropriate action.

We approved the 2011 capital expenditure programme for The Linde Group. We also approved an internal legal restructuring proposal presented by the Executive Board. In addition, we discussed the results of a review examining the efficiency of the Supervisory Board's work. The review was based on a detailed survey conducted in autumn 2010. We debated possible actions here and defined measures aimed at further optimising our activities. This meeting also focused on corporate governance at Linde and the new recommendations under the German Corporate Governance Code in particular.

### Corporate governance and declaration of compliance

We continually verify that the provisions of the German Corporate Governance Code are being correctly implemented. Linde AG complies with all the recommendations of the German Corporate Governance Code as amended on 26 May 2010. In March 2011, the Executive Board and the Supervisory Board issued an updated declaration of compliance in accordance with Section 161 of the German Stock Corporation Law (AktG) and made it permanently available to shareholders on the company's website ([www.linde.com](http://www.linde.com)). In light of amendments to the German Corporate Governance Code in May 2010, the Supervisory Board arranged dedicated training for Supervisory Board members and defined goals for the future composition of the Supervisory Board. These targets and further information about corporate governance at Linde are given in the corporate governance section on pages 010 to 016.

### Committees and committee meetings

The Supervisory Board continues to have four committees: the Mediation Committee, formed under Section 27 (3) of the German Codetermination Law (MitbestG), the Standing Committee, the Audit Committee and the Nomination Committee. The Chairman of the Supervisory Board is Chairman of all the committees except the Audit Committee. The current members of the committees are listed on page 003. Information about the responsibilities of the committees is given in the corporate governance report on pages 010 to 016.

The Standing Committee of the Supervisory Board held two meetings in 2010. A resolution was also passed in writing. The Standing Committee dealt mainly with matters relating to the Executive Board, in particular the specifics of the German Law on the Appropriateness of Executive Board Remuneration (VorstAG) and the preparation of decisions by the full Board related to the emoluments payable to Executive Board members. It examined in detail the findings of an independent external expert in executive pay retained to review the existing remuneration system for the Executive Board and its appropriateness. This expert attended one of the Standing Committee meetings, reported on the findings of the review and answered questions from the committee. The Standing Committee prepared the resolutions regarding the remuneration system for the Executive Board and the total remuneration payable to individual Board members for the March Supervisory Board meeting. Furthermore, the Standing Committee approved amendments to the articles of association rendered necessary as a result of the issue of shares to service the share options. In addition, it prepared the efficiency review of the Supervisory Board.

The Audit Committee held four meetings in 2010. In the presence of the auditors, the Chief Executive Officer and the Chief Financial Officer, it discussed and reviewed in detail the annual financial statements of Linde AG and the Group financial statements, the management reports, the proposed appropriation of profits and the audit reports, including the report on the audit focus and the presentation by the auditors of the main results of the audit. The Audit Committee raised no objections on the basis of its reviews. The auditors did not report any significant weaknesses in the internal control and risk management systems relating to the accounting process. The Audit Committee also discussed the interim and half-year financial reports prior to their publication based on reports presented by the Executive Board and the auditors. In addition, this committee prepared the proposal from the Supervisory Board on the appointment of the auditors at the Annual General Meeting,



issued the audit mandate to the auditors, determined the audit focus and agreed the audit fees. Moreover, the Audit Committee monitored the independence, qualifications, rotation and efficiency of the auditors and the services provided by the auditors in addition to the audit. The Audit Committee also entered into an agreement with the auditors in accordance with the Group's internal rules about the provision of services not related to the audit, and the auditors informed the committee at each of its meetings about the fees it had charged in relation to such services. Furthermore, it remained up to date on evolutions in the risk management system and compliance structures, compliance issues, any legal or regulatory risks, the risk position and the identification and monitoring of risk within the Group. The Audit Committee also reviewed the evolution of internal control systems within the Group based on a presentation by the Executive Board. It received a report on the structure, roles and responsibilities within the Internal Audit department, on their audit work and the audit plan for 2010. The Audit Committee was briefed on the efficiency of the internal control system, risk management system and internal audit system; it discussed the findings in detail and was duly satisfied as to the efficacy of the systems in question. Detailed discussions were held on a regular basis with the auditors and the Executive Board to address fundamental issues regarding the preparation and audit of the annual financial statements of Linde AG and the Group financial statements for the year ended 31 December 2010. The Executive Board also regularly provided the committee with information about the status of various activities relating to the external and internal financing of the Group and the safeguarding of its liquidity. Topics of discussion included projects of relevance to the accounting process. The committee was joined by department/unit heads for key items on the agenda. They submitted reports and answered questions from the committee. In addition, the Chairman of the Audit Committee discussed topics of significance with the auditors and the Chief Financial Officer in particular between committee meetings. The Audit Committee and – if necessary – the Supervisory Board – were regularly appraised of the outcome of these discussions.

The Nomination and Mediation Committees had no cause to meet during the year.

A committee member excused himself from the Audit and Standing Committee meetings in March 2010 for health reasons. All committee members were otherwise present at all other meetings.

The committee chairmen reported in detail about the work of their committees at the plenary Supervisory Board meeting following their own meetings.

## Annual financial statements and Group financial statements

KPMG AG Wirtschaftsprüfungsgesellschaft, Berlin, (KPMG) audited the annual financial statements of Linde AG for the year ended 31 December 2010 prepared in accordance with the principles set out in the German Commercial Code (HGB) together with the management report, as well as the consolidated financial statements of The Linde Group for the year ended 31 December 2010 prepared in accordance with IFRS as adopted by the European Union including the management report in accordance with German generally accepted standards for the audit of financial statements and in supplementary compliance with International Standards on Auditing (ISA). The auditors have confirmed that the Group financial statements and the Group management report meet the requirements set out in Section 315a (1) HGB and have issued unqualified opinions on both the Group financial statements and annual financial statements. In accordance with the terms of its engagement, KPMG performed audit reviews of the interim and half-year financial reports in the 2010 financial year. At no time did these reviews give rise to any objections. KPMG also confirmed that the system for the early identification of risks complies with legal requirements. No risks that might affect the viability of the company as a going concern were identified. The auditors did not report any significant weaknesses in the internal control system. In the 2010 financial year, the audit focus was on the Internal Audit function within The Linde Group.

The documents relating to the financial statements and the audit reports were issued to all members of the Supervisory Board in good time. They were the subject of extensive deliberations at the Audit Committee meeting on 8 March 2011 and the meeting of the Supervisory Board to approve the financial statements on 9 March 2011. The auditors took part in the discussions both at the Audit Committee meeting and at the meeting of the full Supervisory Board. The auditors presented the main results of their audit and were able to provide supplementary information and to answer questions. The Audit Committee also presented the results of its review to the Supervisory Board. We conducted our own examination of all the documents submitted and the audit reports and discussed them in detail. After considering the results of the preliminary review by the Audit Committee and the final results of our own review of the documents submitted to us by the Executive Board and by the auditors, we find no grounds for objection and concur with the results of KPMG's audit. We hereby approve and adopt the financial statements of Linde AG and the Group financial statements for the year ended 31 December 2010 as drawn up by the Executive Board; the annual financial statements of Linde AG are hereby final. We also approve the Executive Board's proposal for the appropriation of profits.

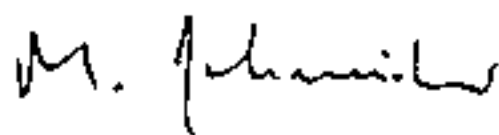
### Composition of the Supervisory Board and the Executive Board

There were no changes to the composition of the Supervisory Board or Executive Board in the 2010 financial year.

The Supervisory Board would like to thank the Executive Board and all Linde employees for their exceptional personal dedication in mastering what again proved to be quite a challenging financial year.

Munich, 9 March 2011

On behalf of the Supervisory Board



Dr Manfred Schneider  
Chairman



# Corporate Governance

Sound corporate governance is fundamental to a company's long-term success. The Supervisory and Executive Boards of Linde AG are firmly committed to upholding the principles of sound corporate governance. Their management and supervision actions are always guided by a strong sense of responsibility. Both bodies will continue to follow developments in this area closely and adapt existing corporate governance structures wherever necessary or beneficial to the Group.

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## CORPORATE GOVERNANCE

- 011 Corporate governance declaration  
and corporate governance report
  - 017 Remuneration report  
(Part of the Management Report)
-

# Corporate governance declaration and corporate governance report

## Compliance with the German Corporate Governance Code and declarations of compliance

Linde AG follows the German Corporate Governance Code released by the Government Commission as amended from time to time. The Executive Board and Supervisory Board of Linde AG issued a declaration of compliance with the recommendations of the German Corporate Governance Code in March 2010 in line with Section 161 of the German Stock Corporation Law (AktG) and made this permanently available to the public on the Linde website. In March 2011, the Executive Board and Supervisory Board submitted the following declaration:

“The Executive Board and the Supervisory Board of Linde AG declare in accordance with Section 161 of the German Stock Corporation Law:

Linde AG has complied and will in future comply with all the recommendations of the Government Commission on the German Corporate Governance Code as amended on 26 May 2010.

Since it made its last declaration of compliance in March 2010, Linde AG has complied with all the recommendations of the Code as amended on 18 June 2009.”

The current declaration of compliance and all past declarations of compliance with the German Corporate Governance Code are available on the company’s website at [www.linde.com/declarationofcompliance](http://www.linde.com/declarationofcompliance).

Linde AG also complies to the greatest possible extent with the suggestions made in the Code, with the following two exceptions:

- The Code suggests transmitting the Annual General Meeting over the Internet. We transmit the opening remarks from the Chairman of the Supervisory Board and the speech from the Chief Executive Officer, but not the general discussion. In principle, the articles of association allow for transmission of the Annual General Meeting in full via electronic media. However, out of respect for the privacy of shareholders, we do not transmit motions or views expressed by individual speakers. Nevertheless, we will continue to follow developments closely.
- In addition, there is a suggestion in the Code that variable emoluments paid to members of the Supervisory Board should also be linked to the long-term performance of the company. When the Supervisory Board remuneration scheme was revised at the Annual General Meeting in June 2007, it was decided not to introduce a long-term component.

## Corporate governance practices

Linde AG has traditionally attached great importance to sound, responsible management and supervision geared towards the creation of lasting value for stakeholders. Our success has always been built on close and effective cooperation between the Executive and Supervisory Boards, the ability to serve shareholder interests, open communication within the company, proper accounting and auditing, as well as a responsible approach to risks, legal regulations and internal Group rules.

Linde upholds high ethical standards. In 2007, the Executive Board developed a corporate philosophy entitled the Linde Spirit, devised a new code of conduct known as the Code of Ethics and launched both throughout the Group. The Linde Spirit describes the corporate culture captured in the Linde vision plus the values and principles that underpin day-to-day activities. The Code of Ethics sets out the commitment made by all employees of The Linde Group to comply with legal regulations and to preserve and protect the ethical and moral values of the Group. It is based on our corporate culture and aligns with our global values and fundamental principles. The Integrity Line reporting system is an important element of the compliance framework at The Linde Group. It enables both internal and external stakeholders to raise issues or report any suspicions they may have. The Executive Board has also issued its own guidelines for occupational safety, environmental and health protection, quality and purchasing. Like the Code of Ethics, these apply to all employees in The Linde Group.

To reinforce compliance with both legal regulations and voluntarily adopted principles, the company has set up a global compliance organisation. The Executive Board has established a compliance office within Group Legal. Compliance officers have been appointed in the divisions, lines of business and operating segments to support Group-wide observance of the compliance programme. The global compliance officer coordinates and oversees execution of the various compliance measures. The Executive Board and the Audit Committee of the Supervisory Board are regularly informed about current developments and progress within the compliance organisation, including measures aimed at communicating existing rules of conduct to employees, training employees in those rules and updating them as necessary. Training is provided for our employees worldwide. Classroom-based courses are supplemented by a Group-wide e-learning programme. In 2010, the Executive Board published a uniform, Group-wide code of conduct to prevent breaches of antitrust law. It also launched dedicated training courses that focus on antitrust law and ways of combating corruption. Information on our core values and compliance policy is available at [www.linde.com/guidelinescorevalues](http://www.linde.com/guidelinescorevalues) and [www.linde.com/corporategovernance](http://www.linde.com/corporategovernance).

### Executive Board and Supervisory Board procedures

Linde AG, which has its registered office in Munich, is governed by the provisions of the German Stock Corporation Law (AktG), the German Codetermination Law (MitbestG), capital market regulations and the rules set out in its articles of association. The Executive Board and Supervisory Board are responsible for the management and supervision functions assigned to them. They cooperate closely in the interests of the Group to ensure the continued existence of the Group as a going concern and to create lasting value for stakeholders. They are obliged to act in the interests of the shareholders and for the benefit of the Group.

### Executive Board

The Executive Board of Linde AG is responsible for managing the company and overseeing its general business activities. Its actions and decisions are made in the best interests of the company, which includes the interests of shareholders, employees, customers and other stakeholder groups. Its overarching aim is to create lasting value for stakeholders. The Executive Board develops the strategic direction of the Group, discusses it with the Supervisory Board and ensures that it is properly executed. It is also responsible for Group financing, developing annual and multi-year business plans for the company as well as preparing interim and half-year financial reports, plus annual and Group financial statements. In addition, the Executive Board ensures that appropriate risk management and risk control systems are in place and provides regular, timely and detailed reports to the Supervisory Board on all relevant Group issues including strategy, medium-term business plans, business trends, the risk situation, risk management and compliance with legal regulations and internal Group guidelines. The Executive Board takes the necessary measures to facilitate compliance throughout the Group. Given the Group's extensive reach – across both international markets and industry sectors – the Executive Board is responsible for ensuring that this diversity is reflected at management level. In particular, it is committed to ensuring that women are appropriately represented in management positions. The Group's HR strategy includes the definition, delivery and continuous evolution of Group-wide talent development programmes. Key Executive Board activities and transactions require the approval of the Supervisory Board. This applies in particular to the annual capital expenditure programme, major acquisitions, divestments, capital measures and financial measures. While in office, members of the Executive Board are bound by a detailed restraint clause. Any conflicts of interest must be disclosed immediately to the Supervisory Board, as well as to fellow Board members.

The procedural rules of the Executive Board govern the work it performs, the allocation of duties/areas of responsibility to individual members, the issues which must be dealt with by the full Executive Board and the majority required for resolutions to be passed by the Executive Board. In general, the Executive

Board passes resolutions at meetings held on a regular basis. A simple majority of the votes cast is sufficient for a resolution to be passed, unless a greater majority is prescribed by law. If the vote is tied, the Chairman has the casting vote. Without prejudice to the collective responsibility of all members of the Executive Board, each member of the Executive Board carries individual responsibility for the functions assigned in connection with Board resolutions. It is incumbent upon the Chairman of the Executive Board to assume responsibility not only for the functions allocated to him, but also to coordinate all areas of responsibility entrusted to the Executive Board in a due and proper manner. He is the main contact between the Executive Board and the Supervisory Board and represents the company in public.

No conflicts of interest arose for any member of the Executive Board during the reporting period. Where such conflicts of interest do occur, they must be disclosed immediately to the Supervisory Board. No member of the Executive Board holds more than three supervisory board positions in other listed companies or on comparable supervisory bodies of other business entities. Information about memberships held by members of the Executive Board on other German supervisory boards or comparable German/foreign boards of business entities is provided in Note [27] of the Notes to the financial statements.

The Executive Board has no committees.

The international composition of the Executive Board reflects The Linde Group's global footprint. Information on the Executive Board as a whole and on individual Board members, including their responsibilities and duties, can be found in the overview on page 002 or on the company website. The CVs of Executive Board members are also available on the company website.

### Supervisory Board

Equal numbers of shareholder representatives and employee representatives sit on the Supervisory Board of Linde AG, which comprises, in accordance with the company's articles of association, the number of members specified as the minimum number in the relevant regulations. Currently, the minimum number of Supervisory Board members required is twelve. The appointment of the members to the Supervisory Board is also governed by the relevant legal regulations. In accordance with the recommendations of the German Corporate Governance Code, the shareholder representatives were elected individually at the last election to the Supervisory Board at the Annual General Meeting on 3 June 2008. The current term of office for the members of the Supervisory Board ends with the completion of the Annual General Meeting in 2013. The Supervisory Board composition is balanced to ensure that the members collectively possess the knowledge, skills and professional experience necessary to discharge the duties entrusted to the Board in a due and proper manner. All Supervisory Board members must ensure that they have sufficient time to perform their mandates. Supervisory

Board members who also sit on the executive board of a listed company must not hold more than three supervisory board mandates in listed companies or in comparable supervisory bodies of other business entities which do not belong to the same group as the company in which they perform their executive board duties. Linde AG undertakes to support Supervisory Board members as appropriate in the pursuit of training or further education measures deemed necessary for the performance of their duties.

In accordance with Section 5.4.1 of the German Corporate Governance Code, the Supervisory Board has defined the concrete targets below for its future composition. Taking the company's specific situation into account, these factor in the company's international reach, potential conflicts of interest, age limits for Supervisory Board members and the need for diversity.

→ International expertise

With operations in more than 100 countries, The Linde Group has an international footprint. To reflect this, at least five of the Supervisory Board members should have extensive international expertise.

→ Potential conflicts of interest

At least 75 percent of the Supervisory Board members should have no business or personal ties with the company or its Executive Board which could constitute or give rise to a conflict of interests. The mere existence of an employment relationship between employee representatives and the company or associated companies does not exclude impartiality as described above. Supervisory Board members should not have management or advisory roles on the executive bodies of companies that classify as main competitors of The Linde Group. In addition, no more than two former Executive Board members may belong to the Supervisory Board.

→ Age limit for Supervisory Board members

Supervisory Board members should not be older than 72.

→ Diversity

The Supervisory Board is committed to diversity in its composition. In particular, it attaches importance to the fair representation of women. The next elections for both shareholder and employee representatives to the Supervisory Board are scheduled for 2013. The Supervisory Board should include at least two women after these elections at the very latest.

More than five members of the current Supervisory Board have gained extensive international expertise in a professional capacity. No conflicts of interest arose for the members of the Supervisory Board in the 2010 financial year. Where such conflicts of interest do occur, they must be disclosed immediately to the Supervisory Board. No Supervisory Board members currently have management or advisory roles on the executive bodies of companies that classify as main competitors of The Linde Group. Four Supervisory Board members are company employees; no other

consulting, service or work agreements have been concluded between Supervisory Board members and the company. No former members of the Executive Board are currently members of the Supervisory Board. One Supervisory Board member reached the age limit in the financial year 2010. At the Annual General Meeting in 2008, the member in question was also elected for a term of five years. When proposing candidates for the 2008 elections, the Supervisory Board was aware of the age limit defined in the procedural rules. However, it had good reason for proposing candidates that would reach the age limit during their term of office. The candidates in question were approved at the meeting. At present, there are no women on the Supervisory Board. The Board is aiming to appoint a reasonable proportion of women at the next elections. The intention is that at the 2011 Annual General Meeting, when one member of the Supervisory Board will be standing down, a female candidate will be proposed for election. The Supervisory Board currently feels that two female Board members would be appropriate. This level of representation aligns with the number of female employees at management level with experience in the management of industrial companies, the proportion of women in The Linde Group workforce, currently around 19 percent, and the proportion of women in senior management positions, currently around 10 percent.

The procedural rules of the Supervisory Board include criteria determining the impartiality of its members. In the past financial year, some of the members of the Supervisory Board were on the executive boards of companies with which Linde has business relationships and they continue to hold seats on those boards. Transactions with these companies take place under the same conditions as for non-related third parties. These transactions do not affect the impartiality of the Supervisory Board members concerned. All Supervisory Board members thus demonstrate an adequate degree of impartiality.

Information about the members of the Supervisory Board and their memberships of other German supervisory boards or comparable German/foreign boards of business entities is given in Note [27] of the Notes to the financial statements. CVs of Supervisory Board members are also available on the company website.

The Supervisory Board convenes four times a year for regular, scheduled meetings. Should the need arise, it can also schedule extra meetings. The Supervisory Board appoints the Executive Board and monitors and advises the Executive Board in the running of its business operations. Executive Board decisions which are of fundamental importance require the approval of the Supervisory Board. In appointing the Executive Board, the Supervisory Board aims for diversity and the appropriate representation of women in particular. The Chairman of the Supervisory Board coordinates the work of the entire Supervisory Board and chairs the meetings. He is responsible for ensuring that resolutions passed by the Supervisory Board and its committees are

duly executed. In addition, on behalf of the Supervisory Board, he is authorised to issue statements expedient to the execution of the resolutions passed by the Supervisory Board and its committees. The Chairman of the Supervisory Board maintains close contact with the Chairman of the Executive Board throughout the year to keep abreast of the latest developments and events.

### Supervisory Board committees

The Supervisory Board has four committees. Various Board members sit on these committees. The committees do the groundwork for the full Supervisory Board. If it is permitted by law and laid down in the procedural rules of the Supervisory Board, decision-making powers may in individual cases be delegated by the Supervisory Board to these committees. The Chairman of the Supervisory Board is the Chairman of all the committees except the Audit Committee.

The Standing Committee, which comprises three shareholder representatives and two employee representatives, advises the Supervisory Board in particular on the appointment and removal of members of the Executive Board and on decisions regarding the remuneration system for the Executive Board, including the terms and conditions of employment contracts, pension contracts, any other contracts pertinent to the remuneration of Executive Board members and the total remuneration package payable to each individual Executive Board member. In particular, the Standing Committee is also responsible for approving business transactions with Executive Board members and individuals or companies with whom or which they have close ties and approving other mandates taken up by Executive Board members, especially positions on supervisory boards or comparable boards of business entities that are not members of The Linde Group. It also provides advice about long-term succession planning for the Executive Board and reviews the effectiveness of the work of the Supervisory Board on a regular basis.

The Audit Committee similarly comprises three shareholder representatives and two employee representatives. It does the groundwork for the decisions of the Supervisory Board regarding the adoption of the annual financial statements and the approval of the Group financial statements and makes arrangements with the auditors. It supports the Supervisory Board in the execution of its supervisory duties and monitors, in particular, the accounting process as well as the effectiveness of the internal control system, the risk management system, the internal audit system and the audit process for the financial statements. It also handles compliance issues. Moreover, it discusses interim and half-year financial reports with the Executive Board prior to their publication. The Audit Committee also makes a recommendation to the full Supervisory Board regarding the proposal for the election of the company's auditors. The Chairman of the Audit Committee, Dr Clemens Börsig, is an independent financial expert

and has years of expertise in accounting principles and internal control systems.

The Nomination Committee comprises the Chairman of the Supervisory Board, the Second Deputy Chairman of the Supervisory Board and one other shareholder representative. It makes recommendations to the Supervisory Board on proposed candidates for the election of shareholder representatives at the Annual General Meeting.

The Mediation Committee, formed under the provisions of the German Codetermination Law (MitbestG), comprises the Chairman of the Supervisory Board, the Deputy Chairman of the Supervisory Board, one shareholder representative and one employee representative. It makes suggestions to the Supervisory Board regarding the appointment of members to the Executive Board if the required two-thirds majority of votes cast by the Supervisory Board is not obtained in the first ballot.

The Standing Committee generally meets once a year; the Audit Committee four times. The Nomination and Mediation Committees convene meetings as required.

The names of those sitting on the Supervisory Board and on the Supervisory Board committees when the financial statements were being prepared are given on page 003 or can be viewed at any time at [www.linde.com/supervisoryboard](http://www.linde.com/supervisoryboard). Please refer to pages 004 to 009 in the Report of the Supervisory Board for information about the activities of the Supervisory Board and its committees and about the work it has done with the Executive Board in the 2010 financial year.

## Additional corporate governance information

### Annual General Meeting

The shareholders assert their rights as conferred under the articles of association either before or during the Annual General Meeting by exercising their right to vote. Each share entitles the shareholder to one vote.

The Annual General Meeting takes place within the first six months of each financial year. Notice of the Annual General Meeting, together with the reports and documents required by law for the meeting, including the annual report, is published, along with the agenda for the meeting, the conditions governing participation, an overview of shareholder rights plus shareholder proposals and counter-motions, on the company's website in German and English. Notice of the Annual General Meeting and the associated documents can be transmitted electronically to shareholders if they so wish.

Shareholders who cannot attend the Annual General Meeting or who leave the meeting before voting has commenced have the option of exercising their vote through a proxy of their choice or a proxy appointed by the company who then votes in accordance with their instructions. The proxy forms may be handed in at any time until the evening before the Annual General Meet-



ing, and may also be in electronic form if so desired. For the first time, shareholders at the 2011 Annual General Meeting will have the option of casting their vote(s) – without appointing a proxy – in writing or using electronic media (ballot by mail).

The Executive Board of Linde AG presents the annual financial statements and Group financial statements for approval at the Annual General Meeting. The Annual General Meeting passes resolutions regarding the appropriation of profits, official approval of the Executive Board and Supervisory Board actions, the appointment of the auditors and generally also the election of shareholder representatives to the Supervisory Board and the appointment of the auditors. Decisions are also made at the Annual General Meeting regarding changes to the articles of association, capital measures and the authorisation to repurchase shares. In addition, the meeting can pass a resolution to approve the remuneration system for Executive Board members. The remarks of the Chairman of the Supervisory Board at the beginning of the Annual General Meeting and the speech of the Chief Executive Officer are transmitted live on the Internet. Once the Annual General Meeting has closed, the results of the votes on each agenda item are published on the company's website without delay.

#### Consequential loss and liability insurance

The company has taken out consequential loss and directors and officers liability insurance (D & O) for the members of the Executive Board and Supervisory Board. For the Executive Board, the retention in accordance with the applicable statutory provisions amounts to 10 percent of the claim, up to a total corresponding to one and a half times the fixed annual emoluments of the Board member in question. An appropriate retention has been agreed for members of the Supervisory Board in accordance with the recommendation of the German Corporate Governance Code.

#### Directors' dealings

Linde AG publishes without delay as stipulated by law those transactions subject to notification under Section 15a of the German Securities Trading Law (WpHG) which have been executed by the persons named therein, in particular transactions executed by members of executive bodies of the company and related parties that involve shares in the company or related financial instruments. The transactions disclosed by Linde AG during the year under review can be accessed in the annual document on the company's website.

#### Interests in share capital

The total holdings of all the members of the Executive and Supervisory Boards in Linde AG shares or related financial instruments during the financial year did not exceed 1 percent of the shares issued by the company. On 31 December 2010, Executive Board members held a total of 490,000 shares and share options in

Linde AG (0.3 percent of shares issued); Supervisory Board members held a total of 4,500 shares and share options in Linde AG (0.003 percent of shares issued).

#### Remuneration of the Executive Board and Supervisory Board

The remuneration report, which also includes information about share option schemes, is on pages 017 to 025 of this financial report.

#### Communications and stakeholder relations

Linde AG complies with the legal requirement to treat all its shareholders equally. Transparency plays an important role in the company and it always aims to provide shareholders and the public with comprehensive, consistent and up-to-date information. The company makes extensive use of the Internet as a reporting communication platform.

To keep shareholders and the general public informed about key dates and financial reports, the company publishes a financial calendar in its annual report, interim and half-year financial reports and on the Linde AG website. Linde AG publishes the ad-hoc announcements, press releases and directors' dealings in securities that it is required by law to disclose in the media specified by law and on its website. The articles of association are also on the website. Each quarter, Linde informs its shareholders about general business developments and gives an overview of the Group's net assets, financial position and results of operations along with the associated risks. Linde provides information to the capital market and to the public every quarter through analysts' conferences and press conferences or in the form of teleconferences. These coincide with the publication of interim and half-year financial reports or annual results. Regular events where the CEO and CFO communicate with institutional investors and financial analysts also ensure a regular exchange of information with the financial markets. The dates and locations of roadshows and investors' conferences are published on the company website. The presentations given at these events are also available to view on the website.

Linde's communication policy extends beyond the interests of its shareholders to reach its stakeholders, who are also key to the Group's success. As far as possible, all stakeholders are included in corporate communications. Linde's stakeholders include all its employees, customers and suppliers, as well as trade associations and government bodies.

#### Accounting, audit and risk management

Linde AG prepares its Group financial statements and the Group interim and half-year financial reports in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union. The preparation of the annual financial statements of Linde AG complies with German commercial law (the German Commercial Code or HGB). The annual financial state-

ments and the Group financial statements are prepared by the Executive Board, reviewed by the Supervisory Board and audited by the auditors. The audit procedures are in accordance with German auditing regulations and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (the Institute of Public Auditors in Germany) and, in the case of the audit of the Group financial statements, in supplementary compliance with International Standards on Auditing. The audit procedures include a review of the system for the early identification of risks. The Audit Committee meets the Executive Board to discuss the interim and half-year financial reports in detail prior to publication.

In May 2010, the Supervisory Board issued a mandate for the audit of the annual financial statements and Group financial statements to KPMG AG Wirtschaftsprüfungsgesellschaft, Berlin, who had been appointed at the Annual General Meeting as auditors of the financial statements and Group financial statements for the year ended 31 December 2010 and had also been appointed to conduct audit reviews of the interim and half-year financial reports for the 2010 financial year. The auditors issued a detailed declaration confirming their independence to the Audit Committee of the Supervisory Board. There were no conflicts of interest. It was agreed with the auditors that the Chairman of the Supervisory Board and of the Audit Committee would be informed immediately during the audit of any potential reasons for the disqualification of the auditors or for their lack of impartiality, unless these could be eliminated without delay. The auditors were obliged to report immediately all the significant audit findings and events arising from the audit which have an impact on the duties of the Supervisory Board. The auditors have also undertaken to inform the Supervisory Board if they discover facts in the course of their audit which reveal any inaccuracies in the company's declaration of compliance with the Code.

Linde has reporting, monitoring and risk management systems in place. These are continually being updated and adapted by the Executive Board to reflect changing circumstances. The effectiveness of these systems is reviewed by the auditors both in Germany and abroad. The Audit Committee supports the Supervisory Board in monitoring the activities of executive management, and deals with risk management issues. It receives regular reports from the Executive Board about risk management, the risk position, and the identification and monitoring of risks. In addition, it is informed on a regular basis about existing risks and the evolution of those risks. Moreover, the Audit Committee has agreed with the auditors that, if necessary, they will report to the Committee any significant weaknesses they might identify in the internal control and risk management systems relating to the accounting process. More details about risk management in The Linde Group are given in the Risk report on pages 038 to 048. This includes the report on the accounting-related internal control system and the risk management system.

# Remuneration report

(Part of the Management Report)

The remuneration report sets out the structure, the basic features and the amount of remuneration payable to members of the Executive Board and Supervisory Board. It forms part of the management report and takes account of the recommendations of the German Corporate Governance Code. The remuneration report also contains the information which is legally required under the provisions of the German Commercial Code (HGB). This information is therefore not repeated in the Notes to the financial statements.

## 1. Emoluments of the Executive Board

The full Supervisory Board is responsible for defining the total remuneration payable to each individual member of the Executive Board. In line with the procedural rules of the Supervisory Board, it is incumbent upon the Standing Committee to do the groundwork so that the Supervisory Board can pass resolutions relating to remuneration. At the start of 2009, the Supervisory Board, at the suggestion of the Standing Committee, approved the current remuneration system for the Executive Board, which had proved its worth over many years, including the main contractual arrangements. At the beginning of 2010, against the background of amendments to the German Stock Corporation Law (AktG) as a result of the German Law on the Appropriateness of Executive Board Remuneration, which does not require any action in respect of existing contracts, the existing remuneration system for the Executive Board was reviewed by an independent external expert in executive pay. In the view of this expert, the current system complies to a great extent with the objectives of the German Law on the Appropriateness of Executive Board Remuneration. The Annual General Meeting on 4 May 2010 approved the current remuneration system for the Executive Board with a majority of 98.56 percent of the capital represented at the meeting. According to existing contractual commitments, a review of the level of the remuneration, its redesign and the renewal of performance-related components, including the five-year performance share programme approved at the Annual General Meeting in 2007, is not due to take place at Linde until the 2012 financial year. Until then, it is the intention of the Supervisory Board to examine improvements to the remuneration system and, once the current contractual commitments have expired, to ensure total conformity with the new legal regulations.

The amount and structure of the remuneration payable to the Executive Board are based not only on the size and international reach of the company, its economic and financial situation, and its performance and prospects, but also on customary remuneration practice among peers and the remuneration structure which applies elsewhere in the company. To gauge customary practice among peers, Linde compares its remuneration system with that of several other groups of companies (DAX-30 companies, simi-

lar German and international companies). The emoluments also depend on the duties of each individual member of the Executive Board, and on his or her personal performance and the performance of the Executive Board as a whole. The remuneration is calculated so that it is competitive at international level and gives Board members an incentive to create lasting business success and a lasting increase in company value in a dynamic environment.

The remuneration system of the Executive Board consists of fixed components (which are not performance-related) and variable performance-related components. Elements which are not performance-related are fixed cash emoluments, benefits in kind or fringe benefits and pension commitments. The performance-related components are variable cash emoluments and share-based payments. The variable cash emoluments are determined on the basis of a one-year period, while the share-based payments are calculated over periods of several years. As a supplement to the remuneration components already mentioned, the employment contract of the Chief Executive Officer also provides for potential project-related bonuses which are determined on the basis of periods of several years. Assuming all performance targets that apply to variable cash emoluments are achieved in full, the target remuneration in any given year, i.e. the sum total of all fixed components, variable cash emoluments and share-based payments, would roughly correspond to a 30/70 percent split between the fixed component (which is not performance-related) and the variable component (which is performance-related) respectively. Assuming all performance targets that apply to variable cash emoluments are achieved in full, the value of the variable emoluments payable to the Executive Board in any given year would roughly correspond on average to a 55/45 percent split between components calculated on the basis of a single year and components calculated over a period of several years respectively.

The cash emoluments are based on an annual target income, around 40 percent of which on average is paid to the Board member in fixed monthly amounts if all the performance objectives are met in full, while around 60 percent is variable. The target income is reviewed at regular intervals, at least every three years. The last review was conducted on 1 January 2009. As a result of this review, the target income of all the members of the Executive Board was adjusted. The members of the Executive Board receive no remuneration for any Group offices held.

### Fixed emoluments (excluding pension commitments)

Each member of the Executive Board receives fixed monthly cash emoluments, which consist of a pensionable component (fixed monthly emoluments) and a non-pensionable component (fixed dividend-related bonus).

Benefits in kind are also provided. These must be individually taxed according to the fiscal regulations which apply in each case. They comprise mainly insurance benefits at normal market

rates and company cars and, in one case, the provision of security arrangements.

### Variable emoluments

Variable emoluments comprise share-based and performance-based elements of remuneration related to the company. The Supervisory Board has agreed potential limits which would apply in exceptional circumstances. The level of variable emoluments is linked to the achievement of certain financial and strategic targets, movements in the share price and qualitative success factors. The main performance indicators used in the calculation of variable emoluments are return on capital employed (ROCE), operating profit (EBIT), the company's dividend, adjusted earnings per share and movements in the share price. The targets set for the variable emoluments align with the key performance indicators used throughout the Group and with the interests of the shareholders and other stakeholders.

### Variable cash emoluments

Variable cash emoluments comprise a dividend-related bonus and performance-related bonuses. These payments may be completely waived if performance targets are not achieved.

The dividend-related bonus is calculated for each member of the Executive Board on the basis of an individually agreed amount in euro for each EUR 0.01 of the dividend declared per share at the Annual General Meeting which is due to be paid to shareholders in the relevant financial year. The euro amount is determined in advance for a period of three financial years at a time. Of the resulting bonus entitlement, around 70 percent is currently variable, taking into account the monthly instalments paid in advance. If the unappropriated profit is based on retained earnings brought forward or releases from provisions, this is not included in the calculation of the dividend-related bonus.

The amount of the performance-related bonus is dependent on the achievement of certain objectives specified at the beginning of the financial year by the Supervisory Board for that financial year. The objectives are generally based on multi-year business plans. The main success factors influencing this bonus are return on capital employed (ROCE) and operating profit (EBIT). These two items generally account for 70 percent of the bonus. The remaining 30 percent is based on individual targets. In the case of the Chief Financial Officer, the indicator-based targets and personal targets are weighted 50/50. For the Chief Executive Officer and the Chief Financial Officer, financial targets are determined on the basis of Group indicators. For those members of the Executive Board responsible for operations, the targets are determined on the basis of comparable figures from the divisions and regions for which they are responsible. The performance-related bonus has an upper limit. The portion based on indicators will not exceed 200 percent of the bonus amount agreed, and the portion based on individual targets will not exceed 100 per-

cent of this amount. The Chief Executive Officer has entitlements to bonus payments guaranteed by contract if he achieves certain demanding acquisition, divestment and integration targets. The amount of these bonuses is determined in each individual case. These bonuses also have an upper limit.

The variable emoluments are payable on the day after the Annual General Meeting at which the appropriation of profits is decided.

### Share-based emoluments

#### Linde Management Incentive Programme 2002

Until the 2006 financial year, members of the Executive Board received a variable component with a long-term incentive in the form of options granted every year, based on the share option scheme approved at the Annual General Meeting in May 2002. This scheme (Management Incentive Programme 2002) applied to members of the Executive Board, members of the management boards of affiliated companies and selected executives. In 2006, the last options were issued under this scheme. In total, 1.2 million subscription rights were granted to members of the Executive Board. Each option confers the right to subscribe to one share in Linde AG at the exercise price. The exercise price for acquiring one new share is 120 percent of the base price. The base price is the average closing price of Linde shares in Xetra trading on the Frankfurt stock exchange over the last five trading days before the issue date of the options. The options were issued in five annual tranches from 2002, each with a term of seven years. There is a two-year qualifying period, which commences on the issue date. During the remaining five-year term, the options can be exercised at any time, except during blocked periods. The seven-year term of the options in the 2002 tranche ended in July 2009; the options of the 2003 tranche ended in June 2010. Options in the 2002 and 2003 tranches which had not been exercised by these times duly expired. At the balance sheet date, options in the 2004, 2005 and 2006 tranches issued to participants could still be exercised provided the qualifying requirements are met.

In the 2010 financial year, four tranches in the scheme were valuable and exercisable. The exercise prices of the four tranches vary between EUR 32.38 and EUR 81.76. The Supervisory Board determined the options to be allocated to members of the Executive Board and, for other employees entitled to options, the Executive Board decided on the allocations, with the approval of the Supervisory Board. With effect from the 2004 tranche, the Supervisory Board can decide to restrict the exercise of options issued to members of the Executive Board if there are exceptional unforeseen movements in the Linde share price. In total, members of the Executive Board held 195,000 options at the balance sheet date (2009: 535,000), which were theoretically all exercisable as the qualifying period had expired. In the 2010 financial year, members of the Executive Board exercised 340,000 options (2009: 100,000).

Movements in the options issued to the current members of the Executive Board under the Linde Management Incentive Programme 2002 were as follows:

#### Options – Linde Management Incentive Programme 2002

		At 1 January		Exercised in the financial year			At 31 December			
		in units	Weighted average exercise price in €	in units	Weighted average exercise price in €	Weighted average share price at exercise date in €	in units	Range of exercise prices in €	Weighted average exercise price in €	Weighted average remaining life in years
Professor Dr Wolfgang Reitzle (Chairman)	2010	390,000	64.85	260,000	56.40	96.37	130,000	81.76	81.76	2.3
	2009	460,000	59.91	70,000	32.38	66.74	390,000	47.91–81.76	64.85	2.4
Dr Aldo Belloni	2010	120,000	64.85	80,000	56.40	99.69	40,000	81.76	81.76	2.3
	2009	150,000	58.36	30,000	32.38	84.92	120,000	47.91–81.76	64.85	2.4
Georg Denoke	2010	25,000	75.01	–	–	–	25,000	64.88–81.76	75.01	2.0
	2009	25,000	75.01	–	–	–	25,000	64.88–81.76	75.01	3.0
<b>Total</b>	2010	<b>535,000</b>		<b>340,000</b>			<b>195,000</b>			
	2009	<b>635,000</b>		<b>100,000</b>			<b>535,000</b>			

During the 2009 and 2010 financial years, none of the options held by the Executive Board expired or were forfeited. The Executive Board member J. Kent Masters is not a participant in this scheme as he joined The Linde Group after the last tranche had been issued.

Further information about the Linde Management Incentive Programme 2002 is given in Note [23] of the Notes to the financial statements.

#### Linde Performance Share Programme 2007

It was resolved at the Annual General Meeting on 5 June 2007 to introduce a new long-term incentive scheme (Linde Performance Share Programme 2007) which would cover a five-year period. Participants in the scheme were to include not only members of the Executive Board, but also selected executives (members of the management boards of Linde AG Group companies, as well as selected executives of Linde AG and its Group companies). The options may be issued in five annual tranches, in each case within a period of twelve weeks following the company's Annual General Meeting. The Supervisory Board determines the allocation of options to members of the Executive Board, while the Executive Board determines the allocation for lower management tiers. Options are granted to members of the Executive Board for a particular value. The number of options to be issued to a member of the Executive Board is determined on the basis of the fair value per option according to an actuarial report at the grant date. The term of the options is calculated as three years, two months and two weeks from the issue date. The options in a tranche are to be exercised once a vesting period of three years from the date of issue has been completed, over a period of four weeks, if and to the extent that certain performance targets are met. Each option confers the right to purchase one share in Linde AG at the exercise price, which is equivalent in each case to the lowest issue price, currently EUR 2.56.

The performance targets for each individual tranche are based on conditions laid down at the Annual General Meeting and on movements in earnings per share, absolute total shareholder return and relative total shareholder return. Within each of these performance targets, there is a minimum target, which must be reached if options are to be exercisable, and a stretch target. If the stretch target is reached, all the options become exercisable based on the weighting attached to that particular performance target. If there are exceptional unforeseen movements in the price of Linde shares, the Supervisory Board can restrict in whole or in part the volume or extent of options granted to members of the Executive Board. At the Annual General Meeting, it was resolved that members of the Executive Board would

be subject to a two-year holding period for 25 percent of the shares issued.

In the 2010 financial year, the fourth tranche of options was allocated. Options were granted to 868 (2009: 862) participants. At the start of August 2010, the vesting period for the first tranche of this programme ended. The stretch target was reached in relation to the relative total shareholder return performance target. The minimum targets were not achieved for the other two performance targets. As a result, 30 percent of the options were exercisable and the remainder expired.

Movements in the options issued to members of the Executive Board under the Performance Share Programme 2007 were as follows:

#### Options – Linde Performance Share Programme 2007

		At 1 January	Granted in the financial year	Exercised in the financial year		Expired in the financial year	At 31 December	
					Weighted average share price at exercise date			Weighted average remaining life
		in units	in units	in units	in €	in units	in units	in years
Professor Dr Wolfgang Reitzle (Chairman)	2010	137,564	39,032	12,559	93.67	29,305	134,732	1.5
	2009	78,810	58,754	-	-	-	137,564	1.6
Dr Aldo Belloni	2010	45,854	13,011	4,186	93.67	9,768	44,911	1.5
	2009	26,269	19,585	-	-	-	45,854	1.6
Georg Denoke	2010	45,854	13,011	4,186	89.07	9,768	44,911	1.5
	2009	26,269	19,585	-	-	-	45,854	1.6
J. Kent Masters	2010	45,854	13,011	4,186	93.67	9,768	44,911	1.5
	2009	26,269	19,585	-	-	-	45,854	1.6
Total	2010	275,126	78,065	25,117		58,609	269,465	
	2009	157,617	117,509	-		-	275,126	

All the options held at 31 December 2010 were not yet exercisable. The exercise price of all the options is currently EUR 2.56 each. During the 2009 and 2010 financial years, none of the options held by the Executive Board expired.

Further information about the value of the options, and about the structure, conditions and, in particular, performance targets of the scheme is given in Note [23] of the Notes to the financial statements. Information about the rules which apply in the event of a change of control is given on page 049 in the management report (Disclosures in accordance with Section 289 (4) of the German Commercial Code).

### Total cost of share-based emoluments

The total cost of share-based emoluments in 2010 was EUR 25 m (2009: EUR 10 m). During the financial year, the following cost was recognised in respect of share-based payment instruments held by members of the Executive Board:

Cost of share-based payments		
in €	2010	2009
Professor Dr Wolfgang Reitzle (Chairman)	2,086,583	869,166
Dr Aldo Belloni	695,520	289,718
Georg Denoke	695,520	289,718
J. Kent Masters	695,520	289,718
<b>Total</b>	<b>4,173,143</b>	<b>1,738,320</b>

In the annual financial statements of Linde AG, the company opted not to recognise share-based remuneration systems as personnel expenses, in accordance with legal regulations.

### Pension commitments

Individual contracts outlining pension commitments have been concluded for the members of the Executive Board. The pension is based on a particular percentage of the most recently paid fixed monthly emoluments. The percentage rate on entry is 20 percent. This percentage increases by 2 percent for every year of service completed by the member of the Executive Board. The maximum percentage that can be achieved is 50 percent of the last fixed monthly emoluments paid. For pension commitments entered into before 1 July 2002, the percentage rate on entry was 40 percent and the maximum percentage that could be achieved was 60 percent. Payments are made on a monthly basis once the member has retired from the company and is eligible for his or her pension (old age pension from the age of 65, pension for medical disability or incapacity for work and surviving dependants' pension in the event of death). A widow or widower receives 60 percent of the pension of the deceased member of the Executive Board. The commitments also include benefits for any orphans or children who have lost one parent. Each child entitled to maintenance receives 10 percent (in the case of children who have lost one parent) up to a maximum of 25 percent (in the case of orphans) of the pension of the contracting party, generally until his or her 18th birthday, although maintenance may continue to be paid until he or she reaches the age of 27. If the deceased left several children, the amounts are reduced proportionately and limited in total to half of the pension to which the contracting party was entitled. The total maintenance payments to surviving dependants must not exceed the full amount of the pension of the contracting party. Current pensions are

adjusted annually to take account of the change in the retail price index for private households based on information provided by the German Statistical Office. If a member of the Executive Board has reached his or her 55th birthday and completed ten years of service on the Executive Board, and the employment contract is terminated early by the Supervisory Board or the term of office was not extended for reasons beyond the control of the member of the Executive Board, he or she would immediately receive the pension earned, taking into account other income. If, however, an Executive Board member has not completed ten years of service on the Board and the employment contract is terminated before he or she reaches the age of 55, he or she acquires entitlement by law to a future pension benefit by way of supplement to occupational pension benefits in the amount specified by law, provided the Executive Board member was employed by the company for a minimum period of three consecutive years.

### Emoluments of the Executive Board for 2010

The total cash remuneration for members of the Executive Board for performing their duties in Linde AG and its subsidiaries in 2010 was EUR 11,901,132 (2009: EUR 10,462,310). The increase in comparison with the prior year is mainly due to the fact that the variable cash emoluments rose from EUR 6,431,873 to EUR 7,821,055. This figure also reflects the rise in performance-related bonuses and dividend-related bonuses resulting from the significant improvement in various performance indicators. The total remuneration was EUR 14,901,171 (2009: EUR 13,462,315), which includes options granted to members of the Executive Board under the Performance Share Programme 2007, which have a notional value of EUR 3,000,039 (2009: EUR 3,000,005). In the 2010 financial year, a total of 78,065 options (2009: 117,509) were granted to members of the Executive Board. When they were granted, these options had a value of EUR 38.43 (2009: EUR 25.53) per option.

Subject to approval of the annual financial statements of Linde AG for the year ended 31 December 2010 and a corresponding resolution from the Supervisory Board on the variable cash remuneration for 2010, the emoluments for the individual members of the Executive Board for 2010 are as follows:

		Cash emoluments			Total cash emoluments	Share options		Pensions	
		Fixed emoluments	Benefits in kind/Other benefits	Variable emoluments		Value on the grant date	Total emoluments	Annual amount if pension were paid on balance sheet date	Allocated to pension provision in financial year
in €									
Professor Dr Wolfgang Reitzle (Chairman)	2010	1,960,000	58,933	3,435,000	5,453,933	1,500,000	6,953,933	537,600	1,178,074
	2009	1,960,000	39,352	2,721,250	4,720,602	1,499,990	6,220,592	518,400	2,046,780
Dr Aldo Belloni	2010	720,000	40,339	1,782,080	2,542,419	500,013	3,042,432	288,000	286,775
	2009	720,000	29,739	1,457,148	2,206,887	500,005	2,706,892	288,000	780,503
Georg Denoke	2010	564,000	19,828	1,174,000	1,757,828	500,013	2,257,841	130,560	169,169
	2009	564,000	13,467	946,500	1,523,967	500,005	2,023,972	122,400	243,211
J. Kent Masters	2010	672,000	44,977	1,429,975	2,146,952	500,013	2,646,965	195,360	247,367
	2009	672,000	31,879	1,306,975	2,010,854	500,005	2,510,859	190,920	262,102
<b>Total 2010</b>		<b>3,916,000</b>	<b>164,077</b>	<b>7,821,055</b>	<b>11,901,132</b>	<b>3,000,039</b>	<b>14,901,171</b>		<b>1,881,385</b>
(%)		26	1	53	80	20	100		
<b>Total 2009</b>		<b>3,916,000</b>	<b>114,437</b>	<b>6,431,873</b>	<b>10,462,310</b>	<b>3,000,005</b>	<b>13,462,315</b>		<b>3,332,596</b>
(%)		29	1	48	78	22	100		

At 31 December 2010, pension provisions relating to members of the Executive Board who were active members of the pension scheme were EUR 12,141,148 (2009: EUR 10,259,762) in The Linde Group and EUR 11,500,738 (2009: EUR 11,305,406) in the financial statements of Linde AG. The differences in the amounts disclosed are attributable to different accounting parameters used to calculate the figures in the Group financial statements and the annual financial statements. At the closing date, the present values of pension commitments accruing to individual Executive Board members shown on the balance sheet were as follows: Professor Dr Wolfgang Reitzle EUR 9,585,450 (Group), EUR 9,106,245 (Linde AG); Dr. Aldo Belloni EUR 3,638,055 (Group), EUR 3,475,927 (Linde AG); Georg Denoke EUR 2,347,283 (Group), EUR 2,126,397 (Linde AG); J. Kent Masters EUR 3,184,662 (Group), EUR 2,929,762 (Linde AG).

#### Benefits in the event of termination of a contract

Members of the Executive Board who are not reappointed between the ages of 55 and 63 for reasons beyond their control receive a lump sum severance payment corresponding to 50 percent of their annual cash remuneration (fixed monthly emoluments, dividend-related bonus and performance-related bonus) for the last full financial year before the termination of their employment. In the contract concluded with Chief Executive Officer Professor Dr Wolfgang Reitzle prior to 2009 (pre-existing contract), it is stipulated that the severance payment in the event of non-renewal after the age of 55 will be based on performance; in particular that the performance-related bonus will

be calculated on the basis of the average of the performance-related bonuses paid in the previous three years.

In 2009, when the Supervisory Board reappointed Dr Aldo Belloni, Georg Denoke and J. Kent Masters to the Executive Board, it incorporated the recommendations set out in Section 4.2.3 of the German Corporate Governance Code relating to severance pay caps into their new employment contracts. In compliance with the Code, all contracts with members of the Executive Board concluded or renewed as of 2009 and new contracts which are concluded or renewed in the future (new contracts) will include the provision outlined in the following. If a member of the Executive Board is prematurely removed from the Board, without cause for the termination of employment, the severance pay will be capped at twice the annual cash emoluments (fixed monthly emoluments, dividend-related bonus and performance-related bonus). The calculation is based on the annual cash emoluments for the last full financial year prior to the removal of the member from the Executive Board. If the annual cash emoluments of the member of the Executive Board for the financial year in which his or her employment is terminated are likely to be significantly higher or lower than the annual cash emoluments for the last full financial year, the Supervisory Board may at its discretion decide to make an adjustment to the calculation of the annual cash emoluments. If the original remaining term of the employment contract was less than two years, the severance pay would be calculated pro rata. For the period on the basis of which the severance pay is determined, the members of the Executive Board receive no pension payments. Prior to 2009, contracts of employment did not include a clause to this



effect. Under these contracts, premature termination of an Executive Board position did not affect the remuneration entitlement accruing to the Board member in question for the remaining term of the contract.

If Linde AG is acquired by another company and there is a change of control, and an employment contract is terminated within nine months of that date by mutual agreement, failure to renew the contract at the appropriate point in time, or resignation of the member of the Executive Board as a result of his or her position on the Board being significantly compromised by the takeover, members of the Executive Board have an entitlement to benefits based on their contractual cash emoluments but limited in extent. However, the burden of proof is on the member of the Executive Board to demonstrate the actual circumstances as a result of which his or her position has been significantly compromised.

For the pre-existing contracts the following compensation and severance pay rules apply in the event of a change of control. In addition to compensation, comprising the cash emoluments he or she will be forfeiting for the remaining term of his or her contract (the total of the annual fixed emoluments, the dividend-related bonus based on the figure for the prior financial year and the performance-related bonus based on the average of the past three financial years, less an overall reduction of 25 percent), the member of the Executive Board has, in each individual case, an entitlement to receive severance pay equal to the full amount of the annual cash remuneration. If the member of the Executive Board has reached the age of 55 when the employment contract ends and has been on the Board for at least five years, the severance pay increases to three times the full amount of the annual cash remuneration. There is no right to severance pay if the member of the Executive Board has been a member for less than three years, or if he or she has not yet reached the age of 52 or has already reached the age of 63 when the employment contract ends. The total compensation comprising the cash remuneration plus the severance pay must not exceed an amount equivalent to five times the full amount of the annual cash remuneration.

When the contracts of Executive Board members Dr Aldo Belloni, Georg Denoke and J. Kent Masters were renewed in the 2009 financial year, the recommendation set out in Section 4.2.3 of the German Corporate Governance Code relating to severance caps in the event of a change of control was adopted. In accordance with the Code, all Executive Board contracts which have been concluded or renewed as of 2009 and contracts concluded or renewed in future provide for severance pay in the event of a member retiring early from the Board due to a change of control that aligns with the amount payable in the event of early retirement from the Board without cause under any other circumstances. Moreover, the Executive Board member would receive additional compensation equivalent to his or her annual cash

emoluments (fixed monthly emoluments, dividend-related bonus and performance-related bonus). The additional compensation would not be payable if the member of the Executive Board had served on the Board for less than three years or if he or she had not yet reached the age of 52 or had already reached the age of 63 when the employment contract ended.

For both forms of contract (pre-existing contracts and new contracts), the same rule applies. If the member of the Executive Board receives benefits on the occasion of or in connection with the acquisition by a majority shareholder, a controlling company or another legal entity, these are taken into account when the compensation and severance pay benefits are calculated. The pension commitment is determined in accordance with the rules for the early termination of an employment contract without cause.

Executive Board members are generally bound by a restraint clause for a period of two years following termination of their contracts. By way of compensation, the company undertakes to pay former Board members an amount corresponding to 50 percent of their fixed monthly emoluments during the period of restraint. In the case of pre-existing contracts, the compensation is determined by statutory guidelines. They stipulate that the compensation shall correspond to 50 percent of the total remuneration paid to the Board member as averaged over the three years prior to termination. The compensation qualifies to the full extent for pension benefits.

If the member of the Executive Board leaves the company's service as a result of death or disability, he or she or his or her heirs are entitled to the fixed monthly emoluments for the month in which the employment contract ended, and for the six following months. Moreover, he or she or his or her heirs are entitled to that proportion of the dividend-related bonus and the performance-related bonus in respect of that part of the year in which the member of the Executive Board was active.

#### Loans and advances

During the financial year, no loans or advances were made to members of the Executive Board.

#### Total emoluments of former members of the Executive Board

Former members of the Executive Board and their surviving dependants received total emoluments of EUR 2,579,839 in the 2010 financial year (2009: EUR 2,667,115).

A provision of EUR 36,147,574 (2009: EUR 35,054,097) has been made in the Group financial statements for current pensions and future pension benefits in respect of former members of the Executive Board and their surviving dependants. In the financial statements of Linde AG, a provision of EUR 34,899,136 (2009: EUR 36,836,129) was made. The differences in the amounts disclosed are attributable to different accounting parameters used to calculate the figures in the Group financial statements and the annual financial statements.

## 2. Remuneration of the Supervisory Board

The remuneration of the Supervisory Board was determined at the Annual General Meeting based on a proposal from the Executive Board and Supervisory Board and is governed by Article 11 of the articles of association.

The emoluments comprise two components, a fixed component and a variable one which is dependent on the company's performance. Part of the variable component depends on the dividend. Another part is linked to the return on capital employed (ROCE) for The Linde Group in the relevant financial year.

### Fixed emoluments

Each member of the Supervisory Board receives annual fixed emoluments of EUR 50,000, which are paid at the end of the financial year.

### Variable emoluments

The first part of the variable remuneration for each member of the Supervisory Board is EUR 300 for each EUR 0.01 by which the dividend declared at the Annual General Meeting exceeds a dividend of EUR 0.50 per share with full dividend entitlement distributed to the shareholders. The second part of the variable remuneration is EUR 450 for each 0.1 percent by which the return on capital employed (ROCE) of The Linde Group exceeds the rate of 7 percent in the relevant financial year. ROCE is determined on the basis of the information in the relevant audited Group financial statements in accordance with IFRS and the articles of association. In 2010, ROCE calculated in this way was 12.5 percent (2009: 10.4 percent).

The variable remuneration is paid on the day after the Annual General Meeting which determines the appropriation of profits.

### Emoluments of the Chairmen, Deputy Chairmen and committee members

The Chairman of the Supervisory Board receives three times the fixed and variable emoluments, while each Deputy Chairman and each member of the Standing Committee receives one and a half times the amount. The Chairman of the Audit Committee receives an additional EUR 40,000 and every other member of the Audit Committee receives EUR 20,000. However, if a member of the Supervisory Board holds several offices at the same time which pay a higher level of remuneration, he or she only receives the remuneration for the office which is the most highly paid.

### Attendance fees

The company pays members of the Supervisory Board an attendance fee of EUR 500 every time they attend a Supervisory Board meeting or committee meeting. This amount remains unchanged if several meetings take place on the same day.

### VAT and reimbursement of expenses

Linde AG reimburses the members of the Supervisory Board for any necessary expenses incurred and for VAT on their emoluments.

### Emoluments of the Supervisory Board for 2010

Based on a dividend of EUR 2.20 (2009: EUR 1.80) per share entitled to dividend and a Group ROCE of 12.5 percent (2009: 10.4 percent), the total emoluments payable to the Supervisory Board (fixed emoluments, variable emoluments and attendance fees) amounted to EUR 2,105,000 (2009: EUR 1,739,800) plus VAT of EUR 399,950 (2009: EUR 330,562). The total emoluments can be broken down into a EUR 860,000 (2009: EUR 840,000) fixed share and a EUR 1,212,000 (2009: EUR 868,800) variable share. The total expenditure on attendance fees was EUR 33,000 (2009: EUR 31,000).

The individual members of the Supervisory Board received the amounts listed in the following table:

		Fixed emoluments	Variable emoluments	Emoluments for sitting on Audit Committee	Attendance fees	Total emoluments <sup>1</sup>
in €						
Dr Manfred Schneider (Chairman)	2010	150,000	227,250		4,000	381,250
	2009	150,000	162,900		4,000	316,900
Hans-Dieter Katte <sup>2</sup> (Deputy Chairman)	2010	75,000	113,625		4,000	192,625
	2009	75,000	81,450		4,000	160,450
Michael Diekmann (Second Deputy Chairman)	2010	75,000	113,625		2,000	190,625
	2009	75,000	81,450		2,000	158,450
Dr Gerhard Beiten	2010	50,000	75,750	20,000	4,000	149,750
	2009	50,000	54,300		2,000	106,300
Dr Clemens Börsig	2010	50,000	75,750	40,000	4,000	169,750
	2009	50,000	54,300	40,000	4,000	148,300
Gernot Hahl <sup>2</sup>	2010	75,000	113,625		3,000	191,625
	2009	75,000	81,450		4,000	160,450
Thilo Kämmerer <sup>2</sup>	2010	50,000	75,750		2,000	127,750
	2009	50,000	54,300		1,500	105,800
Matthew Miao	2010	50,000	75,750		2,000	127,750
	2009	50,000	54,300		1,500	105,800
Klaus-Peter Müller	2010	75,000	113,625		2,000	190,625
	2009	75,000	81,450		2,000	158,450
Jens Riedel <sup>2</sup>	2010	50,000	75,750		2,000	127,750
	2009	50,000	54,300		2,000	106,300
Xaver Schmidt <sup>2</sup>	2010	50,000	75,750		2,000	127,750
	2009	50,000	54,300		2,000	106,300
Josef Schregle	2010	50,000	75,750		2,000	127,750
	2009	50,000	54,300		2,000	106,300
<b>Total 2010</b>		<b>800,000</b>	<b>1,212,000</b>	<b>60,000</b>	<b>33,000</b>	<b>2,105,000</b>
(%)		38	57	3	2	100
<b>Total 2009</b>		<b>800,000</b>	<b>868,800</b>	<b>40,000</b>	<b>31,000</b>	<b>1,739,800</b>
(%)		46	50	2	2	100

<sup>1</sup> Amounts excluding VAT.

<sup>2</sup> The employee representatives have decided to forward their remuneration to the Hans Böckler Foundation according to the guidelines of the Confederation of German Trade Unions.

### Loans and advances

At 31 December 2010, there were no advances or loans to members of the Supervisory Board.

# Management Report

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## MANAGEMENT REPORT

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## Corporate organisation

Linde AG, which comprises the Linde Gas and Linde Engineering Divisions and the Corporate Centre, is the holding company and management company of The Linde Group.

## Macroeconomic environment

### Overview of global economic trends

2010 was a year of recovery from the global economic crisis. According to Global Insight, the international forecasting institute, GDP rose by 4.1 percent in 2010 after contracting 1.9 percent in 2009. The year under review also saw global industrial production rise by a sizeable 8.0 percent. This was, however, not sufficient to bring it back to its pre-crisis level, as industrial production had dropped 8.7 percent in 2009.

The overall pace of economic recovery slowed during the financial year, although marked variations were evident at regional level. By the end of 2009, the emerging economies had already begun to revive and the upswing in those regions gained momentum in the course of 2010. In the more mature economies, however, recovery was generally slower. Converting this impetus into sustainable growth, when until now it has been boosted by government recovery packages, remains the challenge.

### Germany

Germany experienced above-average growth during the period under review, with GDP rising 3.6 percent. Initially, growth was fuelled mainly by rising exports, although there was also a revival in domestic demand, especially in consumer spending and the demand for capital goods. The positive trend was also to be seen in an increase in industrial production. Although industrial production in Germany suffered a 16.4 percent decline in 2009, the trend was reversed in 2010 and growth of 9.8 percent was achieved.

## Sales and order intake

In the 2010 financial year, following the economic recovery in Europe, sales in Linde AG were EUR 2.809 bn, 15.2 percent up on the prior-year figure of EUR 2.439 bn. The Linde Gas Division achieved 7.2 percent growth in sales to EUR 1.194 bn (2009: EUR 1.114 bn). Sales in 2010 were at virtually the same level as in 2008. In the Linde Engineering Division, sales rose 21.1 percent to EUR 1.636 bn (2009: EUR 1.351 bn). This increase was due mainly to the billing of individual major projects in the United Arab Emirates, Saudi Arabia and China.

37 percent of the sales of Linde AG were to customers in Germany. Exports accounted for 63 percent of sales, with 25 percent (2009: 35 percent) of exports relating to Europe, 69 percent (2009: 57 percent) to the Asia/Pacific region and 5 percent (2009: 8 percent) to the Americas. In Africa, Linde AG achieved sales of 1 percent in 2010 (2009: 0 percent). Most of the export business relates to Linde Engineering. As the international plant construction business is project business, there are always fluctuations in the regional figures year by year.

Order intake in the Linde Engineering Division was EUR 1,222 m, 51 percent higher than the prior-year figure of EUR 809 m. The main reasons for this were the improvement in the general economic situation and the resulting revival in customer investment activity. The order backlog reached EUR 4.104 bn at 31 December 2010, 12.5 percent below the 2009 figure of EUR 4.688 bn. The average duration of a contract is around three years. During the financial year, Linde AG continued to expand its engineering business on the international stage. Many contracts are executed by the company's subsidiaries.

## Results of operations

Linde has benefited from the general economic recovery which increasingly took hold in the course of the 2010 financial year and has achieved significant increases in sales and operating profit. Systematic implementation of the HPO programme also had a positive impact. HPO (High Performance Organisation) is Linde AG's holistic concept for lasting process optimisation and efficiency gains.

In the 2010 financial year, sales increased by 15.2 percent to EUR 2.809 bn and there was a 16.6 percent rise in gross profit on sales from EUR 698 m to EUR 814 m. This is equivalent to a gross margin of 29.0 percent (2009: 28.6 percent). One of the main reasons for the improvement in profitability was the higher contribution to earnings made by the Linde Gas Division. The other principal reason was the positive impact of the successes achieved in 2010 as a result of the HPO programme.

Functional costs were 5.6 percent lower than in 2009. This downward trend was due in part to the impact of the change in the method of accounting for pension obligations in accordance with the German Accounting Law Modernisation Act (BilMoG). No additions were made to the pension provision in the 2010 financial year, as Linde opted to retain the pension provision measured under the old rules.

The significant decrease in other income and in other expenses was almost solely due to a lower figure for exchange differences. This is mainly the result of the reduction in foreign currency receivables and liabilities in 2010 and of hedging transactions.

Against this background, operating profit in the financial year rose to EUR 221 m, EUR 145 m above the prior-year figure of EUR 76 m.

The other financial result was a loss of EUR 101 m (2009: loss of EUR 117 m). This included EUR 36 m (2009: EUR 49 m) of impairment losses in respect of financial assets, which relate principally to investments in Eastern Europe. The interest income of Linde AG rose from EUR 151 m in 2009 to EUR 177 m in 2010. This was partly due to changes required by the BilMoG in 2010 regarding the measurement at fair value of the plan assets for pension obligations which affect profit or loss. There was also an increase in the financing activities conducted by Linde AG on behalf of the Group as a whole. The interest expense rose from EUR 219 m in 2009 to EUR 242 m in 2010. This was mainly due to the unwinding of interest for non-current provisions in accordance with the new rules on the first-time application of the BilMoG. Investment income fell from EUR 375 m to EUR 323 m, due to lower levels of income from dividends and profit-sharing agreements.

The extraordinary result is entirely due to the changes required by the German Accounting Law Modernisation Act (BilMoG) at 1 January 2010. It derives from the measurement at fair value of the plan assets for pension obligations, as well as from the revised measurement of non-current provisions.

Profit before taxes on income rose from EUR 334 m to EUR 443 m.

The net income for the 2010 financial year of EUR 432 m was well above the prior-year figure of EUR 305 m.

### Results of operations (summary)

in € million	2010	2009
Sales	2,809	2,439
Cost of sales	1,995	1,741
<b>Gross profit on sales</b>	<b>814</b>	<b>698</b>
Functional costs	748	792
Other income	287	399
Other expenses	132	229
<b>Operating profit</b>	<b>221</b>	<b>76</b>
Investment income	323	375
Other financial result	-101	-117
<b>Profit before taxes on income</b>	<b>443</b>	<b>334</b>
Extraordinary result	37	-
Taxes on income	48	29
<b>Net income</b>	<b>432</b>	<b>305</b>
Retained profit brought forward from prior periods	-	582
<b>Unappropriated profit</b>	<b>432</b>	<b>887</b>

## Net assets and financial position

Total assets increased in 2010 by EUR 422 m to EUR 14.654 bn.

Fixed assets fell by EUR 34 m to EUR 13.347 bn. The percentage of total assets comprised by fixed assets was 91 percent (2009: 94 percent). The main component of fixed assets is financial assets, due to the function of Linde AG as the holding company of The Linde Group. Financial assets saw a net decrease in 2010 of EUR 7 m. The decrease in financial assets arose from the disposal of the investment in Samara Oxygen to our Russian subsidiary, the offsetting of securities previously included under this heading against pension obligations and impairment losses recognised in respect of financial assets. The increase in financial assets, on the other hand, comprised mainly capital increases in Linde Holdings Netherlands, Linde Gas Hong Kong, Linde Gas Russia, Linde Gas Ukraine and TOO Linde Gaz Kazakhstan. Linde AG also bought out some minority shareholdings in Abelló Linde and acquired a majority interest in Ceylon Oxygen Limited in Sri Lanka.

Receivables and other assets rose from EUR 520 m to EUR 719 m. The main contributory factor here was the increase in financial receivables from affiliated companies. In addition, in the 2009 financial year Linde AG began to enter into Credit Support Annexes (CSAs) with banks. Under these agreements, the positive and negative fair values of derivatives held by Linde AG are collateralised with cash on a regular basis. The corresponding amounts due from banks have been disclosed under this heading since these agreements came into force in 2010.

Equity (before the appropriation of profit) rose EUR 215 m to EUR 7.897 bn. This increase was due to the exercise of share options, net income and the changes resulting from the first-time application of the German Accounting Law Modernisation Act (BilMoG). The equity figure was reduced, on the other hand, by the prior-year dividend paid. The equity ratio, based on total assets, remained at the same level as at 31 December 2009 (54 percent). Provisions totalled EUR 1.436 bn, EUR 252 m below the prior-year figure. This was mainly due to the fact that securities were offset against pension obligations as a result of the first-time application of the BilMoG.

Liabilities rose EUR 459 m to EUR 5.321 bn. The principal reason for this was the increase in financial liabilities to affiliated companies arising from the financing function performed by Linde AG on behalf of the Group.

Liquid assets increased by EUR 260 m to EUR 580 m.

### Balance sheet structure as a percentage of total assets

	2010		2009	
	in € million	in %	in € million	in %
<b>Assets</b>				
Financial assets	12,965	88	12,972	91
Other fixed assets	382	3	409	3
Receivables and other assets	719	5	520	4
Liquid assets	580	4	320	2
Other assets	8	–	11	–
<b>Total assets</b>	<b>14,654</b>	<b>100</b>	<b>14,232</b>	<b>100</b>
<b>Equity and liabilities</b>				
Equity	7,897	55	7,682	54
Provisions for pensions	487	3	804	6
Other provisions	949	6	884	6
Liabilities	5,321	36	4,862	34
<b>Total equity &amp; liabilities</b>	<b>14,654</b>	<b>100</b>	<b>14,232</b>	<b>100</b>

Net financial debt (financial liabilities less financial receivables less liquid assets) increased in 2010 by EUR 76 m from EUR 3.316 bn to EUR 3.392 bn. The main reasons for this were capital increases and grants of loans in the subsidiaries and the acquisition of the majority interest in Ceylon Oxygen.

## Research and development

In the 2010 financial year, a total of EUR 122 m (2009: EUR 128 m) was invested by Linde AG in research and development.

In the Linde Gas Division, we spent EUR 102 m (2009: EUR 109 m). The focus here was on the development of new gases applications.

In the Linde Engineering Division, we spent EUR 20 m in 2010 compared with EUR 19 m in 2009 on innovations and the development of technologies for all the main types of plant, especially for hydrogen, olefin and natural gas plants.

At 31 December 2010, 165 employees were working in research and development (2009: 171 employees). Of these, 91 (2009: 94) employees were in the Linde Gas Division and 74 (2009: 77) employees in the Linde Engineering Division.



# Financing and measures to safeguard liquidity

## Financing principles and objectives

The aim of external financing and measures to safeguard liquidity is to ensure that the Group has adequate liquidity at all times. The crisis in the international financial markets has made it clear how important it is for companies to procure sufficient liquidity.

External financial headroom is maintained primarily by the capital markets and a major international banking group. Within the Group, the principle of internal financing applies: i.e. the financing requirements of subsidiaries are covered wherever possible by intra-Group loans. In accordance with this guiding principle, the subsidiaries were again financed in 2010 mainly by our Dutch finance company, Linde Finance B.V., and Linde AG. Centralised financing makes it possible for Group companies to act as a single customer on the capital markets. This strengthens the Group's negotiating position with the banks and other market participants and ensures that the subsidiaries are financed in a cost-efficient manner.

The Group companies are financed either by the cash surpluses of other business units in cash pools (Germany, the UK, Scandinavia and the Baltic states, the US, the Benelux countries, Australia, China and other Asian countries), or by Group loans from Linde Finance B.V. and Linde AG respectively, taking into account any risks specific to that particular country. Occasionally, Group Treasury also negotiates credit facilities with local banks, to take account of particular legal, fiscal or other circumstances. Local financing occurs mainly for small amounts or specific projects.

### Acquisition credit

Net financial debt, which increased significantly in the course of the BOC acquisition in 2006, had been further reduced to EUR 5.497 bn at 31 December 2010 (2009: EUR 6.119 bn). Linde AG has, in the course of refinancing the BOC acquisition, fully repaid the syndicated credit facility (term loan) taken out in 2006 of GBP 8.9 bn. In 2009, the balance outstanding on this loan was the equivalent of around EUR 500 m.

### Syndicated credit facility

In order to increase the flexibility of its financing still further, in May 2010 Linde agreed a new EUR 2.5 bn five-year revolving credit facility. This credit line replaces the EUR 2 bn credit line from 2006, which was originally due to run until May 2011, and the EUR 1.6 bn forward start credit line agreed in June 2009. The transaction was arranged by Linde itself and forms part of a club deal. 25 major German and international banks used by Linde were involved in the transaction. With this new credit line, the Group has ensured that it has a solid general liquidity reserve with the banks. The facility is currently unused and also serves as back-up for Linde's EUR 2 bn Commercial Paper Programme. At 31 December 2010, there were no commercial papers outstanding. The revolving credit facility is available until 2015.

### Capital market activities

In 2010, Linde also made successful use of the capital markets via the subsidiary Linde Finance B.V. to improve the maturity profile of its financial debt, thereby ensuring the long-term financing of the Group. In August 2010, the Group issued a floating-rate AUD 150 m 5-year Australian dollar bond. The issue was used for general refinancing, with the aim of continuing to optimise the maturity profile and to hedge against the exposure to currency fluctuations in Australian assets in the Group balance sheet. The issue, which received positive feedback, was Linde's first ever AUD bond and was a seamless continuation the Group's successful financing strategy of relying on a broad base of financing sources and tools. The bond was issued under the Debt Issuance Programme and is listed on the Luxembourg Stock Exchange.

Under the EUR 10 bn Debt Issuance Programme, issues totalling EUR 4.1 bn in various currencies were outstanding at 31 December 2010 (2009: EUR 3.9 bn).

### Rating

Since 1999, the creditworthiness of The Linde Group has been rated by the leading international rating agencies Moody's and Standard & Poor's. The rating is an essential requirement for a continuing successful presence in the capital market. Even after the BOC acquisition, the Group's stated objective is a solid "investment grade" rating. Only six months after the BOC acquisition, in spring 2007, the rating agencies both increased Linde's rating by one notch, to BBB and Baa1 respectively. Since then, the ratings have continued to improve. The most recent change was made in spring 2010, when both rating agencies increased Linde's rating by one notch, S & P from BBB+ to A- and Moody's from Baa1 to A3. The subordinated bonds are currently rated at BBB by S & P and at Baa2 by Moody's.

#### Rating 2010

Rating agencies	Long-term rating	Outlook	Short-term rating
Moody's	A3	Stable	P-2
Standard & Poor's	A-	Stable	A-2

## Corporate responsibility (CR)

Linde is committed to the continuous improvement of its Corporate Responsibility performance and has identified the following five action items to help achieve its goals here: Employees, SHEQ<sup>1</sup>, Corporate Citizenship, Ethics and Compliance, and Socially Responsible Investments (SRI). The Group summarised its progress in these areas in its fifth Corporate Responsibility (CR) Report, published in November 2010.

This report charts the company's environmental balance, for example, in relation to the three focus areas of water, energy and air, and illustrates how its products and processes help protect the climate and conserve resources. Linde's efforts here focus above all on streamlining operations at its own production sites and offering customers innovative applications and technologies as environmentally sound alternatives to conventional processes. Global talent development programmes also played a key role in the company's CR agenda last year. In addition, the CR Report 2010 contains non-financial indicators to track performance relative to employees, health, safety and the environment (HSE).

The report is available online at [www.linde.com/cr](http://www.linde.com/cr).

### Guidelines and CR management

Linde's Corporate Responsibility Policy is one of the guidelines that governs the way the Group does business. It reflects the Group's commitment to stakeholders, the development of sustainable technologies and the conservation of natural resources. Shareholders, business partners, employees and the general public are among the company's most important stakeholders.

The CR Council is the highest decision-making body for all sustainability issues. The Council sets targets in line with the commitments mentioned above, which are bundled each year in the company's CR Roadmap and gradually implemented. The CR Council comprises Professor Dr Wolfgang Reitzle, Chief Executive Officer of Linde AG, and Dr Aldo Belloni, member of the Executive Board, together with heads of the following Group-wide corporate functions: Corporate Communications & Investor Relations, HR, Internal Audit, Legal and SHEQ.

### CR Roadmap 2010/2011

In the financial year 2010, Linde achieved an important milestone on its CR journey. For the first time, the company defined and communicated quantitative, Group-wide environmental goals. In the 2010 CR Report, for example, Linde outlines its intention to reduce the energy intensity and associated indirect CO<sub>2</sub> emissions of its air separation plants by 2013. The Group will report on its progress here every year.

Furthermore, the company published a detailed report on how it manages data and defines the criteria underlying its key indicators. Linde again obtained an assurance report for selected global health, safety and environment metrics from the auditors KPMG Sustainability during the period under review.

The Linde share again improved its credentials as a socially responsible investment (SRI) and was included in further funds and indices in 2010. The Group intends to continue to strengthen its position here through transparent reporting and close communication with stakeholders in 2011.

CR priorities for the financial year 2011 include the following:

- Once again, have an independent third party verify selected non-financial indicators,
- Continuously benchmark the company's environmental balance against environmental goals and identify additional environmental objectives at Group level,
- Identify concrete measures to raise employee satisfaction and the overall performance of the Group as an organisation based on the results of the global employee survey,
- Continue to minimise health and safety risks to employees and systematically improve transport safety.

### Key issues

In order to identify key CR issues at global, regional and local level, each year Linde creates a materiality matrix that aligns the ecological and social challenges of its core business with the requirements of its stakeholders. This matrix identifies spotlight topics for each action item. Depending on their relevance to sustainable corporate governance, the company then assigns priorities to these topics and pursues them accordingly.

In the case of the SHEQ action item, for example, Linde has identified environmental and climate protection, occupational safety and employee health protection as particularly high-priority areas.

<sup>1</sup> Safety, Health, Environment, Quality.

Under the Employees action item, the focus is on winning and developing talent, responding to demographic trends and balancing work and life.

Corporate Citizenship activities concentrate on promoting education, science and research. The Group thus continues to support the Carl von Linde Academy at the Technical University of Munich, the Physics Prize awarded by Bavaria's state universities and the Schloss Hansenberg boarding school.

The CR Report 2010 contains further details on these and other spotlights under all five CR action items and reports on the individual measures and goals implemented by the company in each area. The Corporate Governance Report (see page 010 to 016) outlines the company's progress under the Ethics and Compliance action item.

## Safety, Health, Environment, Quality (SHEQ)

The effective and comprehensive management of SHEQ issues is of high importance for all stakeholders, especially employees and customers. Linde's aim is to continuously improve the quality of its products and services, while at the same time maintaining excellent levels of safety, health and environmental protection.

### HSE management

The integrated HSE (Health, Safety, Environment) management systems at Group level provide the tools to steer HSE management activities in Germany. They incorporate internal HSE and quality guidelines and describe in detail the associated processes.

In 2010, Linde introduced binding minimum standards for health and occupational hygiene following a Group-wide qualitative health assessment. The company is also continuing to align its health and occupational hygiene standards worldwide and is gradually rolling out appropriate key performance indicators (KPIs). These metrics are continually assessed.

Looking beyond healthcare, the Linde SHEQ policy also prioritises transport safety. During the period under review, the company continued to hold safe driving courses for employees and contractors alike to keep the risk of serious road traffic incidents to a minimum.

To improve risk assessment at sites and plants, in recent years Linde further evolved its Major Hazard Review Programme (MHRP) and hardwired it into everyday operations.

### Quality management

Consistently high levels of product quality are crucial in the Gases Division. Consequently, over 70 percent of all Linde Gas sites worldwide, Linde Gas Germany included, are certified to the international quality management standard ISO 9001.

Managing quality to internationally recognised standards is also an integral part of all core processes at Linde Engineering – from tenders through order execution to ongoing customer service. Quality and HSE management are closely linked at all times here. The definition of quality and HSE goals, execution of internal audits and monitoring of customer satisfaction, for example, are an obligatory part of every plant engineering project. Like the Gases Division, the Engineering Division uses external certification to secure quality management standards.

### Climate protection

In its Corporate Responsibility and SHEQ Policies, Linde makes a firm commitment to environmental protection, the delivery of safe, environmentally friendly products and services, and the development of sustainable, ecological technologies. The Group has undertaken to measure the impact of its processes that have a particular effect on the environment and climate and to evaluate and publish this information regularly.

In the Gases Division, climate protection focuses primarily on air separation units and HyCO plants, whose primary products are hydrogen and carbon monoxide. The business of producing industrial gases is energy intensive. As a result, key challenges for Linde include reducing energy consumption, increasing energy efficiency, reducing greenhouse gas emissions and controlling costs. When gases are transported by truck, for example, the Group optimises transport routes to reduce further fuel consumption.

From a customer perspective, industrial gases can help reduce emissions and increase energy efficiency. Across just about all industries, Linde delivers gas applications that can reduce the impact of production processes on the environment and climate. They achieve this in a variety of ways, for instance by replacing harmful substances, raising combustion efficiency levels, cutting emissions and reducing waste.

Climate protection is also integrated into core processes within the Engineering Division. It plays a key role in the preparation of tenders and plant planning. Whenever the Engineering Division has tried-and-tested process technologies that extend beyond the customer's RFQ and/or local environmental regulations, Linde always advises its customers of the benefits of these solutions.

Research and development play an extremely important role in plant construction, also in relation to climate protection. Since 2009, Linde has been benchmarking the Engineering Division's innovative contribution to environmental and climate protection with its innovation performance indicator.

Linde provides further information about climate-friendly gas solutions and technologies online at [www.linde.com/cr](http://www.linde.com/cr).

The company is making advance preparations to accommodate any requirements that may arise from the European Union emissions trading scheme (ETS) as of 2013.

## Employees

Qualified, motivated employees are crucial to Linde's long-term success. The company's Group-wide HR strategy focuses on winning and developing the best talent and building long-term loyalty in the face of competition from peers. Ongoing, needs-based talent development at all sites is a cornerstone of Linde's HR management policy. In 2010, the Group expanded its talent development programmes. It is also increasingly addressing the impact that global demographic trends will have on talent management in the future.

### People excellence

People excellence is a key pillar within Linde's holistic concept for lasting process optimisation and productivity gains (High Performance Organisation, HPO). It targets three areas – talent development, corporate culture and performance.

Linde offers a wide range of training and talent development programmes to build employee skills on an ongoing basis and foster a positive attitude to change and learning processes. The various programmes are tailored to the individual needs of different professional profiles across the company and focus on hands-on experience or learning-by-doing. One example is the Global Talent Circle (GTC). Under the virtual umbrella of Linde University, this programme, which is aimed at middle management, ran twice during the year under review. Linde partners with leading business schools around the world for this initiative.

In the financial year 2010, the company also joined the European Institute for Industrial Leadership (EIIL), specialised in coaching managers from companies with a strong scientific/technical focus.

In addition, Linde expanded its Line Manager Development Programme, targeted at top and second-level managers. This programme teaches a number of core skills, including how to effectively steer and actively engage employees.

Within the framework of Linde University, the Group continued its Global Leadership Development Circle (GLDC) in 2010. This programme was developed in collaboration with the Business School at Oxford University. Here various experts ensure the latest research findings and leadership theories are channelled into the learning experience. GLDC is targeted at experienced managers with a high level of staff responsibility.

Linde also involves its most senior managers in its education programmes to create learning experiences of lasting practical value.

At the end of 2010, Linde carried out a voluntary global employee survey. The survey was well received, with over 70 percent of staff taking part. The results will be available to the company towards the end of Q1 2011. Linde expects the survey to provide valuable insights into how to raise employee satisfaction levels even further and optimise operating processes in the long term. The results will also give the company a solid basis to deepen its understanding of a common corporate culture.

### Demographic trends and lifelong learning

The competition to recruit and retain qualified staff continues to rise due to demographic trends in many industrialised countries, Germany included. The ability to attract highly qualified engineers is crucial to the long-term success of a technology player such as Linde. The Group has established a number of sponsorships with schools in Germany aimed at raising interest in natural sciences among children. The company is also actively involved in partnerships with universities and the research community outside of Germany.

In response to the changing age structure across the Group, Linde is implementing training programmes for employees of all ages. One example of the company's proactive stance in this area is the active encouragement of learning among older members of staff through the WeGebAu (Weiterbildung Geringqualifizierter und beschäftigter älterer Arbeitnehmer in Unternehmen) programme. Linde is rolling this scheme out in conjunction with the educational institute of industry and commerce in Bavaria (Bildungswerk der bayerischen Wirtschaft).

Last year, Linde and a number of other companies in the chemical industry set up a demographics fund. The company pays EUR 300 each year for each employee with a collective wage agreement into the fund and will use the proceeds for occupational pension plans and to help finance part-time contracts for workers reaching retirement age.

### Employee representation

The relationship between employees, representatives and unions is based on a fair balance between the company's business interests and the interests of its people worldwide. In 2010, 74.2 percent of the Linde AG payroll were employed under collective wage agreements (2009: 76.7 percent). In Germany, the Works Constitution Act (BetrVG) regulates cooperation between company management and employee representatives. The representation system is two-tiered, consisting of decentralised works councils in the local units and a central works council for the Group as a whole. In addition to this dual co-determination system, Linde has for some years maintained a European Works Council with 28 members. This promotes communication between employee representatives across national borders. Linde intends to intensify communication and cooperation between the European Works Council and company management throughout the course of 2011.

### Occupational pension schemes in Germany

In Germany, occupational pension schemes are an important part of the overall remuneration package offered by Linde AG. Employer-funded pension schemes are structured as defined benefit plans by means of a direct commitment.

Currently, Linde provides 6,318 employees in Germany (5,546 in Linde AG) with company-funded occupational pension schemes, 1,570 former employees (1,411 in Linde AG) have acquired a non-forfeitable entitlement to a company pension (deferred pensions) and 9,218 pensioners (8,321 in Linde AG) are drawing a company pension from Linde.

In addition to employer-funded pension schemes, Linde AG also offers the option of a salary conversion scheme (deferred compensation) within the Linde Pension Plan (Linde Vorsorge Plan). This plan is externally funded via a contractual trust agreement with a guaranteed minimum return. At present, 3,391 current employees (2,713 in Linde AG) contribute to the Linde Pension Plan. This corresponds to a participation rate of around 48 percent.

Employee participation in the deferred compensation scheme is supported through additional employer contributions under collective agreements, for example, or through matching contributions.

In 2010, Linde optimised this scheme by introducing a lifecycle model to protect the assets of older employees more effectively against a loss in value – especially as they approach retirement – and to offer younger employees attractive returns on investment. This involves gradually switching assets into more secure investments.

Pension commitments are financed in part (in the case of employer-funded pension commitments) or in full (in the case of deferred compensation through the Linde Pension Plan) via an external Contractual Trust Arrangement (CTA) and have additional

legal protection under private law from Pensionsversicherungs-Verband (PSVaG) in addition to the statutory insolvency insurance. The CTAs were amended in 2010 to reflect the latest legal trends and precedents.

### Thank you to employees

The Executive Board of Linde AG would like to thank all employees for their outstanding dedication and hard work in the past financial year. Their commitment and effort played a key role in the company's strong performance.

### Key indicators

Linde regularly publishes key HR, health, safety and environment (HSE) indicators. Collecting and reporting non-financial data from across the Group gives the company a valuable tool to evaluate the ecological and social impact of its business activities, assess its progress and plan subsequent steps. The CR key indicator system is thus a vehicle for Linde to steer sustainability activities and continuously improve its performance here. By regularly publishing global key indicators, the company also allows stakeholders to chart Linde's progress in the CR arena. The key employee indicators for Linde AG are published separately in this report.

Linde is committed to continuously improving its sustainability performance. Concrete measures here include extending data acquisition, improving data quality and increasing reporting transparency. The new Group-wide standardised reporting system for employee indicators, which the company continued to roll out in 2010, is designed to help improve sustainability performance. This system will enable Linde to gradually expand, streamline and standardise data collection.

To further improve the quality and comparability of data, Linde will continue during the current financial year to carry out internal checks on data quality across all organisational levels and provide detailed documentation of these checks.

Linde publishes further key indicators and information on how it manages its data and defines the criteria underlying key indicators online at [www.linde.com/cr](http://www.linde.com/cr) (Facts and Figures).

## Employees in Linde AG

	2010	2009
<b>Employees by division (as at the balance sheet date)</b>		
Linde Gas division	2,566	2,621
Linde Engineering division	2,630	2,739
Corporate Centre	237	248
<b>Linde AG</b>	<b>5,433</b>	<b>5,608</b>
<b>Structure of the workforce</b>		
Proportion of part-time employees in %	3.8	3.9
Proportion of fixed-term employees in %	2.8	2.9
Proportion of staff covered by collective wage agreements in %	74.2	76.7
Proportion of apprentices in total workforce in %	4.0	4.0
Number of apprentices and trainees	215	227
<b>Employee retention</b>		
Staff turnover rate <sup>1</sup> in %	1.4	0.9
<b>Diversity</b>		
Proportion of women in %	20.4	22.0
Age structure of permanent staff in %		
Staff under 30 years old	17.2	14.3
Staff between 31 and 50 years old	57.6	58.3
Staff over 50 years old	25.2	27.4
<b>Employee training</b>		
Average number of training days per employee	1.0	0.8
Average expenditure on training programmes per employee in €	207	204

<sup>1</sup> The staff turnover rate relates to employees who have left the Company voluntarily during the financial year.

# Risk report

The following report applies to both the parent company Linde AG and to The Linde Group. Due to its role as the holding company of The Linde Group, all the opportunities and risks which affect the Group also have an impact on Linde AG. Therefore, the commentary on the risk areas which is set out below is identical to that included in the Group financial statements for the year ended 31 December 2010.

## Risk management

The Linde Group, a technology company with global operations, is exposed to a great variety of risks in the course of its international business. A willingness to take entrepreneurial risks enables the Group to exploit opportunities as they arise. Therefore, Linde intentionally takes risks, as long as they are reasonable and can be managed and controlled, and bears such risks if they are expected to create value added for the Group.

For Linde, risk management is a systematic approach which involves recording and evaluating risks, then managing the response to any risks identified. Linde therefore sees risk management as an ongoing Group-wide task which is an integral part of all decisions and business processes across the Group. Risk management aims to make it more certain that growth and earnings targets and strategic objectives are met.

The Linde AG Executive Board has established a comprehensive, systematic and efficient integrated risk management system (Enterprise Risk Management [ERM] system), the basic principles of which are laid down in Group guidelines. Linde has tailored this system to suit its corporate structure. It is a vital component of the Group management process.

The key elements of the Enterprise Risk Management system are the risk management system and the internal control system, which are interrelated.

The risk management system focuses on the identification and handling of risks. It has always sought to address not only those risks that might affect the viability of the Group as a going concern, as required by the German Law on Control and Transparency in Business, but also all material risks for the Group.

The aim of the internal control system is to prevent the occurrence of risks arising from operations by adopting appropriate controls and processes, especially in the areas of conformity with the law, compliance with strategy, the quality of accounting and reporting, the quality of processes and the protection of assets. Linde does not limit itself to risks that might have a direct impact on the net assets, financial position or results of operations of the Group, but also examines risks which might have only an indirect impact on key financial figures, such as risks to the Group's reputation. The internal control system comprises all controls and processes which are incorporated into business operations so as to monitor those risks which have been identified.

## Organisation, responsibilities and risk management tools

Linde distinguishes between risks which relate to the entire Group (Group risks) and risks arising from the activities of the operating business units (business risks). Group risks are identified by members of the Executive Board and managers of the Global Support Functions, and managed by the personnel to whom the responsibility for those risks has been allocated. Business risks are managed by those responsible for the operating segments in the divisions.

Those with responsibility for the risks in the operating segments of the divisions are tasked with the systematic handling of business risks. They identify, analyse, manage and monitor the risks in their respective areas on a continual basis, while the next tier of management is responsible for controlling those risks.

To ensure that standard procedures are applied to the identification and evaluation of business risks in the operating segments, the central risk management department provides those responsible with the risk management tools and methods they require. It also coordinates the Group-wide recording of all significant risks for the Group and continues to develop the tools and methods required to identify and evaluate risks.

The heads of the Global Support Functions are responsible for establishing processes and control systems in their own areas to ensure compliance with legal requirements and internal guidelines. The latter in particular are regularly reviewed for best practice both within and outside the Group. The Global Support Functions regularly conduct risk reviews to harmonise their risk management activities, adapting them to any changes in the risk situation. In this context, the principal internal controls (key controls) are recorded and documented centrally. Guidelines issued centrally are an essential component of these key controls. Examples of these guidelines are:

- Capital expenditure guideline: The decision and allocation process for capital expenditure is centralised in The Linde Group. Each large item of capital expenditure is approved by a central investment committee and/or by the Executive Board of Linde AG.
- Treasury guideline: The Treasury guideline, which applies worldwide, essentially addresses the financial risks which may be encountered by a group with global operations, such as counterparty risk, liquidity risk and risks arising from changes in interest rates and exchange rates. Clear guidelines are set for the subsidiaries, to minimise these risks and actively manage them. The Treasury committee, which is chaired by the Chief Financial Officer, receives a monthly report on these risks.



→ Purchasing guideline: The Group must fulfil complex requirements relating to its business conduct as a result of its worldwide purchasing activities. Linde accepts the principles of free and fair competition. The Group therefore rejects any illegal business practices when purchasing goods and services. Linde has supplemented its employee code of conduct with a purchasing guideline which applies equally to all Group personnel. In these rules, Linde sets out principles relating to business conduct and the avoidance of conflicts of interest.

In addition to implementing the central standards referred to above, each local unit is responsible for adapting the internal control system to local needs, especially in addressing business risks, and for the functionality of the system. A review of the internal control system is performed at regular intervals by local units and by the Global Support Functions, based on self-assessment. The self-assessment involves companies and the Global Support Functions documenting, for example, whether the processes in the individual functional areas accord with the rules and comply with safety requirements, and whether key controls have been implemented and are effective. Internal Audit is responsible for the coordination and evaluation of this process.

In the 2010 financial year, the Group began to outsource some of its operating functions, such as bookkeeping, in various European countries. Where this was the case, the functions were transferred with the existing internal controls intact and additional controls were imposed to ensure the reliability of the accounting records.

#### Accounting-related internal control system

The preparation of the annual financial statements is centrally defined, monitored and implemented.

Uniform accounting and reporting guidelines define the minimum requirements for the divisions and ensure compliance with legal regulations and the provisions of the articles of association.

Accounting transactions are recorded by divisions of Linde AG.

The internal control system procedures, which are geared towards the proper preparation and reliability of the accounting records, ensure that business transactions are recorded on a timely basis in accordance with legal regulations and the provisions of the articles of association and that the records of these transactions are complete. They also ensure that inventories are properly drawn up, and that assets and liabilities are appropriately recognised, measured and disclosed. The separation of administration, implementation, execution and authorisation functions reduces the chance of fraud.

The accounting systems of the divisions are fully integrated ERP systems which are tailored to the specific requirements of an industrial gases and plant construction company. These systems not only collect data for the preparation of the annual finan-

cial statements in accordance with the provisions of the German Commercial Code (HGB) and the rules set out in the articles of association, but also provide all the data for the Group management accounts prepared on a monthly basis in accordance with IFRS. Supplementary information is added to the data recorded in the divisions to form a reporting pack and the divisions submit this on a standard set of forms.

This data provides the basis for the management of the entire Group and is available to the Financial Control department and to other central departments. The divisions are aggregated centrally to produce the annual financial statements of Linde AG. In particular cases, for example the measurement of pension obligations, external experts are used.

The key controls used to ensure the proper preparation and reliability of the accounting records are:

- mechanical controls, such as automated plausibility checks of the figures and systems access controls based on the authorisation concept, implementation of the four-eye concept, and
- manual controls, such as variance and trend analyses based on defined key figures and comparisons with budget figures. The reliability of the accounting procedures is also underpinned by monthly discussions about the main key figures at divisional level.

#### Risk recognition, evaluation and management

At the very heart of all risk management is a systematic, cyclical risk management process, involving a series of steps from the identification of a risk, to the analysis, evaluation and management of the risk, and finally to the monitoring of the measures taken in reaction to the risk. Those with local responsibility for risk in the operating units ensure that, among other things, the global implementation of the risk management process takes place.

The management team of each unit within the Group analyses the main risks affecting their unit. Then the executives in the various units categorise each risk they have identified and evaluate it in terms of its loss potential and the expected probability of its occurrence. All the units in the Group use the same assessment criteria issued by the central risk management department. When evaluating the loss potential, Linde considers not only the impact on earnings, but also the impact on non-monetary aspects such as safety, service, reputation and strategy. For each risk, the units plan the next step of measures that can be taken to manage the risk, so that the risk may be reduced to an acceptable level. The management of the risk comprises a selection or combination of measures to avoid risk, to transfer risk, to reduce risk and to control risk. For each risk, responsibility for the risk is assumed by an individual appointed by the management of the unit. This person then monitors the risk and manages the handling of the risk.

Risk workshops involving the management teams of the operating units are Linde's key tool when identifying and evaluating risks and determining the measures to be taken to reduce those risks. The units within the Group record all the risks identified in risk registers which are updated on a quarterly basis. In the risk registers, for each risk, the measures taken to reduce the risk are documented and an assessment is made of the probability of occurrence of the risk and its loss potential in a clear, summarised form, so that the decision-makers are given an overview of the risk position in their unit.

### Risk reporting

The reporting system is of particular importance when monitoring and controlling the risks of current business operations. It ensures that the business performance of the individual companies in the Group is portrayed and described in accordance with uniform guidelines.

Under the risk management system, the Group companies report the status of any significant risks and any changes in those risks directly, based on graduated cut-off points for loss potential and probability of occurrence. In addition, any risks which arise unexpectedly or which have repercussions for the whole Group are communicated directly to the appropriate personnel in the Group, irrespective of the normal reporting channels.

Every quarter, the Executive Board is presented with status reports from the central risk management department, which are then discussed at an Executive Board meeting. The status reports include not only a presentation of the significant risk positions in the individual divisions and regions, but also qualitative and quantitative assessments of the probability of occurrence and loss potential of any risks identified which might pose a threat to the Group companies and to the Group as a whole. Moreover, the operational members of the Executive Board report every six months on the risk situation within their spheres of responsibility. The Executive Board presents a report on the risk situation in the Group at the quarterly meetings of the Audit Committee.

### Audit

The internal audit department performs reviews at regular intervals of the efficiency and effectiveness of the risk management system and the internal control system. The external auditors also assess the effectiveness of the early recognition system for risks and submit regular reports at a global level about the outcome of their reviews to the Group Executive Board and Supervisory Board.

The annual financial statements are audited by an independent, external auditing company (KPMG AG Wirtschaftsprüfungsgesellschaft). The divisions are also audited by KPMG AG Wirtschaftsprüfungsgesellschaft. As well as submitting an auditors' report, the auditors also report on any matters arising from the audit, such as the audit focus areas.

In addition to the external auditors, the internal audit department is also involved in the testing of subsystems relevant to the accounting, such as the Treasury system and the bookkeeping systems of the divisions.

### Continuous improvement

Linde's risk management system is forward-looking. It is continuously being improved in order to increase its effectiveness.

The relevant accounting-related internal controls are reviewed and optimised on a regular basis to ensure an efficient, functional process. The chart of accounts used throughout the Group, for example, is adapted regularly to meet new internal or external requirements. In addition, the Group reviews all the guidelines which apply to local units and Global Support Functions at least once a year to ensure that the processes are improved and amended.

### Risk areas

The main risk areas which might have an adverse effect on the Group's net assets, the financial position and the results of operations are described below. Also set out for each risk area are the strategies adopted to control those risks. In each risk area, a large number of individual risks from different regions and business areas are grouped together. Moreover, each risk strategy in turn comprises a large number of specific individual measures and activities. Therefore, no opinion is expressed as to the potential loss or the probability of occurrence of the risks in the individual risk areas.

### Risks arising from the economic environment

As a company with global operations, Linde is dependent on cyclical trends in the world economy. Following the global financial and economic crisis, risk factors such as high levels of public debt in many countries, weakened banks and protectionist measures in world trade, have increased uncertainties about future global economic trends. The high level of volatility in the financial markets will continue to make it difficult to make an accurate assessment of the future net assets, financial position and results of operations of The Linde Group. If global growth is not stable, there is the threat of lost sales, a potential lack of new business and an increase in the risk of bad debts in the operating business due to the increasing inability of customers to make payments (counterparty risk).

Linde operates in many countries and regions, supplying almost all industry sectors. This does not mean that the Group is able to prevent a potential further decline in global demand having a negative impact on its growth targets, but it does mean that it is able to reduce the effects of such a decline. This spread of risk also applies to counterparty risk. Linde deals with counterparties who have good credit ratings. Regular reviews are performed of the creditworthiness of counterparties and clearly defined limits are set. Experience during the economic crisis has shown that credit ratings can change very rapidly. Despite the Group's monitoring procedures, counterparties might delay their payments or fail to pay at all.

Linde's focus on gases and plant construction, sectors which sometimes benefit in terms of sales and earnings when there is a deterioration in certain economic conditions, also contributes towards reducing the impact of economic cycles on the Group.

Moreover, Linde continues to implement a number of cost-reduction and efficiency improvement schemes for its processes.

The fact that markets are competitive means that Linde is exposed to the risk of losing market share and experiencing a decline in its market profile. The Group is countering this risk by constantly conducting analyses of its market environment and competitive situation. Linde obtains vital information about customers' requirements by maintaining regular contact with customers, which enables it to stay close to the market. The Group uses the information it receives to develop and supply products tailored to suit the needs of the market and to enhance its competitive position and continue to raise its market profile.

In its capacity as the holding company of The Linde Group, Linde holds investments in Group companies. The carrying amounts of these investments are exposed to the risk of impairment if the economic situation of these Group companies changes for the worse. In this case, it is possible that there might be a negative impact on the unappropriated profit of Linde AG.

### Risks in politically unstable countries

Linde is a global group operating in around 100 countries worldwide. Potential risks the Group might encounter in different countries include the nationalisation or expropriation of assets, legal risks, the prohibition of capital transfers, bad debts with government institutions, war and other unrest. To manage these risks, Linde employs risk assessment tools to evaluate its exposure to risk and the impact of risk on the net assets, financial position and results of operations of the Group, and to ensure capital adequacy and cross-border financing at optimal levels of risk. Individual capital expenditure projects are evaluated so as to identify any political risks and are required to achieve certain returns on investment. On the basis of this evaluation, the risks are covered, if appropriate, by German government guarantees for direct foreign investment, tailored insurance solutions or similar financial instruments available in the market. Counterparty risk for export business is also assessed, and limited if necessary by instruments such as Hermes guarantees.

### External risks

A fundamental risk for Linde, as for all companies, is posed by potential radical changes in the political, legal and social environment. A risk to the net assets, financial position and results of operations of the Group also exists in the form of natural disasters, pandemics or terrorist acts. These risks, which are covered in some cases by insurance, are addressed by Business Continuity Management. In the business units, under the direction of the Group-wide SHEQ (Safety, Health, Environment, Quality) function, local contingency plans are developed to minimise as far as possible the potential consequences of serious events through rapid, effective action and to ensure the fastest possible return to normal operations, even in the case of highly improbable events or losses of a grave nature.

### Strategy risk

Linde has developed a long-term growth strategy. At regular meetings, the Executive Board and Supervisory Board, as well as Group management personnel, evaluate this strategy and implement any corrective measures required.

Linde also pays close attention to global economic trends, so that it can take the steps necessary to adapt the implementation of the strategy to any changes in the international economic situation: for example, by adjusting the timeframe involved or the geographical application of the strategy.

The newly industrialised countries are expected to be the most important drivers of global gross domestic product for the foreseeable future as a result of their structural development potential. Linde is therefore pursuing a strategy of increasing its commitment in these countries.

The greater opportunities for growth offered in these countries, when compared to the established industrial regions such as North America and the eurozone, are nevertheless generally associated with higher country risks. The measures Linde has adopted and the risk management tools it employs to manage these country risks are described in the section of this report entitled “Risks in politically unstable countries”.

### Financial risks

The basic risk strategies for interest, currency and liquidity management and the objectives and principles governing Linde’s financing are determined by the Treasury committee, led by the member of the Executive Board responsible for finance. This committee usually meets once a month and comprises representatives from Treasury and Accounting/Reporting.

Due to its global operations, Linde is exposed to a number of financial risks. In particular, these include counterparty risk, liquidity risk and risks arising from movements in interest rates and exchange rates. The management of counterparty risk is based on the credit rating of the counterparties. The Group also monitors changes in other relevant capital market parameters, such as movements in credit default swaps or in the market capitalisation of counterparties. Linde limits the extent and duration of any financial transactions to be concluded accordingly. Regular reviews are performed by a supervisory unit which is independent of the trading entity to ensure compliance with all the limits set. Moreover, at the end of 2009, the Group began to conclude CSAs (Credit Support Annexes) with its major banks. Under these agreements, the positive and negative fair values of derivatives held by Linde AG and Linde Finance B.V. are collateralised with cash on a regular basis. This significantly reduces counterparty risk.

Even before the onset of the crisis in the financial markets, the management of the liquidity risk was one of the Treasury department’s most important tasks. For years, Linde has pursued a prudent and conservative policy of safeguarding liquidity and has continued to have access to the capital markets in the 2010 financial year. Linde also has access to agreed unused financing commitments of EUR 2.5 bn, a syndicated credit facility available until 2015 provided by an international banking group.

Interest rate risk arises as a result of fluctuations in interest rates caused by the markets. On the one hand, they have an impact on the level of the interest expense borne by The Linde Group, and on the other hand they affect the fair value of financial instruments. Based on the operational business model and using sensitivity and scenario analyses, Group Treasury has determined ranges for the fixed-floating rate of the financial liabilities in the main currencies: Euro (EUR), British Pounds (GBP), US Dollars (USD) and Australian Dollars (AUD). Group Treasury manages the rates within the agreed ranges and submits regular reports to the Treasury committee about the measures implemented.

In the case of exchange rate risk, it is important to distinguish between operational transaction risks, which are the result for example of supply contracts for individual projects spread across different currency zones, and translation risks, which arise from currency translation relating to individual companies at different cut-off dates.

Within Treasury, the principle of segregation of duties between the front, middle and back offices is observed and monitored throughout the risk management process. This means that there is a strict personal and organisational separation between the dealing and the processing and verification of a financial transaction. Linde uses a treasury management system to implement, record and evaluate transactions. The operations within Treasury are subject to regular internal and external audits, generally once a year.

Financing and hedging decisions are based on the financial information obtained from the treasury management system and from financial and liquidity forecasts. These are embedded in the general financial reporting system, which is also used for Financial Control and Accounting/Reporting.

Financing activities which are not in the local currency inevitably lead to foreign currency cash flows. The Group guideline states that individual business units must monitor the resulting transaction risks themselves and agree appropriate hedging transactions with Group Treasury, based on predetermined minimum hedging rates, provided no other reasons not to hedge internally apply.

Hedging decisions are made according to the risk strategies of the Treasury committee. Forward exchange deals, currency swaps, simple currency options and foreign currency loans are all used here. The main currencies are the US Dollar (USD), the British Pound (GBP), the Australian Dollar (AUD) and some Eastern European, South American and Asian currencies. Translation risks are hedged within authorised ranges. In the Gases Division, the Group also uses financial instruments, especially to hedge against exposure to changes in the price of electricity, natural gas and propane gas. In the project business in the Engineering Division, foreign currency risks are reduced as much as possible by natural hedges: for example, by purchasing supplies and services in the currency of the contract. Any foreign currency amounts over and above this are immediately hedged fully when they arise, generally by entering into forward exchange transactions.

Interest rate risks are also centrally managed. The Group analyses potential interest rate risks, ascertains the interest rate exposure in the major currencies and conducts sensitivity analyses. Based on the range for hedging rates determined by the Treasury committee, Group Treasury concludes the transactions with the banks. Interest rate risks are hedged using long-term fixed-interest bonds, loans and interest rate derivatives. In 2010, on average 60 percent of the exposure of the Group was

financed at fixed rates, while at 31 December 2010 the figure was 74 percent.

For further information, see Note [24] of the Notes to the financial statements.

### Pension risks

In certain countries, companies in The Linde Group have defined benefit commitments to their employees under occupational pension schemes. Depending on the structure of the schemes, one-off payments may be made or the employees may be entitled to a pension for life with an annual increase which may be variable or inflation-linked. As a result, there are risks to the Group arising from unexpected inflation or increases in life expectancy.

The amount of the obligation is the actuarial present value of all pension commitments and is expressed as the Defined Benefit Obligation (DBO) under IFRS. The amount of the obligation is subject to annual changes in the valuation assumptions, especially those relating to the discount rate and inflation. This gives rise to interest rate and inflation risks.

In most pension schemes, the obligation is covered by assets which are maintained separately. The worth of the pension assets is subject to fluctuations in the fair value of those assets: e.g. bonds and shares. There is therefore an exposure to market risks, especially interest rate, spread and share risks.

The risks relating to the pension obligation on the one hand and the pension assets on the other, and therefore to the net financing position of pensions, are quantified and evaluated on a regular basis by Linde. There is a natural conflict between extensive reduction of the risk and the achievement in the long term of the required return on assets to keep pace with the increase in the obligation.

As a guideline, the Executive Board has set a global risk budget. Measures being taken to modify the actual risk are coordinated by the Global Pension Committee and implemented in the local pension schemes. The impact of inflation or deflation scenarios on the net financing position of pensions is analysed on a regular basis in the form of scenario calculations and is incorporated into investment decisions. An investment panel for pension assets has been set up as an additional measure. This committee assesses the long-term opportunities and risks associated with various classes of investment and makes decisions or recommendations regarding the investment strategy of the major pension schemes. The investment panel is chaired by the Chief Financial Officer and advised by external experts.

### Risks arising from acquisitions and investments

Acquisition and investment projects are vital for the future growth of The Linde Group. Such projects are, however, associated with complex risks. Linde manages and reduces these risks by designing appropriate processes for its acquisition and investment projects.

Right at the beginning of each project, the Group assesses the risks associated with that project. Acquisitions, investments and divestments are also regularly discussed by the investment committee or at meetings of the Executive Board. Project assumptions, the feasibility of the project and specific business risks are subjected to detailed review at these meetings. The Group evaluates, for example, the country/currency risk, the credit ratings of individual customers, trends in the local (gases) markets and the underlying terms and conditions of the contract and the cost of the investment.

In the course of the past financial year, Linde has completed a variety of corporate acquisitions and sales. The acquisitions made are the result of deliberate steps taken by the Group to strengthen its core business. The investments focused on areas offering opportunities for attractive levels of growth and for sustainable increases in the profitability and competitiveness of the Group.

### Risks associated with innovation

The capacity to innovate is key to the success of a technology group such as Linde. The Group's research and development activities focus not only on improvements in existing customer processes, but also on completely new technologies and gases applications which may form the basis for future business success. Linde is concentrating in particular on the following growth areas: energy and the environment, metallurgy, pharmaceuticals, food, health and new materials. In the energy sector, for example, the focus of the Group's research and development activities is on hydrogen technology and the carbon capture and storage process, fields with a high level of innovation. In the case of steel production and metal recycling, where reducing emissions of carbon dioxide and nitrogen oxides is a key issue, development work often takes place on-site at customers' sites, intervening directly in the production process. In the food sector and in the pharmaceutical industry, Linde's innovative solutions must meet strict hygiene requirements and comply with the guidelines set out in the pharmacopoeia. In the area of new materials, investigations are being conducted into the fields of application of materials research such as nanotechnology in the sectors in which Linde operates.

Innovative projects differ from normal capital expenditure projects because of their novelty and as a result of the additional risks associated with them. The more innovative the project, the greater the uncertainty attached to it. Despite the great opportunities for growth which may be presented by the activities of Linde's research departments, there is a risk that, due to the high level of complexity and the rate of growth of the technologies and the markets, projects may not be able to proceed for technological, economic, legal or safety reasons.

On the other hand, there is also the risk that competitors might develop new technologies faster or in a more sustainable manner than Linde and then launch them onto the market and of this presenting a threat to Linde's core technologies.

The Group addresses this risk in a number of different ways. Innovation Management and Clean Energy, the Group-wide Global Support Function, keeps an eye on the markets, checking constantly to see whether the projects within The Linde Group match its overall strategy and have the potential to generate future profits. The increase in scope of this Global Support Function to include clean energy will make even more detailed assessments of the technological risks and opportunities for Linde possible. Appropriate measures will be taken as a result. A systematic evaluation of target areas also takes place, so as to identify early any scenarios which might pose a threat to the Group's own core business and allow it to take the appropriate countermeasures.

The Group also bundles together its development activities. In the Healthcare Global Business Unit, for example, Linde has incorporated its expertise in medical gases into one strong innovation and development unit.

In the Gases Division, global teams of experts in the development of applications ensure that development projects are geared towards the current and future requirements around the world of the various industries. A rigorous development process with defined milestones identifies variances from target as soon as possible and the appropriate corrective action is taken as a result. In addition, current project costs and project targets are monitored on an ongoing basis. In the Engineering Division, for example, there is permanent performance measurement, which ensures that projects achieve a planned economic return within a certain timeframe and that there are no unexpected budget overruns.

Linde's participation in the work of standard-setting bodies and associations and representation on many relevant industry committees, such as those concerned with hydrogen technology, makes a further contribution in this field. The Group is actively involved in the development of future standards, as the marketing of innovations may depend on compliance with those standards.

### Purchasing risks

A key element in the success of the divisions is the ready availability of the products and services purchased by Linde, which must be of suitable quality, and obtainable in appropriate quantities at prices in line with market conditions.

To reduce risk, the central purchasing department pursues a portfolio strategy across the entire Group. This strategy is organised on the basis of defined material groups, which are used to categorise all products and services. Reviews are performed for each material group to ascertain the security of supply, any dependence on suppliers and the supplier portfolio. Based on this analysis, the Group develops purchasing strategies which minimise the purchasing risk and the cost risk. One example of this is single sourcing, which Linde reduces by systematically generating alternative sources of supply. The regional purchasing organisations are involved in this process, from the development of the strategy to its implementation in the relevant country, so that the information available about local markets can be incorporated into the development of the purchasing strategies.

Methods of best practice adopted centrally and supplier selection and evaluation tools are used throughout the Group to support the regional purchasing organisations.

On the purchasing side, the impact of price volatility risks relating to the procurement of electricity and natural gas is cushioned by long-term purchasing strategies in the deregulated energy markets. On the sales side, due to the amount of energy consumed in industrial gases production, fluctuations in the price of electricity and natural gas are passed through to customers using appropriate price formulas.

### Product risks

Potential product risks, such as liability claims and loss of reputation due to product defects, are countered by the high quality and safety levels of Linde's products, product information and services. To ensure that products are safe, risk management is based on the concept of overall product responsibility (product stewardship). The potential hazards and risks which might arise from a product during its entire life-cycle for human beings and the environment are analysed and the relevant potential risk is determined. Linde takes the necessary measures to avoid the risks which have been identified or, if that is not possible, to reduce the risks to an acceptable level. Product stewardship begins at the moment when key raw materials, supplies and services are purchased. The Group only chooses suppliers who attach as much importance to occupational safety, health protection, environmental protection and quality as Linde itself does, and who can demonstrate this: for example, by the fact that they operate an integrated management system.

Customers are also involved in product stewardship. In the Gases Division, Linde conducts customer screenings for critical products. These investigations aim to minimise the risks which might arise from improper handling of the Group's gases or chemicals. Linde only supplies these products to its customers if they can demonstrate beforehand that they are able to guarantee proper use of the gases and that they are able to meet all the necessary safety standards.

Linde continually updates the safety sections of its product information, such as safety data sheets, to take account of national and international guidelines such as REACH (Registration, Evaluation, Authorisation and restriction of CHemicals) and GHS (Globally Harmonised System of Classification and Labelling of Chemicals).

If, despite all these precautions, problems arise, for example with a gas cylinder, the Group's emergency teams are on stand-by to provide support.

#### Production risks

A lengthy stoppage at one of Linde's main plants or at one of its on-site plants on a customer's site could adversely affect the results of operations and reputation of the Group. This would be particularly true if the interruption to the business was caused by an accident which also resulted in personal injury or damage to the environment.

Therefore, Linde places a high priority on measures which will prevent business interruptions. These include, in particular, the monitoring and maintenance of plants so that such incidents may be avoided, and the provision of replacement parts which are of strategic importance. If, despite these preventive measures, a business interruption should occur, the Group has supply networks operating between its production plants so that any business interruption would have only a limited effect or no effect at all on its customers.

#### Environmental and safety risks

The manufacturing of products and construction of plants by the Group may give rise to risks associated with the production, filling, storage and transport of raw materials, goods or waste. These risks, if not handled appropriately, might lead to personal injury, damage to property or environmental damage, which in turn might result in business interruptions, monetary penalties, compensation payments or environmental clean-up costs. The reputation of The Linde Group could also suffer if such an event were to occur.

The Group therefore strives to be a leader in the areas of safety, health protection, environmental protection and quality. All these aspects are integrated into Linde's management systems. The Group-wide SHEQ function manages the constant improvement process in these areas, ensuring its success.

One of the Group's main preventive strategies is to maintain and continually update a stringent safety standard for the production and service processes. Strict safety requirements form the basis of processes with a particularly high exposure to risk. A number of years ago, Linde developed and introduced a Major Hazard Review Programme. This programme helps the Group minimise the risk of incidents which might occur if the safety levels being maintained in its processes were inadequate and it is constantly being updated to address potential new risks.

Pollution can occur in many guises and can damage the environment in various ways. Linde understands and knows about the environmental impact of its processes and is therefore able to develop and implement plans to reduce and control such effects. The Group focuses in particular on reducing emissions and on making continual improvements to its operations to ensure the efficient use of resources, materials and energy. Linde is currently involved, for instance, in improving the energy efficiency of its production plants and in increasing the efficiency of its transport fleet. For the first time in 2010, Linde has established quantitative targets at Group level to ensure the rigorous implementation of climate and resource protection. The Group's impact on the environment is disclosed in key figures published every year in its Financial Report and Corporate Responsibility Report. Selected key figures published in the 2010 Corporate Responsibility Report were reviewed for validity and reasonableness and certified by the auditing company KPMG Sustainability.

#### Project risks

Complex major plant construction projects make specific demands on risk management. The Group's Engineering Division handles significant contracts which may be worth several hundred million euro and may extend over a number of years.

Typically, the division is involved in the planning and construction of turnkey plants. Potential risks may arise as a result of the costings of complex projects which are subject to uncertainties. Risks may include unexpected technical problems, bottlenecks and quality problems relating to the supply of major components, unforeseen developments during on-site assembly and problems with partners or subcontractors. To manage the risks in plant construction, Linde employs tried and tested methods even in the tendering phase, to assess the impact on the profitability of a large-scale project of potential variances from budgeted cost for individual components. The Group conducts simulations of the opportunities and risks associated with each project using numerical methods of analysis. By continually monitoring changes in the parameters alongside the progress of the project, Linde is able to identify potential project risks at an early stage and to take appropriate measures to counter them. These risk management tools are constantly being updated and modified to meet the increasing demands of the market.

In the Engineering Division as well, Linde places great emphasis on plant construction and project execution in accordance with health, safety and environmental (HSE) requirements. In this division, the Group ensures that the relevant aspects are taken into account in the planning process and properly applied through the use of a uniform HSE management system. Linde ensures that occupational safety concerns are addressed on the construction sites, integrating HSE considerations into clearly-structured management standards and procedures for the assembly and commissioning of plants, with planning and monitoring taking place at an early stage.

The implementation of this process is underpinned by a panel of experts with a wide-ranging remit.

#### Personnel risks

An important feature of Linde AG's corporate culture is that it is based on trust. The Group places special emphasis on its employees assuming personal responsibility and thinking and acting in an entrepreneurial way.

To develop the strengths of the Group's executives and foster their commitment, Linde will continue to position itself as an attractive employer and will seek to ensure the long-term loyalty of its management team and employees. The Group's rigorous management development programme includes the provision of development opportunities, as well as support and advice to target groups, the early identification and advancement of high achievers and those with potential, and attractive incentive schemes which are tailored to suit the needs of the market.

The success of the Group depends on the commitment, motivation and skills of its employees. Linde is addressing the issue of the shortage of skilled personnel in some fields by ensuring that it offers a range of personal development schemes and extensive opportunities for gaining qualifications and for professional development. This strengthens the position of the Group as an attractive employer in the competitive market for skilled employees, especially in the field of engineering.

Linde has also launched various projects which fall under the heading of People Excellence, such as Line Manager Training, Technical Career Paths, Succession Planning and the Global Talent Circle. These projects should ensure that key positions can be filled by staff from within the organisation, especially in the technical field, and that Linde will be able to use its own resources to meet the challenges of a highly competitive labour market. The Group also trains graduate engineers on university courses with a work experience element and is dealing with the shortage of engineers by enhancing its own in-house training schemes.

#### Legal risks

With its international operations, The Linde Group is exposed to numerous legal risks. These may include, in particular, risks relating to product liability, competition and antitrust law, patent law, tax legislation and environmental protection. The outcome of any current pending or future proceedings can often not be predicted with any certainty. Legal or regulatory judgements or agreed settlements might give rise to expenses which are not covered, or not fully covered, by insurance benefits. These expenses might have an impact on the business and earnings of the Group.

Legal support for Linde's operating activities includes the identification of legal risks based on a systematic approach and the assessment of those risks for the probability of their occurrence and for their potential impact in either qualitative or quantitative terms or both.

Certain companies in The Linde Group are parties to various legal proceedings in the ordinary course of business, including some in which claims for damages in large amounts have been asserted. The outcome of the litigation to which Linde Group companies are party cannot be readily foreseen, but the Company believes that such litigation should be disposed of without material adverse effect on the Company's financial condition or profitability.

During the reporting period, the Brazilian competition authority CADE imposed fines on a number of gases companies, including Linde's Brazilian subsidiary, on the grounds of alleged anti-competitive business conduct in the years 1998 to 2004. Seen from today's perspective, Linde assumes that this decision will not stand up to judicial review.

In the 2010 financial year, two customers of Afrox International Limited, in which Linde AG holds a majority interest, filed suits against this company on the grounds of alleged failure to meet supply commitments. Linde is confident that it has strong defences to the claims asserted and intends to defend vigorously such claims.

Certain subsidiaries of the Company are parties to lawsuits in the United States for alleged injuries resulting from exposure to manganese, asbestos and/or toxic fumes in connection with the welding process. In these cases, the Company's subsidiaries are typically one of several or many other defendants. The subsidiaries of the Company named in these cases believe that they have strong defences to the claims asserted in the various cases and intend to defend vigorously such claims. Based on the litigation experience to date, together with current assessments of the claims being asserted and applicable insurance, Linde believes that the continued defence and resolution of the welding fumes litigation will not have a material adverse effect on the financial condition or profitability of the Group. Nonetheless, the outcome of these cases is inherently uncertain and difficult to predict. The Company's subsidiaries have insurance that covers most or part of the costs and any judgements associated with these claims.



The legal proceedings described above are those currently considered to involve material risks. They do not necessarily represent an exhaustive list.

### IT risks

Most of The Linde Group's business processes are supported by in-house or outsourced information services and systems. To ensure that operations are not interrupted or disrupted, the Group attaches particular importance to the availability of IT resources and services. In addition, Linde is constantly seeking to ensure that the integrity and confidentiality of important information is guaranteed.

Data security is a vital and intrinsic part of Linde's Group-wide IT strategy. It is therefore viewed in its entirety, which means that Linde devises, implements and monitors procedures to protect data, applications, systems and networks. These procedures may be preventive or may be designed in reaction to specific circumstances.

To ensure the effective implementation of the security system, organisational, technical and personal precautionary measures are applied. These include a review of the appropriateness of the IT systems and corresponding control mechanisms used. Linde pays particular attention to access protection, the management of data traffic and the prevention of potential attacks. All major server systems (e-mail, the Web, file and application servers, databases) and PCs are provided with reliable protection from possible threats in the form of anti-virus software which is constantly updated. In addition, the Group regularly performs an automatic update of the operating system platform and of critical business applications.

The IT security process is structured and defined by a number of policies, standards and recommendations. These are based for the most part on internationally recognised security standards such as ISO 27001/27002. Industry-specific standards are also used to enhance IT security: for example, protecting patient data in the course of the Group's healthcare activities.

The measures taken by Linde to create an efficient and secure IT environment always take account of the need for data processing, data storage and data transmission to comply with legal requirements (data protection). The focus here is on the relevant regional and national laws and guidelines, as well as on industry-specific standards.

To ensure that security measures are implemented with a high level of efficiency, analyses of threats, weaknesses and risks are conducted. The relevance, stage of maturity and current state of the security measures adopted are monitored via self-assessments, as well as by the IT internal audit department and external IT auditors. This ongoing process makes it possible to make any amendments or improvements that might be required, contributing to a sustainable increase in the effectiveness of the security measures.

In addition, measures are continually being adopted to keep the current IT landscape technically up to date. Linde pays particular attention to business-critical resources which are being updated in a long-term programme of consolidation. So, for example, outdated systems which are no longer supported and are therefore high-risk are identified and updated or replaced by new systems. Targeted outsourcing activities during the reporting period have enabled Linde to achieve significant improvements in its capacity for data recovery and data production. Therefore, the Group is better equipped to deal with any outages or attacks. Working parties regularly analyse process risks which might arise from the outsourcing of IT services and these are reduced, if necessary, by implementing organisational or technical measures.

### Risk transfer

The Linde Group has taken out appropriate insurance for potential losses and liability risks to ensure that the potential financial consequences of any risks which have arisen are eliminated or limited. The Group constantly ensures that its insurance is at the optimum level, based on the specific requirements of the divisions.

### Evaluation of the overall risk situation of the Group

Based on the risks and future prospects of the Group which have been outlined in this report, no risks have been identified in the 2010 financial year which might have a lasting or significant negative impact on the net assets, financial position and results of operations of The Linde Group.

The total amount which relates to individual risks within the risk fields will not adversely affect the viability of The Linde Group as a going concern. If there is a change in external circumstances, risks which are currently unknown or deemed to be immaterial might have a negative impact on business operations.

The Group has made all the necessary organisational arrangements to ensure that it becomes aware at an early stage of any apparent changes in risk situations and makes an appropriate response to those changes.

## Disclosures in accordance with § 289 (4) of the German Commercial Code (HGB) and commentary

### Capital subscribed

The company has capital subscribed at the balance sheet date of EUR 435,960,168.96 which is fully paid up. This is divided into 170,296,941 shares at a par value of EUR 2.56 per share. The shares are bearer shares. Each share confers a voting right and is entitled to dividend.

### Restrictions affecting voting rights or the transfer of shares

In the 2007 financial year, it was resolved at the Annual General Meeting to introduce a share option scheme (Linde Performance Share Programme 2007) for management boards and lower-ranking executives under which up to 3.5 million subscription rights can be issued. If members of the management board or certain lower-ranking executives subscribe for or acquire shares as a result of exercising options, 25 percent of those shares or, under certain conditions, shares equivalent to 25 percent of the total number of options exercised, are subject to a two-year lock-up period. Under this share option scheme, options have been issued in 2007, 2008, 2009 and 2010.

### Shareholdings exceeding 10 percent of the voting rights

Linde AG is not aware of any direct or indirect shareholdings which reach or exceed 10 percent of the voting rights.

### Shares with special rights

There are no shares with special rights which confer powers of control on the holder.

### Method of controlling voting rights if employees own shares and do not exercise their control rights directly

Employees who hold shares in Linde AG exercise their control rights directly like other shareholders in accordance with legal regulations and the rules set out in the articles of association.

### Legal regulations and rules set out in the articles of association governing the appointment and removal of members of the Executive Board and changes to the articles of association

The members of the Executive Board are appointed and removed by the Supervisory Board in accordance with §§ 84 and 85 of the German Stock Corporation Law (AktG) and § 31 of the German Codetermination Law (MitbestG). Appointments are for a maximum term of five years. It is permissible for members of the Executive Board to be reappointed or for their term of office to be extended, although in each case for a maximum period of five years. Pursuant to § 31 of the German Codetermination Law (MitbestG), the appointment of a member of the Executive Board requires at least a two-thirds majority of the members of the Supervisory Board.

According to Article 5.1 of the articles of association, the Executive Board consists of several members. The Supervisory Board determines the number of Executive Board members. Accord-

ing to Article 5.2 of the articles of association, the Supervisory Board can nominate one of the members of the Executive Board as Chairman of the Executive Board and one as Deputy Chairman. The Supervisory Board may revoke the appointment of a member of the Executive Board or the nomination of one of the members of the Executive Board as Chairman of the Executive Board if there is good cause to do so pursuant to § 84 (3) of the German Stock Corporation Law (AktG).

Changes to the articles of association require a resolution at the Annual General Meeting in accordance with §§ 119 (1) No. 5, and 179 AktG. Resolutions at the Annual General Meeting require a simple majority of the votes cast, as set out in Article 13.2 of the articles of association and, if a majority of shares is required, a simple majority of the share capital represented at the vote, as long as mandatory legal rules do not require a different majority. According to Article 9.5 of the articles of association, the Supervisory Board is authorised to make amendments to the articles of association concerning only the form of words to be used.

### Powers of the Executive Board to issue and repurchase shares

The Executive Board was authorised, with the approval of the Supervisory Board, to increase capital subscribed by up to EUR 20,000,000.00 until 3 May 2015 against cash or non-cash contributions by issuing, on one or more occasions, up to 7,812,500 new bearer shares at a par value of EUR 2.56 (Authorised Capital I).

The Executive Board was further authorised, with the approval of the Supervisory Board, to increase capital subscribed by up to EUR 80,000,000.00 until 4 June 2012 against cash or non-cash contributions by issuing, on one or more occasions, up to 31,250,000 new bearer shares at a par value of EUR 2.56 (Authorised Capital II).

The issued share capital can be increased by up to EUR 85,000,000.00 by the issue of up to 33,203,125 new bearer shares at a par value of EUR 2.56, if certain conditions are met. The increase in share capital will only take place (i) if the holders and obligors of the convertible bonds or warrant-linked bonds, to which were added convertible and/or warrant-linked bonds to be issued by the company or by Group companies controlled by the company by 3 May 2015, as a result of the authorisation granted to the Executive Board by the resolution passed at the Annual General Meeting on 4 May 2010, exercise their conversion or option rights or (ii) if the holders or obligors of convertible bonds to be issued by the company or by Group companies controlled by the company by 3 May 2015, as a result of the authorisation granted to the Executive Board by the resolution passed at the Annual General Meeting on 4 May 2010, exercise their conversion rights, although in cases (i) and (ii) only insofar as own shares are not used for this purpose. The new shares are issued at the option or conversion price to be determined in each case in accordance with the resolution regarding authorisa-

tion referred to above. The new shares participate in profit from the beginning of the financial year in which they are issued as a result of the exercise of conversion or option rights or settlement of the conversion obligation. The Executive Board is authorised to determine the remaining details of the conditionally authorised capital increase and its implementation, with the approval of the Supervisory Board.

The issued share capital can be increased by up to EUR 5,043,717.12, divided into 1,970,202 new shares, if certain conditions are met (2002 conditionally authorised share capital). The issued share capital will only be increased if the holders of the option rights issued by the company, following the authorisation given to the Executive Board by a resolution passed at the Annual General Meeting on 14 May 2002, use their option rights and the company does not fulfil the option rights by transferring own shares or by making a payment in cash. The new shares issued as a result of the exercise of options are first entitled to dividend in the financial year in which, at the date of their issue, a resolution has not yet been passed at the Annual General Meeting regarding the appropriation of profit.

The issued share capital can be increased by up to EUR 8,655,746.56 by the issue of up to 3,381,151 new bearer shares with a par value of EUR 2.56 if certain conditions are met (2007 conditionally authorised share capital). The conditionally authorised increase in capital is approved solely for the purpose of granting subscription rights (share options) to members of the Executive Board of the company and other senior management in the company and in lower-level affiliated companies within Germany and outside Germany, including members of executive bodies (individuals with subscription rights) in accordance with the provisions set out in the authorisation agreed at the Annual General Meeting on 5 June 2007. The conditionally authorised capital will only be issued if subscription rights are exercised in accordance with the authorisation granted and the company does not meet its obligation in cash or with own shares. The new shares will participate in profit from the beginning of the financial year in which they are issued. If the issue takes place after the completion of a financial year, but before the meeting of the Supervisory Board at which the resolution is passed regarding the appropriation of profit, the new shares are also entitled to participate in the profit of the last completed financial year.

The Executive Board is authorised until 3 May 2015 by a resolution passed at the Annual General Meeting on 4 May 2010 to acquire own shares up to 10 percent of capital subscribed at the date of the resolution or, if lower, of the capital subscribed at the date the relevant authorisation is exercised. These shares may be purchased on the stock exchange, by way of a public purchase offer addressed to all shareholders or by way of a public invitation to all shareholders to submit sale offers. The own shares acquired under this authorisation may

- be sold via the stock exchange or by an offer to all shareholders,
- subject to the approval of the Supervisory Board, also be sold otherwise,
- subject to the approval of the Supervisory Board, be offered and transferred in the context of the direct or indirect acquisition of companies, businesses or investments in companies and in the course of corporate mergers,
- be appropriated to settle option and/or convertible bonds which the company or a direct or indirect subsidiary of the company has issued or will issue,
- be granted, in the case of a sale of acquired own shares by an offer to all shareholders or a capital increase with subscription rights, to holders of option and/or conversion rights issued by the company or a direct or indirect subsidiary of the company in the same amount as that to which they would be entitled after exercising the option and/or conversion rights or after settlement of a conversion obligation,
- be granted in fulfilment of the company's obligations under the Linde Management Incentive Programme following the resolution passed at the Annual General Meeting on 14 May 2002 (agenda item 8),
- be granted in fulfilment of the company's obligations under the Linde Performance Share Programme following the resolution passed at the Annual General Meeting on 5 June 2007 (agenda item 7), or be redeemed, subject to the approval of the Supervisory Board.

The authorisation given to the Executive Board to purchase own shares based on the resolution passed at the Annual General Meeting on 15 May 2009 was revoked when the new authorisation became effective on 4 May 2010.

#### Significant agreements relating to change of control subsequent to a takeover bid

If there is a change of control, the hybrid bonds issued in 2006 may be called in and repaid early.

In the 2007, 2008, 2009 and 2010 financial years, Linde issued benchmark bonds under its Debt Issuance Programme via Linde Finance B.V. In accordance with § 5 (4) of the terms and conditions of the issue, in the event of a change of control, the bond debtor has the option of demanding immediate repayment if the change of control leads to a withdrawal of the rating or a reduction in the rating to or below certain rating levels for unsubordinated unsecured liabilities.

Significant financing agreements also exist which each include specific rules in the event of a change of control. These rules set out, in particular, the duty to provide information to the contracting party, as well as the cancellation rights of the contracting party.

There are customer contracts with clauses which grant the customer special cancellation rights in the event of a change of control. If these special cancellation rights are exercised, the contracts provide in principle for appropriate compensation.

Under the terms and conditions of the Linde Performance Share Programme 2007 for management boards and lower-ranking executives, in the event of a change of control, special rules may be adopted. The special rules which apply to the share options issued in 2007, 2008, 2009 and 2010 are that, in the event of a change of control, cancellation rights apply, which means that options may be settled in cash in an amount to be determined.

#### Compensation arrangements made by the company with members of the Executive Board or with employees which will apply in the event of a takeover bid

If there is a takeover of Linde AG and their employment contracts are terminated, members of the Executive Board may be entitled to certain compensation payments based on their contractual emoluments. These compensation payments have an upper limit. A more detailed description of the rules affecting members of the Executive Board which apply to a change of control can be found in the Remuneration report.

## Events after the balance sheet date

There were no significant events for Linde AG between the balance sheet date and 1 March 2011.

## Dividend

The unappropriated profit for the year ended 31 December 2010 of Linde AG, the parent company of The Linde Group, was EUR 431,927,035.57 (2009: EUR 887,319,283.44). The Executive Board proposes to the Supervisory Board that, at its meeting on 9 March 2011 to approve the annual financial statements, it recommends the proposal of a resolution to the Annual General Meeting on 12 May 2011 that the profits be appropriated as follows:

- by distributing a dividend of EUR 2.20 (2009: EUR 1.80) per share entitled to dividend, a total amount of EUR 374,653,270.20 (2009: EUR 304,032,772.80) and
- by transferring an amount of EUR 57,273,765.37 (2009: EUR 583,286,510.64) to other retained earnings.

The financial statements of Linde AG, which have been prepared in accordance with the provisions of the German Commercial Code (HGB) and the German Stock Corporation Law (AktG), and the management report are published in the electronic version of the German Federal Gazette.

# Outlook

## Macroeconomic trends

### Global economy

Economic experts predict that the general economic recovery will continue into 2011, albeit at a slower pace. Research institute Global Insight expects global GDP to grow by 3.7 percent in 2011, compared with 4.1 percent in 2010. Global industrial production (IP) is predicted to rise by 5.0 percent in 2011. In 2010, this figure was 8.0 percent.

Thus far, the upturn has primarily been fuelled by national economic recovery packages. Turning this momentum into sustainable growth is a major challenge. Government deficits across the globe and volatile currency markets are all potential threats to long-term recovery.

In 2011, the macroeconomic climate continues to show significant variations from one region to another throughout the world. Economic output in Western Europe and the eurozone is again expected to rise moderately overall, although this is set to be dampened by restrictive financial policies in particular. Economists predict GDP growth of 1.4 percent in the eurozone, 1.6 percent in Western Europe and 2.5 percent in Germany.

Despite ongoing structural problems, the US is again on a growth path. Global Insight expects economic output to rise by 3.2 percent here during the current year. Experts predict that industrial production will rise by just 3.1 percent, compared with a 5.4 percent increase in 2010.

The South American region should continue its dynamic upturn during the current financial year. Experts are predicting a 4.9 percent rise in GDP, following on a 6.2 percent increase in 2010.

Asia will again experience the strongest growth rates this year. Global Insight expects GDP in China to increase by 9.2 percent, compared with a 10.1 percent rise in 2010. This figure reflects the continued downscaling of government economic recovery packages. Economists expect industrial production in China to increase by 12.4 percent.

The pace of economic recovery is expected to pick up slightly in Eastern Europe, with Global Insight predicting 3.6 percent growth for this region (2010: 3.4 percent).

Experts anticipate a 3.2 percent rise in GDP and a 1.8 percent increase in industrial production for the South Pacific and Africa region. The pace of economic recovery will also vary within this region. Moderate GDP growth of 2.5 percent is anticipated in the South Pacific. However, industrial production is set to expand by only 1.2 percent (2010: 3.6 percent). South Africa should experience a 3.3 percent upturn in GDP accompanied by a 3.2 percent rise in industrial production, according to economic experts. This figure was 5.4 percent in 2010.



## Linde AG forecast

The last months have seen increasing signs that the general economic upswing is gaining momentum in Germany. Leading economic research institutes expect global GDP and industrial production to rise during the 2011 financial year. Yet despite this trend, there is still a degree of uncertainty about the pace and sustainability of the recovery. Government deficits across the globe and volatile currency markets could potentially dampen global growth.

Based on current economic forecasts, Linde AG assumes from today's viewpoint that sales and operating profit will grow in the 2011 financial year relative to the 2010 financial year. The company also aims to increase sales and operating profit further in the 2012 financial year – assuming that the global economy remains on a stable development path beyond 2011.

## Gases industry

The most recent economic forecasts indicate that market conditions in the global gases industry will continue to develop positively. Demand is set to rise in the most important end customer segments. This also applies to Germany. Here market experts predict economic growth of 2.5 percent for the current financial year.

Linde AG remains committed to its original target of outgrowing the market and further increasing productivity in its gases business.

In view of the current economic estimates, the company anticipates an increase in sales and operating profit in the Gases Division during the 2011 financial year.

## Engineering business

The order book in Linde's Engineering Division remains with about EUR 4 bn at a very high level. Taking both this and the account settlement of various major projects into consideration, the company expects that sales and earnings in the 2011 financial year will exceed those reported in 2010.

Linde remains in a strong global position in the market for olefin, natural gas, air separation, hydrogen and synthesis gas plants. The company stands to gain long term from infrastructural investments in the energy and environment growth markets.

## Capital expenditure

In Germany, too, Linde AG will continue to pursue its investment strategy targeted at continuity and sustainability. The company will focus on opportunities that offer above-average growth prospects and enhance the company's profitability and competitive position.

## Dividends

The dividend policy of Linde AG is earnings-based and the company will continue to align payments with the earnings performance of The Linde Group.

# Financial Statements

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## Balance sheet of Linde AG

### Balance sheet of Linde AG – Assets

in € million	Notes	31.12.2010	31.12.2009
Intangible assets		51	49
Tangible assets		331	360
Financial assets		12,965	12,972
<b>Non-current assets</b>	[1]	<b>13,347</b>	<b>13,381</b>
Inventories	[2]	1,896	2,298
Less advance payments received from customers		-1,896	-2,298
		-	-
Receivables and other assets	[3]	719	520
Cash and cash equivalents	[4]	580	320
<b>Current assets</b>		<b>1,299</b>	<b>840</b>
Prepaid expenses and deferred charges	[5]	8	11
<b>Total assets</b>		<b>14,654</b>	<b>14,232</b>

### Balance sheet of Linde AG – Equity and liabilities

in € million	Notes	31.12.2010	31.12.2009
Capital subscribed		436	432
Conditionally authorised capital of € 99 million (2009: € 152 million)			
Capital reserve		5,112	5,035
Revenue reserves		1,917	1,328
Unappropriated profit		432	887
<b>Equity</b>	[6]	<b>7,897</b>	<b>7,682</b>
Provisions for pensions and similar obligations	[7]	487	804
Other provisions	[8]	949	884
<b>Provisions</b>		<b>1,436</b>	<b>1,688</b>
<b>Liabilities</b>	[9]	<b>5,321</b>	<b>4,862</b>
<b>Total equity and liabilities</b>		<b>14,654</b>	<b>14,232</b>

## Income statement of Linde AG

Income statement of Linde AG			
in € million	Notes	2010	2009
Sales	[10]	2,809	2,439
Cost of sales		1,995	1,741
<b>Gross profit on sales</b>		<b>814</b>	<b>698</b>
Marketing and selling expenses		290	288
Research and development costs		122	128
General administration expenses		336	376
Other operating income	[11]	287	399
Other operating expenses	[12]	132	229
Investment income	[13]	323	375
Other interest and similar income	[14]	177	151
Of which from affiliated companies € 156 million (2009: € 133 million)			
Amortisation of financial assets and securities held as current assets		36	49
Interest and similar charges	[14]	242	219
Of which to affiliated companies € 196 million (2009: € 191 million)			
<b>Profit on ordinary activities</b>		<b>443</b>	<b>334</b>
Extraordinary result	[15]	37	-
Taxes on income	[16]	48	29
<b>Net income</b>		<b>432</b>	<b>305</b>
Profit brought forward from prior periods		-	582
<b>Unappropriated profit</b>		<b>432</b>	<b>887</b>

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## Summary of fixed asset movements in Linde AG

### Summary of fixed asset movements in Linde AG

in € million	01.01.2010	Acquisition/manufacturing cost				31.12.2010
		Effect of adoption of BilMoG	Additions	Disposals	Transfers	
Acquired concessions, industrial property rights and similar rights and assets, including licences on such rights and assets	126	-	5	3	5	133
Payments in advance	21	-	16	1	-5	31
<b>Intangible assets</b>	<b>147</b>	<b>-</b>	<b>21</b>	<b>4</b>	<b>-</b>	<b>164</b>
Land, land rights and buildings, including buildings on land owned by others	458	-	6	9	6	461
Technical equipment and machinery	500	-	5	8	7	504
Fixtures, furniture and equipment	340	-	8	13	10	345
Payments in advance and plants under construction	45	-	24	18	-23	28
<b>Tangible assets</b>	<b>1,343</b>	<b>-</b>	<b>43</b>	<b>48</b>	<b>-</b>	<b>1,338</b>
Investments in affiliated companies	12,444	-	727	466	1	12,706
Loans to affiliated companies	265	-	-	-	-	265
Investments in related companies	97	-	2	-	-1	98
Loans to related companies	12	-	12	-	-	24
Non-current securities	248	-248	-	-	-	-
Other loans	1	-	-	-	-	1
<b>Financial assets</b>	<b>13,067</b>	<b>-248</b>	<b>741</b>	<b>466</b>	<b>-</b>	<b>13,094</b>
<b>Fixed assets</b>	<b>14,557</b>	<b>-248</b>	<b>805</b>	<b>518</b>	<b>-</b>	<b>14,596</b>

## Summary of fixed asset movements in Linde AG

in € million	Amortisation and depreciation					Net book value		
	Accumulated amortisation/depreciation at 01.01.2010	Effect of adoption of BilMoG	Additions	Disposals	Transfers	Accumulated amortisation/depreciation at 31.12.2010	31.12.2010	31.12.2009
Acquired concessions, industrial property rights and similar rights and assets, including licences on such rights and assets	98	-	18	3	-	113	20	28
Payments in advance	-	-	-	-	-	-	31	21
<b>Intangible assets</b>	<b>98</b>	<b>-</b>	<b>18</b>	<b>3</b>	<b>-</b>	<b>113</b>	<b>51</b>	<b>49</b>
Land, land rights and buildings, including buildings on land owned by others	310	-	10	7	-	313	148	148
Technical equipment and machinery	402	-	21	7	-	416	88	98
Fixtures, furniture and equipment	268	-	23	13	-	278	67	72
Payments in advance and plants under construction	3	-	-	3	-	-	28	42
<b>Tangible assets</b>	<b>983</b>	<b>-</b>	<b>54</b>	<b>30</b>	<b>-</b>	<b>1,007</b>	<b>331</b>	<b>360</b>
Investments in affiliated companies	81	-	13	-	-	94	12,612	12,363
Loans to affiliated companies	-	-	-	-	-	-	265	265
Investments in related companies	13	-	22	-	-	35	63	84
Loans to related companies	-	-	-	-	-	-	24	12
Non-current securities	1	-1	-	-	-	-	-	247
Other loans	-	-	-	-	-	-	1	1
<b>Financial assets</b>	<b>95</b>	<b>-1</b>	<b>35</b>	<b>-</b>	<b>-</b>	<b>129</b>	<b>12,965</b>	<b>12,972</b>
<b>Fixed assets</b>	<b>1,176</b>	<b>-1</b>	<b>107</b>	<b>33</b>	<b>-</b>	<b>1,249</b>	<b>13,347</b>	<b>13,381</b>

# Notes to the financial statements of Linde AG

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NOTES TO THE FINANCIAL STATEMENTS OF LINDE AG

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# General information

## General information

The financial statements of Linde AG are prepared in accordance with the provisions of the German Commercial Code (HGB) and the German Stock Corporation Act (AktG). In accordance with Article 66 (3) of the Introductory Act to the German Commercial Code (EGHGB), the provisions of the German Accounting Law Modernisation Act (BilMoG), which came into force on 29 May 2009, have been applied from 1 January 2010. Insofar as the BilMoG has given rise to changes in the recognition and measurement of items in the financial statements, the prior-year figures have not been adjusted to take account of the changes in the rules governing the recognition and measurement of those items (Article 67 (8), sentence 2, EGHGB).

Where items in the balance sheet and income statement have been combined under one heading to improve the clarity of presentation, they have been disclosed separately in the Notes to the financial statements. The income statement has been prepared using the cost of sales method.

## Accounting policies

Intangible assets acquired for a consideration are stated at acquisition cost less accumulated amortisation charged on a straight-line basis over their estimated useful life. Internally generated intangible assets are not recognised as assets.

Tangible assets are reported at acquisition or manufacturing cost less depreciation over the estimated useful life of the asset. Estimated useful lives are as follows: buildings 25 to 50 years, technical equipment and machinery 6 to 15 years and fixtures, furniture and equipment 4 to 10 years.

The straight-line method is applied. In the case of a permanent diminution in the value of an asset to below its carrying amount, an impairment loss is recognised and the asset is written down to its fair value. Low-value assets are written down in full in the year in which they are acquired. If the reasons for the impairment loss recognised no longer exist, the carrying amount of the asset is increased to a maximum figure of the cost of the asset.

Shares in affiliated companies and related companies are stated at the lower of cost and fair value where there has been a permanent diminution in value. If the reasons for the impairment loss recognised no longer exist, the carrying amount of the asset is increased to a maximum figure of the cost of the asset.

Non-interest-bearing and low-interest loans are stated at present value and other loans are stated at face value.

Inventories are stated at the lower of the average acquisition or manufacturing cost and market value. Manufacturing cost includes both direct costs and indirect material and production costs, as well as wear and tear on fixed assets. Appropriate allowances are made for inventory risks arising from the length of the storage period and any reductions in usability.

Receivables are reported at face value. Non-interest-bearing and low-interest receivables are stated at present value. Receivables in foreign currency are reported using the restricted fair value method. Under this method, foreign currency receivables are reported at the mid-rates ruling on the balance sheet date. Exchange gains are recognised only if they relate to receivables due in less than one year. When measuring receivables and other assets, allowances are made for identifiable risks.

Liabilities are stated at their repayment amount. Liabilities in foreign currency are reported using the restricted fair value method. Under this method, non-current liabilities in foreign currency are reported at the higher of the buying rate on the date the transaction was recorded and the mid-rate ruling on the balance sheet date, while current liabilities in foreign currency are reported at the mid-rate ruling on the balance sheet date.

Until 31 December 2009, pension provisions were measured in accordance with IAS 19 Employee Benefits rather than the rules set out in § 6a of the German Income Tax Law (EStG). The measurement of the provision

was based on a discount rate of 4.25 percent, a trend in salaries of 2.5 percent and an expected inflation rate of 1.5 percent. The mortality tables 2005G produced by Heubeck AG were used. In accordance with the rules set out in the German Accounting Law Modernisation Act (BilMoG), pensions and similar obligations must be calculated using actuarial principles based on the projected unit credit method and actuarial assumptions. Expected future increases in salaries and pensions are included in the calculations. The discount rate applied is the average market interest rate for the past seven financial years published by Germany's central bank, the Deutsche Bundesbank, for a remaining period assumed to be 15 years.

To meet the pension obligations and the commitments arising from deferred compensation (Linde Pension Plan) funds have been invested in various pension schemes. These schemes are administered on a fiduciary basis by Linde Vorsorge Aktiv e.V., Munich, Germany, on behalf of Linde AG, with the result that other creditors do not have access to the assets held in the schemes. The assets in these pension schemes are measured at fair value and offset against the relevant underlying pension obligations. In 2009, these assets were reported at cost and disclosed gross under non-current securities.

Other provisions are measured so as to take account of identifiable risks and obligations of uncertain timing or amount. The amount set aside in each case is the amount required, based on prudent commercial judgement, to meet future payment obligations. The provision made takes account of future price and cost increases, to the extent that there is sufficient objective evidence that these will occur.

Provisions due in more than one year are discounted at the average market interest rate for the past seven financial years published by Germany's central bank (the Deutsche Bundesbank) over the remaining period of the provision.

With effect from 1 January 2010, deferred tax is calculated on timing differences between the carrying amount of assets, liabilities, prepayments and deferrals in accordance with German commercial law and the corresponding tax base used in the computation of taxable profit. In Linde AG, this applies not only to timing differences in respect of items in its own financial statements, but also to timing differences in respect of items in the financial statements of its subsidiaries and partnerships in which Linde AG has a direct or indirect interest. The deferred tax calculation includes not only timing differences, but also unused tax loss carryforwards. If the net result of this calculation is a future liability to tax, this is disclosed in the balance sheet as a deferred tax liability. If the net result of the calculation were to be a reduction in the future tax liability, Linde AG would not avail itself of the option to recognise this amount as a deferred tax asset.

To hedge against exposure to interest rate and currency risks, derivative financial instruments are also used in the form of forward exchange transactions, options and swaps. All derivative financial instruments are concluded within fixed limits on the basis of detailed guidelines and are used not only for hedging purposes but also to optimise financing. Cash-generating units are created if possible. For other derivative financial instruments, provisions are set up in the case of negative fair values.

## Adjustments arising from the application of the German Accounting Law Modernisation Act

The German Accounting Law Modernisation Act (BilMoG), which came into force on 29 May 2009, has been applied for the first time to the financial statements of Linde AG with effect from 1 January 2010. In accordance with the transitional rules set out in Articles 66 and 67 of the Introductory Act to the German Commercial Code (EGHGB), the adjustments were recognised either in revenue reserves or in the extraordinary result. The adjustments at 1 January 2010 were as follows:

in € million	01.01.2010
Effects of first-time application of BilMoG recognised in revenue reserves	
Measurement of other personnel provisions	1
Effect of discounting sundry provisions	5
<b>Increase in revenue reserves</b>	<b>6</b>
Effects of first-time application of BilMoG recognised in the extraordinary result	
Income from measurement of plan assets for pensions and similar obligations at fair value	53
Other extraordinary income resulting from adoption of BilMoG	1
Expense resulting from change in measurement of provisions	17
<b>Extraordinary result from the adoption of BilMoG</b>	<b>37</b>

The effects of the measurement of other personnel provisions and the discounting of other provisions in accordance with the German Accounting Law Modernisation Act (BilMoG) were recognised in retained earnings. The discounting of the other provisions was at the average market interest rate for the past seven financial years published by Germany's central bank, the Deutsche Bundesbank.

In addition, assets which cannot be accessed by all other creditors and are available for the sole purpose of meeting pension or similar obligations are offset against those obligations. As a result of the revised treatment of such pension assets, non-current securities and the provision for pensions and similar obligations both fell by EUR 247 m at 1 January 2010. In addition, these securities were measured at fair value for the first time on 1 January 2010. This resulted in extraordinary income of EUR 53 m.

The other element of extraordinary income arising from the adoption of the BilMoG derives from the revised measurement of foreign currency receivables. These are reported using the restricted fair value method. Under this method, exchange gains are recognised only if they relate to receivables or liabilities due in less than one year. Extraordinary charges include the result of changes in the rules for the measurement of provisions.

In accordance with the transitional rules of the BilMoG, the value of the pension provision at 1 January 2010 based on the old regulations has not been adjusted, as the provision required on the basis of the rules set out in the BilMoG would have been lower than the provision recognised at that date and it is expected that this effect will reverse by 31 December 2024.

In addition, the BilMoG includes a number of options which Linde has not exercised. For example, Linde has decided not to avail itself of the options permitted by the BilMoG to recognise internally-generated intangible assets, to write off goodwill over a period not exceeding five years or to recognise deferred tax assets.

According to Article 67 (8), sentence 2, of the Introductory Act to the German Commercial Code (EGHGB), there is no requirement to adjust the prior-year figures.

## Notes to the balance sheet

### [1] Non-current assets

Movements in fixed assets are shown on the preceding pages. In the reporting period, an impairment loss of EUR 36 m (2009: EUR 49 m) was recognised in respect of investments in affiliated companies and other investments. This figure includes a provision for anticipated losses in respect of a future investment acquisition in 2011. Furthermore, an impairment loss of EUR 1 m was recognised in 2010 (2009: EUR 3 m) in respect of tangible assets, which was due to a permanent diminution in value of the underlying assets.

Land, land rights and buildings of EUR 41 m (2009: EUR 41 m) were pledged as security for other personnel obligations as required by law.

### [2] Inventories

in € million	31.12.2010	31.12.2009
Raw materials, consumables and supplies	21	20
Work in progress	1,577	2,010
Finished goods and merchandise	17	15
Prepayments	281	253
	<b>1,896</b>	<b>2,298</b>

### [3] Receivables and other assets

in € million	Of which due within one year	Of which due in more than one year	31.12.2010	31.12.2009
Trade receivables	130	-	130	126
Amounts due from affiliated companies	234	269	503	333
Of which relating to trade receivables	66	-	66	58
Amounts due from related companies	7	-	7	8
Of which relating to trade receivables	3	-	3	3
Other assets	66	13	79	53
	<b>437</b>	<b>282</b>	<b>719</b>	<b>520</b>

Included in Receivables and other assets are financial receivables of EUR 404 m (2009: EUR 206 m). Linde AG began to conclude Credit Support Annexes (CSAs) with banks in the 2009 financial year. Under these agreements, the positive and negative fair values of derivatives held by Linde AG are collateralised with cash on a regular basis. The corresponding amounts due from banks have been disclosed under this heading since the agreements came into force in 2010. The amount included in financial receivables which relates to these agreements is EUR 36 m (2009: EUR 0 m).

#### [4] Cash and cash equivalents

Cash and cash equivalents comprises cheques in hand, cash in hand and cash at banks. It also includes money market funds which may fall due at any time.

#### [5] Prepaid expenses and deferred charges

Prepaid expenses and deferred charges comprise mainly discounts of EUR 2 m (2009: EUR 2 m) on financial debt with affiliated companies issued in the course of post-acquisition restructuring within The Linde Group. Also included here are the prepaid fees for the EUR 2.5 bn syndicated credit line agreed in 2010.

#### [6] Equity

in €	31.12.2010	31.12.2009
Capital subscribed	435,960,168.96	432,402,165.76
Authorised capital (total)	100,000,000.00	105,106,534.40
Authorised Capital I	20,000,000.00	25,106,534.40
Authorised Capital II	80,000,000.00	80,000,000.00
Conditionally authorised capital (total)	98,699,463.68	152,257,466.88
Conditionally authorised capital 2002	5,043,717.12	8,257,466.88
Conditionally authorised capital 2005	-	50,000,000.00
Conditionally authorised capital 2007	8,655,746.56	9,000,000.00
Conditionally authorised capital 2008	-	85,000,000.00
Conditionally authorised capital 2010	85,000,000.00	-

#### Capital subscribed, authorised and conditionally authorised capital, subscription rights

The company's subscribed capital at the balance sheet date amounts to EUR 435,960,168.96 and is fully paid up. It is divided into 170,296,941 shares at a par value of EUR 2.56 per share. The shares are bearer shares. Each share confers a voting right and is entitled to dividend. The entitlement to dividend can be excluded either by law (e. g. in the case of own shares) or by a provision of the articles of association, or by a resolution at the Annual General Meeting (e. g. in respect of the commencement of the dividend entitlement of new shares in the year of issue if the shares are issued prior to the Annual General Meeting).

In the 2010 financial year, 1,255,371 new shares were issued out of 2002 conditionally authorised capital to service the Management Incentive Programme for executives. Share capital increased as a result by EUR 3,213,749.76. As a result of the issue of 134,474 new shares out of 2007 conditionally authorised capital to service the Long Term Incentive Plan, share capital increased by EUR 344,253.44. Overall, share capital in the 2010 financial year increased by EUR 3,558,003.20, from EUR 432,402,165.76 to EUR 435,960,168.96, divided into 170,296,941 shares.

	2010	2009
Number of shares at 1 Jan.	168,907,096	168,492,496
Exercise of stock option programme (MIP 2002)	1,255,371	414,600
Exercise of stock option programme (LTIP 2007)	134,474	–
Number of shares at 31 Dec.	170,296,941	168,907,096

### Authorised capital

At 31 December 2010, the authorised capital comprised the following:

#### Authorised Capital I:

Authorised Capital I, whereby the Executive Board was authorised, with the approval of the Supervisory Board, to increase capital subscribed by up to EUR 25,106,534.40 until 7 June 2010 against cash contributions by issuing, on one or more occasions, new bearer shares, was abolished as a result of a resolution passed at the Annual General Meeting on 4 May 2010.

Based on a resolution passed at the Annual General Meeting on 4 May 2010, the Executive Board was authorised, with the approval of the Supervisory Board, to increase capital subscribed by up to EUR 20,000,000 until 3 May 2015 against cash or non-cash contributions by issuing, on one or more occasions, up to 7,812,500 new bearer shares at a par value of EUR 2.56. The shareholders are granted subscription rights as a result. However, the Executive Board is entitled, with the approval of the Supervisory Board, to exclude the subscription rights of shareholders for the residual amounts, and to exclude subscription rights to the extent that holders of convertible bonds or warrant-linked bonds issued by Linde Aktiengesellschaft or by any of its direct or indirect majority-owned subsidiaries may be granted the subscription rights to new shares to which they are entitled when they exercise their rights of conversion or option rights or settle the conversion obligation. Moreover, the Executive Board is authorised, with the approval of the Supervisory Board, to exclude the subscription rights of shareholders, provided the issue price of the new shares arising from a capital increase against cash contributions is not significantly lower than the price of shares of the same type traded on the stock exchange at the time the issue price is finally determined, which should be as soon as possible after the placement of the shares, and the proportion of the capital subscribed constituted by the shares issued does not exceed 10 percent of the capital subscribed either when this authorisation becomes effective or when it is exercised. In determining the capital limit, account must be taken of that part of capital subscribed which relates to those shares which are used to service options and/or convertible bonds. This is only the case if the options and/or convertible bonds are issued in accordance with § 186 (3), sentence 4, of the German Stock Corporation Law (AktG) while excluding the subscription rights of shareholders during the lifetime of this authorisation. Account must also be taken of that part of the share capital which relates to those shares which are issued on the basis of authorised capital, or sold after being repurchased as own shares, during the lifetime of this authorisation in accordance or compliance with § 186 (3), sentence 4, of the German Stock Corporation Law (AktG). The Executive Board is also authorised, with the approval of the Supervisory Board, to exclude subscription rights in the case of capital increases against non-cash contributions, especially in the course of the acquisition of companies, businesses and investments, or mergers. The Executive Board is further authorised, with the approval of the Supervisory Board, to exclude subscription rights for an amount of up to EUR 3,500,000 to the extent necessary to issue shares to the employees of Linde Aktiengesellschaft and/or its affiliated companies while excluding the subscription rights of shareholders. The Executive Board is authorised to determine the remaining details of the capital increase and its implementation, with the approval of the Supervisory Board. The new shares can also be transferred to certain banks specified by the Executive Board, which assume the responsibility of offering them to shareholders (indirect subscription rights).

**Authorised Capital II:**

The Executive Board is further authorised, with the approval of the Supervisory Board, to increase capital subscribed by up to EUR 80,000,000 until 4 June 2012 against cash or non-cash contributions by issuing, on one or more occasions, up to 31,250,000 new bearer shares, at a par value of EUR 2.56 per share. The new shares must be offered for subscription to the shareholders. However, the Executive Board is entitled, with the approval of the Supervisory Board, to exclude the subscription rights of shareholders for the residual amounts, and to exclude subscription rights to the extent that holders of convertible bonds or warrant-linked bonds issued by Linde AG or by any of its direct or indirect subsidiaries may be granted the subscription rights to new shares to which they are entitled when they exercise their rights of conversion or option rights or settle the conversion obligation. Moreover, the Executive Board is authorised, with the approval of the Supervisory Board, to exclude the subscription rights of shareholders, provided the issue price of the new shares arising from a capital increase against cash contributions is not significantly lower than the price of shares traded on the stock exchange at the time the issue price is finally determined, which should be as soon as possible after the placement of the shares, and the proportion of the capital subscribed constituted by the shares issued does not exceed 10 percent of the capital subscribed either when this authorisation becomes effective or when it is exercised. In determining the capital limit, account must be taken of that part of the capital subscribed which relates to those shares which are used to service options and/or convertible bonds. This is only the case if the options and/or convertible bonds are issued in accordance with § 186 (3), sentence 4, of the German Stock Corporation Law (AktG) while excluding the subscription rights of shareholders during the lifetime of this authorisation. Account must also be taken of that part of the share capital which relates to those shares which are issued on the basis of authorised capital, or sold after being repurchased as own shares, during the lifetime of this authorisation in accordance or compliance with § 186 (3), sentence 4, of the German Stock Corporation Law (AktG). The Executive Board is also authorised, with the approval of the Supervisory Board, to exclude subscription rights in the case of capital increases against non-cash contributions, especially in the course of the acquisition of companies, businesses and investments, or mergers. The Executive Board is authorised to determine the remaining details of the capital increase and its implementation, with the approval of the Supervisory Board. The new shares can also be transferred to certain banks specified by the Executive Board, which assume the responsibility of offering them to shareholders (indirect subscription rights).

**Conditionally authorised capital**

The conditionally authorised capital at 31 December 2010 comprised the following:

**2002 conditionally authorised capital:**

The issued share capital can be increased by up to EUR 5,043,717.12, divided into 1,970,202 new shares with a par value of EUR 2.56 if certain conditions are met. It was resolved at the Annual General Meeting on 14 May 2002 to create conditionally authorised capital of EUR 15,360,000, divided into 6,000,000 new shares. The Executive Board was authorised, with the approval of the Supervisory Board, to issue by 14 May 2007 up to 6,000,000 subscription rights to shares to members of the Executive Board of the company, members of the management boards of affiliated companies as defined by §§ 15 ff. of the German Stock Corporation Law (AktG) and to selected executives, each with a term of seven years (Management Incentive Programme). The issued share capital will only be increased if the holders of the option rights issued by the company, following the authorisation given to the Executive Board at the Annual General Meeting on 14 May 2002, use their option rights and the company does not fulfil the option rights by transferring own shares or by making a payment in cash. The new shares issued as a result of the exercise of options are first entitled to dividend in the financial year in which, at the date of their issue, a resolution has not yet been passed at the Annual General Meeting regarding the appropriation of profit.

In the 2010 financial year, options under the Management Incentive Programme were exercised. As a result, 2002 conditionally authorised capital was reduced by EUR 3,213,749.76 from EUR 8,257,466.88 to EUR 5,043,717.12, divided into 1,970,202 shares. The issued share capital increased in 2010 as a result.

#### 2005 conditionally authorised capital:

The 2005 conditionally authorised capital, whereby the issued share capital of the company could be increased by up to EUR 50,000,000 by the issue of up to 19,531,250 new shares with a par value of EUR 2.56, was abolished by a resolution passed at the Annual General Meeting on 4 May 2010.

#### 2007 conditionally authorised capital:

The issued share capital can be increased by up to EUR 8,655,746.56 by the issue of up to 3,381,151 new bearer shares with a par value of EUR 2.56 if certain conditions are met. The conditionally authorised increase in capital is approved solely for the purpose of granting subscription rights (share options) to members of the Executive Board of the company and other senior management in the company and in lower-level affiliated companies within Germany and outside Germany, including members of executive bodies, in accordance with the provisions set out in the authorisation agreed at the Annual General Meeting on 5 June 2007 (Long Term Incentive Plan). The conditionally authorised share capital will only be issued if subscription rights are exercised in accordance with the authorisation granted and the company does not meet its obligation in cash or with own shares. The new shares will participate in profit from the beginning of the financial year in which they are issued. If the issue takes place after the completion of a financial year, but before the meeting of the Supervisory Board at which the resolution is passed regarding the appropriation of profit, the new shares are also entitled to participate in the profit of the last completed financial year.

In the 2010 financial year, options from the Long Term Incentive Plan were exercised. As a result, the 2007 conditionally authorised capital was reduced by EUR 344,253.44 from EUR 9,000,000.00 to EUR 8,655,746.56, divided into 3,381,151 shares. The issued share capital increased in 2010 as a result.

#### 2008 conditionally authorised capital:

The 2008 conditionally authorised capital, whereby the issued share capital could be increased by up to EUR 85,000,000.00 by the issue of up to 33,203,125 new bearer shares with a par value of EUR 2.56, was abolished by a resolution passed at the Annual General Meeting on 4 May 2010.

#### 2010 conditionally authorised capital:

The issued share capital can be increased by up to EUR 85,000,000.00 by the issue of up to 33,203,125 new bearer shares with a par value of EUR 2.56 if certain conditions are met. The increase in share capital will only take place if (i) the holders and obligors of the convertible bonds and warrant-linked bonds, both existing bonds and in addition convertible and/or warrant-linked bonds to be issued by the company or by Group companies controlled by the company by 3 May 2015, as a result of the authorisation granted to the Executive Board by the resolution passed at the Annual General Meeting on 4 May 2010, exercise their conversion or option rights or (ii) if the holders or obligors of convertible bonds to be issued by the company or by Group companies controlled by the company by 3 May 2015, as a result of the authorisation granted to the Executive Board by the resolution passed at the Annual General Meeting on 4 May 2010, exercise their conversion rights, although in cases (i) and (ii) only insofar as own shares are not used for this purpose. The new shares are issued at the option or conversion price to be determined in each case in accordance with the resolution regarding authorisation referred to above. The new shares participate in profit from the beginning of the financial year in which they are issued as a result of the exercise of conversion or option rights or settlement of the conversion obligation. The Executive Board is authorised to determine the remaining details of the conditionally authorised capital increase and its implementation, with the approval of the Supervisory Board.



### Authorisation to purchase own shares:

The Executive Board is authorised until 3 May 2015 by a resolution passed at the Annual General Meeting on 4 May 2010 to acquire own shares up to 10 percent of capital subscribed at the date of the resolution or, if lower, of the capital subscribed at the date the relevant authorisation is exercised.

These shares may be purchased on the stock exchange, by way of a public purchase offer addressed to all shareholders or by way of a public invitation to all shareholders to submit sale offers.

The own shares acquired under this authorisation may:

- be sold via the stock exchange or by an offer to all shareholders,
- subject to the approval of the Supervisory Board, also be sold otherwise,
- subject to the approval of the Supervisory Board, be offered and transferred in the context of the direct or indirect acquisition of companies, businesses or investments in companies and in the course of corporate mergers,
- be appropriated to settle option and/or convertible bonds which the company or a direct or indirect subsidiary of the company has issued or will issue,
- be granted, in the case of a sale of acquired own shares by an offer to all shareholders or a capital increase with subscription rights, to holders of option and/or conversion rights issued by the company or a direct or indirect subsidiary of the company in the same amount as that to which they would be entitled after exercising the option and/or conversion rights or after settlement of a conversion obligation,
- be granted in fulfilment of the company's obligations under the Linde Management Incentive Programme following the resolution passed at the Annual General Meeting on 14 May 2002 (agenda item 8),
- be granted in fulfilment of the company's obligations under the Linde Performance Share Programme following the resolution passed at the Annual General Meeting on 5 June 2007 (agenda item 7), or be redeemed, subject to the approval of the Supervisory Board.

The authorisation given to the Executive Board to purchase own shares based on the resolution passed at the Annual General Meeting on 15 May 2009 was revoked when the new authorisation became effective on 4 May 2010.

### Notification of voting rights

The following notifications were received by the company from investors who have exceeded or fallen below certain threshold percentages of voting rights set out in § 21 (1) or (1a) of the German Securities Trading Law (WpHG):

#### 1. Allianz SE

Allianz SE, Munich, Germany, informed us in writing on 8 December 2008 that it was revising its notification of voting rights dated 2 October 2008. Allianz SE informed us in accordance with § 21 (1) WpHG that the share of voting rights in Linde AG held by Allianz SE fell below the 5 percent threshold on 30 September 2008 and was now 4.41 percent (7,423,081 voting rights). These voting rights are attributable to Allianz SE in accordance with § 22 (1), sentence 1, No. 1 WpHG and are held by Allianz SE via the following companies controlled by Allianz SE, which each have voting rights in Linde AG of 3 percent or more: Allianz Deutschland AG, Munich, Jota-Vermögensverwaltungsgesellschaft mbH, Munich, Allianz Lebensversicherungs-AG, Stuttgart, and AZL-Alico Vermögensverwaltungsgesellschaft mbH, 80802 Munich (which merged with Allianz Lebensversicherungs-AG with effect from 31 October 2008).

In addition, Allianz SE informed us in accordance with § 21 (1) WpHG in conjunction with § 24 WpHG that the share of voting rights in Linde AG held by Allianz Deutschland AG, Munich, Germany, fell below the 5 percent threshold on 30 September 2008 and was now 4.30 percent (7,246,635 voting rights). These voting rights are attributable to Allianz Deutschland AG in accordance with § 22 (1), sentence 1, No. 1 WpHG and are held by Allianz Deutschland AG via the following companies controlled by Allianz Deutschland AG, which each have voting rights in Linde AG of 3 percent or more: Jota-Vermögensverwaltungsgesellschaft mbH, Munich, Alli-

anz Lebensversicherungs-AG, Stuttgart, and AZL-Alico Vermögensverwaltungsgesellschaft mbH, Munich (which merged with Allianz Lebensversicherungs-AG with effect from 31 October 2008).

## 2. BlackRock, Inc., New York, USA

BlackRock Financial Management, Inc., New York, USA, informed us in writing on 7 December 2009 in accordance with §§ 21 (1) and 24 WpHG that the share of voting rights in Linde AG held by BlackRock Financial Management, Inc. exceeded the 3 percent threshold on 1 December 2009 and was now 3.14 percent (5,291,730 voting rights). All the voting rights are attributable to BlackRock Financial Management, Inc. in accordance with § 22 (1), sentence 1, No. 6 in conjunction with sentence 2 WpHG.

BlackRock Holdco 2, Inc., New York, USA, informed us in writing on 7 December 2009 in accordance with §§ 21 (1) and 24 WpHG that the share of voting rights in Linde AG held by BlackRock Holdco 2, Inc. exceeded the 3 percent threshold on 1 December 2009 and was now 3.14 percent (5,291,730 voting rights). All the voting rights are attributable to BlackRock Holdco 2, Inc., New York, USA, in accordance with § 22 (1), sentence 1, No. 6 in conjunction with sentence 2 WpHG.

BlackRock, Inc., New York, USA, informed us in writing on 7 December 2009 in accordance with §§ 21 (1) and 24 WpHG that the share of voting rights in Linde AG held by BlackRock, Inc. exceeded the 3 percent threshold on 1 December 2009 and was now 3.23 percent (5,448,338 voting rights). All the voting rights are attributable to BlackRock, Inc. in accordance with § 22 (1), sentence 1, No. 6 in conjunction with sentence 2 WpHG.

## 3. Capital Research and Management Company

Capital Research and Management Company, Los Angeles, USA, informed us in writing on 1 November 2010 in accordance with §§ 21 (1), 22 (1) WpHG that the share of voting rights in Linde AG held by Capital Research and Management Company fell below the 5 percent threshold on 25 October 2010. At that date, Capital Research and Management Company held 4.94 percent of all the voting rights in Linde AG (8,389,290 voting rights). All the voting rights are attributable to Capital Research and Management Company in accordance with § 22 (1), sentence 1, No. 6 WpHG.

The Capital World Growth and Income Fund, Inc., Los Angeles, USA, informed us in writing on 12 May 2010 in accordance with § 21 (1) WpHG that the share of voting rights in Linde AG held by Capital World Growth and Income Fund, Inc. fell below the 3 percent threshold on 7 May 2010 and was now 2.94 percent (4,972,830 voting rights).

Europacific Growth Fund informed us in writing on 31 May 2010 in accordance with § 21 (1) WpHG that the share of voting rights in Linde AG held by Europacific Growth Fund fell below the 3 percent threshold on 26 May 2010 and stood at 2.95 percent (4,986,537 voting rights) at that date.

## 4. The Capital Group of Companies

The Capital Group of Companies Inc., Los Angeles, USA, informed us in writing on 6 December 2010 in accordance with § 21 (1) WpHG that the share of voting rights in Linde AG held by The Capital Group of Companies, Inc. fell below the 5 percent and 3 percent thresholds on 27 September 2007 and was now 0 percent (no voting rights). The reduction in the voting rights in Linde AG held by The Capital Group of Companies, Inc. is based on the submission of a declaration of independence in accordance with § 29a (3) WpHG and is not the result of a sale of shares to Linde AG. Notifications of voting rights held by Capital Research and Management Company are not affected by this notification.

## 5. Sun Life Financial Inc.

Sun Life Financial Inc., Toronto, Canada, informed us in writing on 27 January 2009 in accordance with § 21 (1) WpHG that the share of voting rights in Linde AG held by Sun Life Financial Inc. exceeded the 5 percent threshold on 26 January 2009 and was now 5.1325 percent (8,647,941 voting rights). 5.1098 percent of the voting rights (8,609,626 voting rights) are attributable to Sun Life Financial Inc. in accordance with § 22 (1), sentence 1, No. 6 WpHG in conjunction with § 22 (1), sentence 2 WpHG. 0.0227 percent of the voting rights (38,315 voting rights) are attributable to Sun Life Financial Inc. in accordance with § 22 (1), sentence 1, No. 1 WpHG. None of the attributed voting rights reach the 3 percent threshold of voting rights in Linde AG on their own.

Sun Life Global Investment Inc., Toronto, Canada, informed us in writing on 27 January 2009 in accordance with § 21 (1) WpHG that the share of voting rights in Linde AG held by Sun Life Global Investment Inc. exceeded the 5 percent threshold on 26 January 2009 and was now 5.1098 percent (8,609,626 voting rights). These voting rights are attributable to Sun Life Global Investment Inc. in accordance with § 22 (1), sentence 1, No. 6 WpHG in conjunction with § 22 (1), sentence 2 WpHG. None of the attributed voting rights reach the 3 percent threshold of voting rights in Linde AG on their own.

Sun Life Assurance Company of Canada – U.S. Operations Holdings, Inc., Wellesley Hills, USA, informed us in writing on 27 January 2009 in accordance with § 21 (1) WpHG that the share of voting rights in Linde AG held by Sun Life Assurance Company of Canada – U.S. Operations Holdings, Inc. exceeded the 5 percent threshold on 26 January 2009 and was now 5.1098 percent (8,609,626 voting rights). These voting rights are attributable to Sun Life Assurance Company of Canada – U.S. Operations Holdings, Inc. in accordance with § 22 (1), sentence 1, No. 6 WpHG in conjunction with § 22 (1), sentence 2 WpHG. None of the attributed voting rights reach the 3 percent threshold of voting rights in Linde AG on their own.

Sun Life Financial (U.S.) Holdings, Inc., Wellesley Hills, USA, informed us in writing on 27 January 2009 in accordance with § 21 (1) WpHG that the share of voting rights in Linde AG held by Sun Life Financial (U.S.) Holdings, Inc. exceeded the 5 percent threshold on 26 January 2009 and was now 5.1098 percent (8,609,626 voting rights). These voting rights are attributable to Sun Life Financial (U.S.) Holdings, Inc. in accordance with § 22 (1), sentence 1, No. 6 WpHG in conjunction with § 22 (1), sentence 2 WpHG. None of the attributed voting rights reach the 3 percent threshold of voting rights in Linde AG on their own.

Sun Life Financial (U.S.) Investments LLC, Wellesley Hills, USA, informed us in writing on 27 January 2009 in accordance with § 21 (1) WpHG that the share of voting rights in Linde AG held by Sun Life Financial (U.S.) Investments LLC exceeded the 5 percent threshold on 26 January 2009 and was now 5.1098 percent (8,609,626 voting rights). These voting rights are attributable to Sun Life Financial (U.S.) Investments LLC in accordance with § 22 (1), sentence 1, No. 6 WpHG in conjunction with § 22 (1), sentence 2 WpHG. None of the attributed voting rights reach the 3 percent threshold of voting rights in Linde AG on their own.

Sun Life of Canada (U.S.) Financial Services Holdings, Inc., Boston, USA, informed us in writing on 27 January 2009 in accordance with § 21 (1) WpHG that the share of voting rights in Linde AG held by Sun Life of Canada (U.S.) Financial Services Holdings, Inc. exceeded the 5 percent threshold on 26 January 2009 and was now 5.1098 percent (8,609,626 voting rights). These voting rights are attributable to Sun Life of Canada (U.S.) Financial Services Holdings, Inc. in accordance with § 22 (1), sentence 1, No. 6 WpHG in conjunction with § 22 (1), sentence 2 WpHG. None of the attributed voting rights reach the 3 percent threshold of voting rights in Linde AG on their own.

Massachusetts Financial Services Company (MFS), Boston, USA, informed us in writing on 27 January 2009 in accordance with § 21 (1) WpHG that the share of voting rights in Linde AG held by Massachusetts Financial Services Company (MFS), Boston, USA, exceeded the 5 percent threshold on 26 January 2009 and was now 5.1098 percent (8,609,626 voting rights). These voting rights are attributable to Massachusetts Financial Services Company (MFS) in accordance with § 22 (1), sentence 1, No. 6 WpHG in conjunction with § 22 (1), sentence 2 WpHG. None of the attributed voting rights reach the 3 percent threshold of voting rights in Linde AG on their own.

**Statement of changes in equity of Linde AG**

in € million	Capital sub- scribed	Capital reserve	Other retained earnings	Unappro- priated profit	Total equity
<b>At 1 January 2009</b>	<b>431</b>	<b>5,016</b>	<b>1,328</b>	<b>885</b>	<b>7,660</b>
Dividend payments	-	-	-	-303	-303
Changes as a result of share option schemes	1	19	-	-	20
Net income	-	-	-	305	305
<b>At 31 December 2009</b>	<b>432</b>	<b>5,035</b>	<b>1,328</b>	<b>887</b>	<b>7,682</b>
Change in equity due to first-time application of BilMoG	-	-	6	-	6
<b>As at 1 January 2010</b>	<b>432</b>	<b>5,035</b>	<b>1,334</b>	<b>887</b>	<b>7,688</b>
Dividend payments	-	-	-	-304	-304
Transfer to retained earnings	-	-	583	-583	-
Changes as a result of share option schemes	4	77	-	-	81
Net income	-	-	-	432	432
<b>At 31 December 2010</b>	<b>436</b>	<b>5,112</b>	<b>1,917</b>	<b>432</b>	<b>7,897</b>

**[7] Provision for pensions and similar obligations**

As described in the Accounting policies section of these Notes, Linde AG availed itself of the option to retain the measurement of the pension provisions at 1 January 2010 on the basis of the old rules, as permitted by Article 67 (1) of the Introductory Act to the German Commercial Code (EGHGB). The company continued to avail itself of this option at 31 December 2010. This means that the pension provisions exceeded those required by the German Accounting Law Modernisation Act (BilMoG) both at the beginning and at the end of the financial year. Based on the BilMoG rules, the pension obligation at 31 December 2010 would have been EUR 752 m (1 January 2010: EUR 736 m). The actual amount recognised in respect of the pension obligation was EUR 758 m (31 December 2009: EUR 802 m). The reduction in the pension provision between the end of the 2009 and 2010 financial years is the amount utilised as a result of pensions paid during the financial year.

Provisions for similar obligations are recognised in accordance with the BilMoG rules and include in particular bridging payments and the obligation to Linde AG employees in respect of the salary conversion scheme or deferred compensation (Linde Vorsorge Plan). To meet this obligation, monies are held on a fiduciary basis on behalf of Linde AG by Linde Vorsorge Aktiv e.V. No other creditors have access to these pension assets, which have been offset against the pension liability. As the Linde Vorsorge Plan involves obligations which are tied to securities, any amounts relating to the measurement of those assets at fair value which are offset against the pension obligation are not barred from distribution.

in € million	31.12.2010
Pension obligation (under retention option)	758
Fair value of plan assets	273
<b>Net pension provision</b>	<b>485</b>
Historical cost of plan assets	214

in € million	31.12.2010
Settlement amount arising from Linde Vorsorge Plan	46
Fair value of plan assets	46
<b>Net obligation from Linde Vorsorgeplan</b>	<b>–</b>
Historical cost of plan assets	40

## [8] Other provisions

in € million	31.12.2010	31.12.2009
Tax provisions	387	331
Sundry provisions	562	553
	<b>949</b>	<b>884</b>

Sundry provisions include amounts set aside for:

- outstanding invoices and invoices for goods and services which have not yet been received,
- personnel expenses,
- warranty obligations and risks relating to transactions in the course of completion and
- other obligations and risks from current transactions.

The provisions for obligations in Linde AG relating to pre-retirement part-time work are calculated on the basis of individual contractual agreements. Tax provisions have increased as a result of tax audits not yet been completed and the recognition of current tax in the 2010 financial year.

Under the BilMoG rules, the amount recognised in the financial statements in respect of certain sundry provisions would have been lower than the amount recognised under the old rules. In accordance with Article 67 (1) of the Introductory Act to the German Commercial Code (EGHGB), Linde has availed itself of the option to retain the current valuation in respect of these sundry provisions, as it is expected that this effect will reverse by 31 December 2024. The amount that would have been recognised under BilMoG for sundry provisions was EUR 37 m, whereas the amount actually recognised under the old rules was EUR 40 m.

## [9] Liabilities

in € million	Due within 1 year 31.12.2010	Due in 1 to 5 years 31.12.2010	Due in more than 5 years 31.12.2010	Total 31.12.2010	Total 31.12.2009
Advance payments received from customers	10	684	-	694	724
Bank loans and overdrafts	15	-	-	15	-
Trade payables	122	2	-	124	140
Amounts due to affiliated companies	3,169	931	354	4,454	3,947
Of which relating to goods and services	46	-	-	46	67
Amounts due to related companies	1	-	-	1	-
of which relating to goods and services	1	-	-	1	-
Other liabilities	21	12	-	33	51
Including taxes of	13	-	-	13	22
Including social security of	-	-	-	-	4
<b>Liabilities</b>	<b>3,338</b>	<b>1,629</b>	<b>354</b>	<b>5,321</b>	<b>4,862</b>

Liabilities include financial liabilities of EUR 4,376 m (2009: EUR 3,842 m). Of these, EUR 3,587 m (2009: EUR 3,143 m) relate to the subsidiary Linde Finance B. V. The amount due to Linde Finance B. V. includes the subordinated bond issued in 2006 in two tranches. In addition, Linde AG began to conclude Credit Support Annexes (CSAs) with banks in the 2009 financial year. Under these agreements, the positive and negative fair values of derivatives held by Linde AG are collateralised with cash on a regular basis. The corresponding amounts due to banks have been disclosed under this heading since the agreements came into force in 2010. The amount currently included in liabilities which relates to these agreements is EUR 15 m (2009: EUR 0 m).

## Notes to the income statement

### [10] Sales

The tables below provide an analysis of sales by division and by geographical region:

Sales – Analysis by division		
in € million	2010	2009
Linde Gas	1,194	1,114
Linde Engineering	1,636	1,351
Consolidation	-21	-26
	<b>2,809</b>	<b>2,439</b>

Sales – Analysis by geographical region		
in € million	2010	2009
Germany	1,048	1,052
Other Europe	435	484
Americas	82	105
Asia	1,217	763
Africa	12	5
Australia	15	30
	<b>2,809</b>	<b>2,439</b>

### [11] Other operating income

in € million	2010	2009
Profit on disposal of fixed and current assets	5	7
Exchange rate gains	88	172
Income from the release of provisions	62	75
Revenue from commercial business, rentals and leases	10	11
Charges to Group companies	82	82
Financial result from long-term construction contracts	14	24
Sundry income	26	28
	<b>287</b>	<b>399</b>

The financial result from long-term construction contracts is included in Other operating income. Interest which does not relate to long-term construction contracts is disclosed in the financial result.

## [12] Other operating expenses

in € million	2010	2009
Loss on disposals of fixed and current assets	1	6
Exchange rate losses	52	110
Charges by Group companies	49	31
Loss arising on merger	-	19
Other taxes	4	-
Sundry expenses	26	63
	<b>132</b>	<b>229</b>

## [13] Investment income

in € million	2010	2009
Income from profit-sharing agreements	168	172
Investment income	155	203
Of which from affiliated companies	155	203
	<b>323</b>	<b>375</b>

Investment income includes distributions received in the current year from subsidiaries of Linde AG.

## [14] Other interest and similar income and charges

in € million	2010	2009
Interest cost from pension obligations	-	-
Valuation result from plan assets on pension obligations	6	-
Income from pension obligations (net)	6	-
Sundry interest and similar income	171	151
<b>Other interest and similar income</b>	<b>177</b>	<b>151</b>
Unwinding of discount on long-term provisions	18	-
Sundry interest and similar charges	224	219
<b>Interest and similar charges</b>	<b>242</b>	<b>219</b>



### [15] Extraordinary result

The extraordinary result derives solely from the effects of the first-time application of the German Accounting Law Modernisation Act (BilMoG). Further information about extraordinary income and extraordinary charges can be found in the section entitled “Adjustments arising from the application of the German Accounting Law Modernisation Act”.

There was no separate disclosure of the tax effect of the extraordinary result, as there was no tax effect.

### [16] Taxes on income

In the reporting period, an income tax expense of EUR 48 m (2009: EUR 29 m) was recognised. This expense relates to current income tax and does not include any deferred tax.

Deferred tax is calculated on the basis of a review of the temporary differences between the carrying amounts of assets, liabilities, prepayments and deferrals in accordance with German commercial law and the corresponding tax base used in the computation of taxable profit. Deferred tax liabilities arising from the recognition of reserves allowable only for tax purposes in accordance with § 6b of the German Income Tax Act (EStG), or from different amortisation and depreciation periods applying for tax and accounting purposes, are offset against deferred tax assets arising from the different treatment of pension provisions for tax purposes and in the financial statements. On the adoption of the BilMoG and in the reporting period, the review of differences resulted in a net deferred asset, calculated on the basis of a combined income tax rate of 27.38 per cent (Linde AG and its subsidiaries). This has not been recognised as an asset in accordance with the option relating to the recognition of deferred tax assets set out in § 274 (1), sentence 2, of the German Commercial Code (HGB).

## Supplementary information on the Notes

### [17] Contingent liabilities and other financial commitments

Contingent liabilities		
in € million	2010	2009
Guarantees	235	249
Warranties	8,064	7,886
<b>Total</b>	<b>8,299</b>	<b>8,135</b>
Of which relating to affiliated companies	8,264	8,128

Contingent liabilities in respect of warranties comprise amounts issued by Linde Finance B. V. under the Debt Issuance Programme (total volume EUR 10 bn).

In its capacity as the holding company of The Linde Group, Linde AG assumes warranty obligations on behalf of its subsidiaries. Some of these warranties are performance warranties relating to current and future projects, especially in the Linde Engineering Division. Others are guarantees issued on behalf of individual affiliated companies outside Germany that those companies will continue as going concerns.

We regard the risk of any claim being made in respect of the contingent liabilities as extremely low. This assessment is based on many years of experience of such matters.

#### Other financial commitments

The total amount of other financial commitments at 31 December 2010 in Linde AG was EUR 130 m (2009: EUR 138 m). This comprises capital expenditure commitments of EUR 32 m (2009: EUR 34 m) and commitments arising from rental and lease agreements of EUR 98 m (2009: 104 m).

The Linde Engineering Division regularly enters into contracts with consortium partners to build turnkey industrial plants, under which the consortium partners assume joint and several liability to the customer for the total volume of the contract. There are clear internal rules here as to how the liability should be split between the partners. At present, there are plant construction orders with our consortium partners totalling EUR 904 m (2009: EUR 1,049 m). Linde currently anticipates that there will be no claim on the joint and several liability and has therefore not disclosed any contingent liabilities in respect of these contracts.

Lease agreements, which are not required to be disclosed in the financial statements, are an important part of Linde AG's business activities. The lease agreements relate in particular to land and buildings, commercial vehicles, company cars and other factory and office equipment. Future lease payments relating to these types of lease agreement fall due as follows:

in € million	2010	2009
Total minimum lease payments		
Due within one year	16	16
Due in one to five years	46	44
Due in more than five years	36	44
<b>Obligations under non-cancellable operating leases</b>	<b>98</b>	<b>104</b>

According to the provisions of the German Commercial Code and other German principles of proper accounting, there are some transactions which do not require disclosure in the financial statements. In Linde AG, these transactions comprise mainly lease agreements and the outsourcing of operating functions. Agreements relating to the outsourcing of operating functions relate mainly to IT, bookkeeping and transport and logistics services. These transactions do not have a significant financial impact on the financial statements of Linde AG.

### [18] Auditors' fees and services

in € million	2010	2009
Audit	1	1
Other attestation services	1	1
Tax advisory services	-	-
Other services	1	-
	<b>3</b>	<b>2</b>

### [19] Related party transactions

Related parties are persons or entities which may exert an influence on Linde AG or over which Linde AG may exercise significant influence.

Related party transactions comprise mainly transactions with Group companies, joint ventures and associates. They relate principally to rental, service, financing and delivery transactions. The business relationships with these companies are conducted under the same conditions as for non-related third parties. Related companies which are controlled by Linde AG, whether directly or indirectly, or over which Linde AG may exercise significant influence are disclosed in the list of shareholdings.

At the balance sheet date, there were charge-free guarantee agreements with associates and joint ventures in The Linde Group of EUR 31 m (2009: EUR 35 m). These are disclosed as contingent liabilities in Note [17].

For related party transactions, see also information set out in Note [25].

### [20] Cost of materials

in € million	2010	2009
Cost of raw materials and supplies and goods purchased	1,012	1,364
Cost of external services	256	179
	<b>1,268</b>	<b>1,543</b>

## [21] Personnel expenses

in € million	2010	2009
Wages and salaries	417	431
Social security contributions	59	60
Pension costs and staff welfare costs	3	59
Of which from pension costs	2	59
	<b>479</b>	<b>550</b>

The pension costs and staff welfare costs were significantly lower in 2010 than in the prior year as a result of the option exercised to retain the measurement under the old rules on the first-time application of the German Accounting Law Modernisation Act (BilMoG).

## [22] Employees

The average number of employees (including part-time employees pro-rata) can be allocated to the different functions of Linde AG as follows:

	2010	2009
Linde Gas Division	2,558	2,683
Linde Engineering Division	2,644	2,788
Corporate Centre	237	251
<b>Linde AG</b>	<b>5,439</b>	<b>5,722</b>

## [23] Share option scheme

### Linde Performance Share Programme 2007

It was resolved at the Annual General Meeting of Linde AG held on 5 June 2007 to introduce a performance share programme for management (Long Term Incentive Plan 2007 – LTIP 2007), under which up to 3.5 million options can be issued over a total period of five years.

The aim of LTIP 2007 is to present Linde management worldwide with meaningful performance criteria and to encourage the long-term loyalty of our management personnel.

Participants are granted options on an annual basis to subscribe to Linde shares, each with a maximum term of three years, two months and two weeks. The Supervisory Board determines the allocation of options to the members of the Executive Board of Linde AG. Otherwise, the Executive Board determines the participants in the scheme and the number of options to be issued.

Each option confers the right to purchase one share in Linde AG at the exercise price, which is equivalent in each case to the lowest issue price of EUR 2.56 per share. Linde AG may decide at any time, at its own discretion, that the option entitlements of the option holders may be met by providing own shares or making a payment in cash instead of issuing new shares out of the share capital conditionally authorised for this purpose. These arrangements allow for flexibility in the exercise of options. It may make economic sense to use own shares where these are available, rather than increasing share capital or making a payment in cash. The decision as to how the option entitlements will be met will be made in each case by the appropriate executive bodies of the company. The company plans to meet option entitlements by issuing new shares, as in 2010.

Certain conditions apply to the exercise of the options. First of all, the option conditions provide for a qualifying period (vesting period) for the share options of three years from their date of issue. At the end of this vesting period, the options can be exercised within a period of four weeks, on condition that the member of the plan is still employed at that time by Linde AG or by a Group company under a service or employment agreement and that he or she is not under notice. In special cases where a member of the scheme leaves Linde's employ prematurely, an exception to the above rules may be made. Under certain conditions, the exercise period may be shortened or the vesting period lengthened, although the term of the individual tranches may not exceed the maximum term of three years, two months and two weeks. Options in a tranche may only be exercised at the end of the vesting period if and to the extent that the three performance targets laid down have been met. A performance target may be met irrespective of whether the other performance targets have been met. Included in the definition of the performance targets are minimum targets and stretch targets, the fulfilment of which results in a different number of exercisable options in the tranche.

A 40 percent weighting applies to the "adjusted earnings per share" performance target. The minimum target is reached if the adjusted diluted earnings per share achieves a compound annual growth rate (CAGR) of 7 percent during the vesting period. The stretch target is reached if a CAGR of 12 percent is achieved. If the minimum target is reached, 10 percent of the options in a tranche may be exercised and, if the stretch target is reached, 40 percent of the options in a tranche. If the CAGR is between these two target figures, the number of options that may be exercised is determined on a straight-line basis between these two percentage rates.

A 30 percent weighting applies to the "absolute total shareholder return" performance target. The minimum target is reached if the total shareholder return during the vesting period is 20 percent of the initial value. The stretch target is reached if the total shareholder return is 40 percent. If the minimum target is reached, 7.5 percent of the options in a tranche may be exercised and, if the stretch target is reached, 30 percent of the options in a tranche. If the total shareholder return is between these two target figures, the number of options that may be exercised is determined on a straight-line basis between these two percentage rates. The first component of total shareholder return over the three-year period is the change in the share price of Linde AG over the vesting period, which is determined by comparing the average closing price of Linde shares on the last 20 stock exchange trading days in the Xetra trading system of the Frankfurt Stock Exchange before the issue date of the options in the relevant tranche and the average closing price of Linde shares on the last 20 stock exchange trading days in the Xetra trading system before the third last stock exchange trading day before the exercise period. The other components of total shareholder return are dividends paid and the value of any statutory subscription rights relating to the share (e.g. as a result of increases in share capital).

A 30 percent weighting applies to the "relative total shareholder return" performance target. The minimum target is reached if the total shareholder return of the Linde AG share exceeds the median of the control group (DAX-30) during the vesting period. The stretch target is reached if the total shareholder return of the Linde AG share is in the upper quartile of the control group (DAX-30) during the vesting period. If the minimum target is reached, 7.5 percent of the options in a tranche may be exercised and, if the stretch target is reached, 30 percent of the options in a tranche. If the total shareholder return is between these two target figures, the number of options that may be exercised is determined on a straight-line basis between these two percentage rates. When total shareholder return is calculated, the same comments apply as for the "absolute total shareholder return" performance target.

Movements in the options issued under the LTIP 2007 were as follows:

<b>Number of options – Linde Performance Share Programme 2007</b>	
	<b>LTIP – Number of options</b>
<b>At 01.01.2009</b>	<b>971,433</b>
Options granted	737,480
Exercised	–
Forfeited	11,671
Expired	–
<b>At 31.12.2009/01.01.2010</b>	<b>1,697,242</b>
Of which exercisable at 31.12.2009	–
Options granted	520,340
Exercised	134,474
Forfeited	102,717
Expired	330,873
<b>At 31.12.2010</b>	<b>1,649,518</b>
Of which exercisable at 31.12.2010	–

In 2010, 134,474 options in the 2007 tranche were exercised. The average remaining period of the LTIP 2007 is 18 months (2009: 19 months). The exercise price for all the tranches in the LTIP 2007 is EUR 2.56.

In accordance with the rules set out in the German Commercial Code (HGB), Linde exercised the option not to recognise the share option plans as a personnel expense.

#### Linde Management Incentive Programme 2002

It was resolved at the Annual General Meeting of Linde AG held on 14 May 2002 to introduce a share option scheme for management (Linde Management Incentive Programme 2002), under which up to six million subscription rights could be issued. The Linde Management Incentive Programme 2002 expired in the 2006 financial year.

The aim of this share option scheme was to allow Linde executives to participate in price rises in Linde shares and thereby in the increase in value of the company. Participants were granted options to subscribe to Linde shares, each with a term of seven years. The Supervisory Board determined the allocation of subscription rights to members of the Executive Board of Linde AG. Otherwise, the Executive Board, with the approval of the Supervisory Board, determined the number of options to be issued.

The options confer the right to subscribe to shares in Linde AG at the exercise price. The exercise price for acquiring new shares in Linde AG is 120 percent of the base price. The base price is the average closing price of Linde shares in Xetra trading on the Frankfurt Stock Exchange over the last five days before the issue date of the options. The establishment of the exercise price also fulfils the legal requirement for a performance target linked to the rise in the share price of the company. It only makes economic sense to exercise the option if the share price exceeds the exercise price. Setting a performance target of a 20 percent increase in share price links the motivation of the participants in the share option scheme closely with the interests of the shareholders, who are seeking to achieve a medium-term increase in the value of the company.

The option conditions provide for a qualifying period for the share options of two years from their date of issue. At the end of this period, the options can be exercised during the entire option term, i.e. during the five years from the end of the qualifying period, excluding any blocked periods. These are the periods from three weeks before to two days after the public reporting dates of the company, the last two weeks before the end of the financial year until two days after the announcement of the annual results and 14 weeks before until

the third banking day after the Annual General Meeting. In order to meet the option entitlements of the option holders, Linde AG may elect to provide own shares which it has repurchased in the market, or to issue new shares out of the share capital conditionally authorised for this purpose or, instead of providing new shares, to make a payment in cash per option which represents the difference between the exercise price and the Xetra closing price of Linde shares on the exercise date. These arrangements allow for flexibility in the exercise of the subscription rights. It may make economic sense to use own shares where these are available, rather than increasing share capital or making a payment in cash. The decision as to how the option entitlements will be met will be made in each case by the appropriate executive bodies of the company, which will be guided solely by the interests of the shareholders and of the company. As in previous years, the company plans to meet the option entitlements by issuing new shares. For share options issued to members of the Executive Board, it is envisaged that, with effect from the 2004 tranche, the Supervisory Board will be able to decide to restrict the exercise of options if there are exceptional unforeseen movements in the Linde share price. This was not the case in the 2009 and 2010 financial years.

Participation in the Linde Management Incentive Programme requires no investment from the executives entitled to options. Instead, it is an additional component of their remuneration package.

Movements in the options issued under the Linde Management Incentive Programme were as follows:

#### Options – Linde Management Incentive Programme 2002

	Total	Average exercise price in EUR
At 01.01.2009	2,985,973	66.37
Options granted	-	-
Exercised	414,600	47.23
Forfeited	1,000	81.76
Expired	140,650	56.90
At 31.12.2009/01.01.2010	2,429,723	70.18
Of which exercisable at 31.12.2009	2,429,723	-
Options granted	-	-
Exercised	1,255,371	64.24
Forfeited	-	-
Expired	1,302	32.38
At 31.12.2010	1,173,050	76.58
Of which exercisable at 31.12.2010	1,173,050	-

As a result of the exercise of 1,255,371 options (2009: 414,600), capital subscribed increased in 2010 by EUR 3 m (2009: EUR 1 m) and the capital reserve by EUR 77 m (2009: EUR 19 m).

In accordance with the rules set out in the German Commercial Code (HGB), Linde opted not to recognise the share option plans as a personnel expense.

## [24] Derivative financial instruments

Linde AG is exposed to interest rate risks and currency risks in the course of its operating activities. These risks are reduced by the use of derivatives. There are uniform guidelines as to the use of derivatives, and compliance with these guidelines is constantly monitored.

The main derivatives used in Linde AG are interest rate swaps, combined interest rate/currency swaps and forward exchange transactions. Occasionally, options are also used.

### Measurement information for financial instruments

The fair value of financial instruments is determined using stock exchange prices or reference prices (e. g. ECB reference prices). The calculations are based on the following interest curves:

Interest curves								
in percent	EUR	USD	GBP	JPY	AUD	SEK	RUB	DKK
<b>2010</b>								
Interest rate for six months	1.17	0.39	0.99	0.29	5.07	1.95	4.00	1.40
Interest rate for one year	1.30	0.45	0.90	0.35	5.18	2.23	5.29	1.60
Interest rate for five years	2.45	2.21	2.65	0.57	5.81	3.16	7.41	2.72
Interest rate for ten years	3.24	3.41	3.57	1.16	6.02	3.59	7.41	3.43
<b>2009</b>								
Interest rate for six months	0.99	0.37	0.78	0.42	4.42	0.64	7.75	1.64
Interest rate for one year	1.28	0.64	1.02	0.47	4.67	0.77	7.38	1.88
Interest rate for five years	2.77	2.92	3.43	0.70	5.82	2.81	7.95	3.16
Interest rate for ten years	3.54	3.92	4.15	1.41	6.21	3.53	7.95	3.81

Derivative financial instruments in Linde AG are generally recorded on the trading day in accordance with the rules set out in the German Commercial Code (HGB). Negative fair values are recognised in provisions according to the principle of the lower of cost or market, while positive fair values are not recognised until they are realised.

If an asset or a liability, or a transaction in the course of completion or a highly probable forecast transaction, is hedged, the derivative and the underlying transaction are valued together. Where such items are valued together, the hedging instruments are usually concluded so that they match the risk to be hedged exactly. This ensures that the changes in fair value or the cash flows arising from the derivative and underlying transaction occur at the same time.

Provisions of EUR 31 m (2009: EUR 24 m) have been made for financial instruments with negative fair values. Of this amount, EUR 10 m (2009: EUR 6 m) related to forward exchange transactions, and EUR 21 m (2009: EUR 18 m) to swap transactions.

In 2010, advance payments for swap transactions of EUR 9 m (2009: EUR 0 m) were recognised in liabilities under other liabilities and recognised in profit or loss over the life of the instrument.

### Counterparty risks

Linde AG does not believe it has any significant exposure to counterparty risk arising from any individual counterparty. The concentration of the counterparty risk is limited due to our broad uncorrelated customer base. The counterparty risk from derivative financial instruments is limited due to the fact that the counterparties are banks which have good credit ratings from international rating agencies. In addition, an early warning and monitoring system has been implemented and Credit Support Annexes (CSAs) have been concluded with banks. Under these agreements, the positive and negative fair values of derivatives held by Linde AG are collateralised with cash on a regular basis. The amount included in receivables which relates to these agreements



is EUR 36 m (2009: EUR 0 m), while the amount included in liabilities is EUR 15 m (2009: EUR 0 m). The risk positions outstanding are subject to strict limits and are continually monitored.

#### Currency risks

Linde AG generally enters into forward exchange contracts to hedge the exposure to risks arising from fluctuations in receivables, payables and liabilities denominated in foreign currencies, as well as from contracts in the course of completion and forecast transactions. The forecast transactions which are hedged are mainly planned purchase or sale transactions in foreign currency. Individual hedging relationships are recognised with the derivative and the underlying transaction being valued together.

Linde AG sometimes adopts a portfolio approach for foreign currency risks arising from project business in the Linde Engineering division. Under this approach, the individual risks are matched centrally and the net position is hedged using forward exchange transactions or foreign exchange options.

Forward exchange transactions are also used to hedge the exposure to foreign currency risks arising from internal financing. In addition, Linde AG held some financial instruments in prior years for the purpose of hedging translation risks centrally within The Linde Group. These have been transferred to Group companies in The Linde Group.

#### Interest rate risks

Linde AG is refinanced mainly through the issue of bonds and medium-term notes in various currencies by Linde Finance B. V. Linde hedges the exposure to the resulting future interest rate and currency risks by entering into appropriate interest rate and combined interest rate/currency swaps. Individual hedging relationships are recognised with the derivative and the underlying transaction being valued together.

At the Linde AG level, capital market liabilities passed on are hedged. Interest rate swaps are used for this, which have the effect of transforming liabilities at variable interest rates into fixed-interest liabilities or vice versa.

Due to the centralised management of interest rate risks, Linde AG also holds some derivative financial instruments which are used to hedge the exposure to interest rate risks of liabilities within The Linde Group.

As at 31.12.2010	Short-term		Long-term				Total		Hedged risk
	Due within one year		Due in one to five years		Due in more than five years				
	Market value	Nominal amounts	Market value	Nominal amounts	Market value	Nominal amounts	Market value	Nominal amounts	Nominal amounts
in € million									
<b>Forward exchange contracts</b>									
Hedge relationship with assets and liabilities	-	-96	-	-	-	-	-	-96	96
Thereof assets	3	78	-	-	-	-	3	78	78
Thereof liabilities	3	174	-	-	-	-	3	174	174
Hedge relationship with firm commitments and highly probable forecast transactions	-1	-53	-	1	-	-	-1	-52	52
Thereof assets	112	3,047	41	631	-	-	153	3,678	3,678
Thereof liabilities	113	3,100	41	630	-	-	154	3,730	3,730
No hedge relationship	-2	-113	-	-7	-	-	-2	-120	120
Thereof assets	8	151	-	2	-	-	8	153	153
Thereof liabilities	10	264	-	9	-	-	10	273	273
<b>Total</b>	<b>-3</b>	<b>-262</b>	<b>-</b>	<b>-6</b>	<b>-</b>	<b>-</b>	<b>-3</b>	<b>-268</b>	<b>268</b>
Thereof assets	123	3,276	41	633	-	-	164	3,909	3,909
Thereof liabilities	126	3,538	41	639	-	-	167	4,177	4,177
<b>Swap transactions</b>									
Hedge relationship with assets and liabilities	-	-	-19	-291	6	149	-13	-142	142
Thereof assets	-	-	6	116	6	159	12	275	275
Thereof liabilities	-	-	25	407	-	10	25	417	417
Hedge relationship with firm commitments	-	-	-	-	-	-	-	-	-
Thereof assets	-	-	1	25	-	10	1	35	35
Thereof liabilities	-	-	1	25	-	10	1	35	35
No hedge relationship	-	-9	12	-46	26	255	38	200	-200
Thereof assets	1	118	32	716	28	311	61	1,145	1,145
Thereof liabilities	1	127	20	762	2	56	23	945	945
<b>Total</b>	<b>-</b>	<b>-9</b>	<b>-7</b>	<b>-337</b>	<b>32</b>	<b>404</b>	<b>25</b>	<b>58</b>	<b>-58</b>
Thereof assets	1	118	39	857	34	480	74	1,455	1,455
Thereof liabilities	1	127	46	1,194	2	76	49	1,397	1,397

As at 31.12.2009	Short-term		Long-term				Total		Hedged risk
	Due within one year		Due in one to five years		Due in more than five years		Market value	Nominal amounts	Nominal amounts
	Market value	Nominal amounts	Market value	Nominal amounts	Market value	Nominal amounts			
in € million									
<b>Forward exchange contracts</b>									
Hedge relationship with assets and liabilities	2	75	-	-	-	-	2	75	-75
Thereof assets	5	139	-	-	-	-	5	139	139
Thereof liabilities	3	64	-	-	-	-	3	64	64
Hedge relationship with firm commitments and highly probable forecast transactions	-	40	-	-	-	-	-	40	-40
Thereof assets	67	2,239	24	544	-	-	91	2,783	2,783
Thereof liabilities	67	2,199	24	544	-	-	91	2,743	2,743
No hedge relationship	2	57	-2	-56	-	-	-	1	-1
Thereof assets	6	183	-	1	-	-	6	184	184
Thereof liabilities	4	126	2	57	-	-	6	183	183
<b>Total</b>	<b>4</b>	<b>172</b>	<b>-2</b>	<b>-56</b>	<b>-</b>	<b>-</b>	<b>2</b>	<b>116</b>	<b>-116</b>
Thereof assets	78	2,561	24	545	-	-	102	3,106	3,106
Thereof liabilities	74	2,389	26	601	-	-	100	2,990	2,990
<b>Swap transactions</b>									
Hedge relationship with assets and liabilities	-	-	2	176	7	-90	9	86	-86
Thereof assets	-	-	5	200	10	129	15	329	329
Thereof liabilities	-	-	3	24	3	219	6	243	243
Hedge relationship with firm commitments	-	-	-	-	-	-	-	-	-
Thereof assets	2	28	-	-	1	25	3	53	53
Thereof liabilities	2	28	-	-	1	25	3	53	53
No hedge relationship	-	4	26	607	23	261	49	872	-872
Thereof assets	-	4	44	1,140	23	371	67	1,515	1,515
Thereof liabilities	-	-	18	533	-	110	18	643	643
<b>Total</b>	<b>-</b>	<b>4</b>	<b>28</b>	<b>783</b>	<b>30</b>	<b>171</b>	<b>58</b>	<b>958</b>	<b>-958</b>
Thereof assets	2	32	49	1,340	34	525	85	1,897	1,897
Thereof liabilities	2	28	21	557	4	354	27	939	939

## [25] Additional information about the Supervisory Board and Executive Board

### Supervisory Board

In the 2010 financial year, the total remuneration of the members of the Supervisory Board for discharging their duties in the parent company and in the subsidiaries, including VAT, was EUR 2,504,950 (2009: EUR 2,070,362). Of this amount, EUR 1,023,400 (2009: EUR 999,600) related to fixed emoluments and EUR 1,442,280 (2009: EUR 1,033,872) to variable emoluments.

At 31 December 2010 and at the previous year-end, there were no advances or loans to members of the Supervisory Board. Moreover, the members of the Supervisory Board received no emoluments or benefits for any personal services they had provided, such as consultancy or mediation services.

### Executive Board

#### Emoluments of the Executive Board

in €	2010	2009
Fixed emoluments	4,080,077	4,030,437
Variable emoluments	7,821,055	6,431,873
<b>Total cash emoluments</b>	<b>11,901,132</b>	<b>10,462,310</b>

In the 2010 financial year, under the 2007 Performance Share Programme approved at the Annual General Meeting, a total of 78,065 subscription rights (2009: 117,509 subscription rights) were granted to members of the Executive Board as part of their total emoluments. These had a value on the grant date of EUR 38.43 (2009: EUR 25.53) per subscription right, which gives a total of EUR 3,000,039 (2009: EUR 3,000,005).

In 2010 and 2009, there were no advances or loans to members of the Executive Board.

Total remuneration paid to former members of the Executive Board and their surviving dependants was EUR 2,579,839 (2009: EUR 2,667,115).

A provision of EUR 34,899,136 (2009: EUR 36,836,129) has been made for current pensions and future pension benefits in respect of former members of the Executive Board and their surviving dependants.

The remuneration report presents the basic features and the structure of the remuneration of the Executive Board and the Supervisory Board. It has been included in the Linde AG management report.

## [26] Declaration of Compliance with the German Corporate Governance Code and Declaration on Corporate Governance in accordance with § 289 a of the German Commercial Code (HGB)

The Executive Board and Supervisory Board of Linde AG approved the prescribed declaration pursuant to § 161 of the German Stock Corporation Law (AktG) on the recommendations of the German Corporate Governance Code and made it available to shareholders on a permanent basis.

The Declaration of Compliance has been published on the company's website at [www.linde.com/declarationofcompliance](http://www.linde.com/declarationofcompliance). The Declaration on Corporate Governance can be found on the Internet at [www.linde.com/corporategovernance](http://www.linde.com/corporategovernance).

A detailed commentary on corporate governance in Linde is set out in the Corporate Governance section of this report.

## [27] Other Board memberships

(Disclosures regarding other Board memberships are as at 31 December 2010)

### Supervisory Board

Members of the Supervisory Board of Linde Aktiengesellschaft are members of the following other German supervisory boards and comparable German and foreign boards:

#### Dr Manfred Schneider

Chairman of the Supervisory Board of Linde AG

- External offices:
  - Bayer AG (Chairman)
  - Daimler AG
  - RWE AG (Chairman)
  - TUI AG

#### Hans-Dieter Katte

Deputy Chairman of the Supervisory Board of Linde AG,  
Chairman of the Pullach Works Council,  
Engineering Division, Linde AG

#### Michael Diekmann

Second Deputy Chairman of the Supervisory Board of Linde AG,  
Chairman of the Board of Management of Allianz SE

- External offices:
  - BASF SE
  - Siemens AG
- Group offices:
  - Allianz Deutschland AG
  - Allianz Global Investors AG (Chairman)
- Group offices:
  - Allianz S. p. A.
  - Allianz France S. A.
  - (Vice-President of the Administrative Board)

#### Dr Gerhard Beiten

Lawyer

#### Dr Clemens Börsig

Chairman of the Supervisory Board of Deutsche Bank AG

- External offices:
  - Bayer AG
  - Daimler AG
  - Deutsche Bank AG (Chairman)
- External offices:
  - Emerson Electric Company
  - (Member of the Board of Directors)

#### Gernot Hahl

Chairman of the Worms Works Council,  
Gases Division, Linde AG

#### Thilo Kämmerer

Trade Union Secretary, IG Metall

- External offices:
  - KION GROUP GmbH
  - KION Holding 1 GmbH

#### Matthew F. C. Miao

Chairman of MiTAC-SYNNEX-Group, Taiwan

- External offices:
  - BOC Lienhwa Industrial Gases Co. Ltd
  - (Member of the Board of Directors)
  - Winbond Electronics Corp.
  - (Member of the Board of Directors)
- Group offices:
  - Mitac Technology Corporation
  - (Member of the Board of Directors)
  - Synnex Corporation
  - (Member of the Board of Directors)

- Membership of other German supervisory boards.
- Membership of comparable German and foreign boards.

## Supervisory Board

### Klaus-Peter Müller

Chairman of the Supervisory Board  
of Commerzbank AG

- External offices:  
Commerzbank AG (Chairman)  
Fraport AG (retired on 31 December 2010)  
Fresenius SE  
Fresenius Management SE  
MaschmeyerRürup AG

- External offices:  
Landwirtschaftliche Rentenbank  
(Member of the Administrative Board)  
Parker Hannifin Corporation  
(Member of the Board of Directors)

### Jens Riedel

Chairman of the Leuna Works Council,  
Gases Division, Linde AG

### Xaver Schmidt

Secretary to the Executive Board of IG Bergbau,  
Chemie, Energie, Hanover

### Josef Schregle

Manager responsible for finance and  
financial control, Engineering Division, Linde AG

## Executive Board

In addition to their individual management functions in affiliated companies and in companies in which an investment is held, members of the Executive Board of Linde Aktiengesellschaft are members of the following German supervisory boards and comparable German and foreign boards:

### Professor Dr Wolfgang Reitzle

Chief Executive Officer

- External offices:  
Continental AG (Chairman)

### Dr Aldo Belloni

Member of the Executive Board

### Georg Denoke

Member of the Executive Board

### J. Kent Masters

Member of the Executive Board

- External offices:  
Rockwood Holdings, Inc., USA  
(Member of the Board of Directors)
- Group offices:  
African Oxygen Limited, South Africa  
(Chairman of the Board of Directors)

- Membership of other German supervisory boards.
- Membership of comparable German and foreign boards.

### [28] Restrictions on the distribution of profits

In accordance with § 268 (8) of the German Commercial Code (HGB), certain amounts included in the unappropriated profit, freely available reserves and profit brought forward are not available for distribution (i.e. are barred from distribution).

<b>Amounts barred from distribution</b>	
in € million	2010
Resulting from measurement of plan assets at fair value	59
<b>Non-distributable amounts</b>	<b>59</b>

### [29] Proposed appropriation of profits of Linde AG

The Executive Board recommends to the Supervisory Board that, when the annual financial statements of Linde AG are approved at the meeting of the Supervisory Board on 9 March 2011, the appropriation of profit of EUR 431,927,035.57 (2009: EUR 887,319,283.44) be voted on at the Annual General Meeting on 12 May 2011: the distribution of a dividend of EUR 2.20 per share entitled to dividend (2009: EUR 1.80).

The amount to be distributed will therefore be EUR 374,653,270.20 (2009: EUR 304,032,772.80), based on 170,296,941 (2009: 168,907,096) shares entitled to dividend. The remaining amount of EUR 57,273,765.37 (2009: EUR 583,286,510.64) will be transferred to other retained earnings.

Munich, 1 March 2011

Linde Aktiengesellschaft  
 The Executive Board

[30] List of shareholdings of The Linde Group and Linde AG at 31 December 2010 in accordance with § 285 No. 11 of the German Commercial Code (HGB)

The results of companies acquired in 2010 are included as of the date of acquisition. The information about the equity and the net income or net loss of the companies is as at 31 December 2010 in accordance with IFRS, unless specifically disclosed in the notes below.

Companies included in the Group financial statements (in accordance with IAS 27)

	Registered office	Country	Participating interest in percent	Thereof Linde AG in percent	Equity in € million	Net income/net loss (-) in € million	Note
<b>Gases Division</b>							
<b>Western Europe</b>							
Linde Electronics GmbH	Stadl-Paura	AUT	100		6.9	0.9	
Linde Gas GmbH	Stadl-Paura	AUT	100	49	438.6	104.0	
PROVISIS Gase & Service GmbH	Bad Wimsbach-Neydharting	AUT	100		0.1	0.0	
Chemogas N. V.	Grimbergen	BEL	100		5.1	0.2	
Linde Gas Belgium NV	Niel	BEL	100		4.8	-0.5	
PanGas AG	Dagmersellen	CHE	100		120.8	37.7	
AGA Holding GmbH	Munich	DEU	100	100	90.3	-2.2	
Eibl Homecare GmbH	Mahlow	DEU	100		4.1	-	a
Heins & Co. GmbH	Bremen	DEU	100		0.0	-	a
Hydromotive GmbH & Co. KG	Leuna	DEU	100	100	1.6	0.3	
Hydromotive Verwaltungs-GmbH	Leuna	DEU	100	100	0.0	0.0	
Linde Electronics GmbH & Co. KG	Pullach	DEU	100	100	25.7	0.5	
Linde Electronics Verwaltungs GmbH	Pullach	DEU	100	100	3.2	-0.3	
Linde Gas Produktionsgesellschaft mbH & Co. KG	Pullach	DEU	100	100	346.9	-1.4	
Linde Gas Therapeutics GmbH	Unterschleissheim	DEU	100		25.7	-	a
Linde Gas Verwaltungs GmbH	Pullach	DEU	100	100	0.1	0.0	
Linde Welding GmbH	Pullach	DEU	100		0.3	-	a
Martens Schweisstechnik GmbH	Rastede	DEU	100		0.9	-	a
MTA GmbH Medizin-Technischer Anlagenbau	Sailauf	DEU	100		1.2	-0.1	
SMR GmbH Schweisservice Martens	Rastede	DEU	100		0.4	-	a
Spectra Gases (Germany) GmbH	Babenhausen	DEU	100		4.7	1.0	
Tega-Technische Gase und Gasetechnik Gesellschaft mit beschränkter Haftung	Würzburg	DEU	100	100	3.9	-	a
TGF GmbH	Norderstedt	DEU	100	100	0.6	0.1	
Unterbichler Gase GmbH	Munich	DEU	100		0.0	-	a
Wahle I Vermögensverwaltungs GmbH i. L.	Bad Vilbel	DEU	97		0.8	-	a
AGA A/S	Copenhagen	DNK	100		10.1	3.4	
Linde Gas Algerie S. p. A.	Algiers	DZA	66	66	54.9	9.2	
Abelló Linde, S.A.	Barcelona	ESP	80	80	120.8	8.7	



## Companies included in the Group financial statements (in accordance with IAS 27)

	Registered office	Country	Participating interest in percent	Thereof Linde AG in percent	Equity in € million	Net income/net loss (-) in € million	Note
LINDE ELECTRONICS, S. L.	Barcelona	ESP	100		-0.5	-0.1	
LINDE MEDICINAL, S. L.	Cordoba	ESP	100		6.7	-0.3	
AS Eesti AGA	Tallinn	EST	100		9.8	3.1	
Kiinteisto Oy Karakaasu	Espoo	FIN	100		-2.1	0.0	c
Kiinteisto Oy Karaportti	Espoo	FIN	100		-3.4	0.0	c
Oy AGA ab	Espoo	FIN	100		34.7	36.7	c
Teollisuuskaatus Suomi Oy	Espoo	FIN	100		2.3	0.0	c
TK-Teollisuuskaatus Oy	Espoo	FIN	100		-0.1	-0.1	c
LINDE ELECTRONICS SAS	Saint-Priest	FRA	100		2.3	0.1	
Linde France S. A.	Saint-Priest	FRA	100		0.0	24.5	d
Linde Médical Domicile S. A.	Amiens	FRA	100		0.4	0.2	
ALLWELD INDUSTRIAL AND WELDING SUPPLIES LIMITED	Nottingham	GBR	100		0.0	0.0	c, d
BOC HEALTHCARE LIMITED	Guildford	GBR	100		0.3	0.0	
BOC HELEX	Guildford	GBR	100		1,721.0	82.8	
COTSWOLD INDUSTRIAL & WELDING SUPPLIES LIMITED	Nottingham	GBR	100		0.1	-0.1	c, d
EXPRESS INDUSTRIAL & WELDING SUPPLIES LIMITED	Nottingham	GBR	100		0.8	0.0	c, d
FLUOROGAS LIMITED	Guildford	GBR	100		0.1	0.0	
FUTURE INDUSTRIAL AND WELDING SUPPLIES LTD.	Nottingham	GBR	100		0.3	0.1	c, d
GAFFNEY INDUSTRIAL & WELDING SUPPLIES LTD	Nottingham	GBR	80		1.0	0.0	c, d
GAS & GEAR LIMITED	Nottingham	GBR	100		0.0	0.0	c, d
GAS INSTRUMENT SERVICES LIMITED	Nottingham	GBR	100		0.0	0.0	c, d
GWYNEDD INDUSTRIAL AND WELDING SUPPLIES LIMITED	Nottingham	GBR	100		0.0	0.0	c, d
INDUSTRIAL & WELDING SUPPLIES (NORTH WEST) LIMITED	Nottingham	GBR	100		-1.7	-0.1	c, d
INDUSTRIAL & WELDING SUPPLIES LIMITED	Nottingham	GBR	100		0.0	0.0	c, d
INDUSTRIAL AND WELDING MANAGEMENT LIMITED	Nottingham	GBR	100		0.1	-0.1	c, d
INDUSTRIAL SUPPLIES & SERVICES LIMITED	Nottingham	GBR	100		3.1	-0.3	c, d
LEEN GATE INDUSTRIAL & WELDING SUPPLIES (SCOTLAND) LIMITED	Nottingham	GBR	75		1.1	0.2	c, d
LEENGATE HIRE & SERVICES LIMITED	Nottingham	GBR	100		0.0	0.0	c, d
LEENGATE INDUSTRIAL & WELDING SUPPLIES (CANNOCK) LIMITED	Nottingham	GBR	100		-0.8	-0.1	c, d
LEENGATE INDUSTRIAL & WELDING SUPPLIES (LINCOLN) LIMITED	Nottingham	GBR	90		0.2	0.0	c, d
LEENGATE INDUSTRIAL & WELDING SUPPLIES (NORTH EAST) LIMITED	Nottingham	GBR	88		1.5	0.1	c, d

## Companies included in the Group financial statements (in accordance with IAS 27)

	Registered office	Country	Participating interest in percent	Thereof Linde AG in percent	Equity in € million	Net income/net loss (-) in € million	Note
LEENGATE INDUSTRIAL & WELDING SUPPLIES (NOTTINGHAM) LIMITED	Nottingham	GBR	100		0.2	-0.1	c, d
LEENGATE INDUSTRIAL & WELDING SUPPLIES LIMITED	Nottingham	GBR	90		0.2	0.0	c, d
LEENGATE VALVES LIMITED	Nottingham	GBR	94		1.0	0.3	c, d
LEENGATE WELDING LIMITED	Nottingham	GBR	100		0.0	0.0	c, d
LINDE CANADA HOLDINGS LIMITED	Guildford	GBR	100		340.8	4.4	
LINDE GAS HOLDINGS LIMITED	Guildford	GBR	100	100	0.0	0.0	c, d
LINDE HELIUM HOLDINGS LIMITED	Guildford	GBR	100		0.0	0.0	c, d
PENNINE INDUSTRIAL & WELDING SUPPLIES LIMITED	Nottingham	GBR	100		-0.1	0.0	c, d
ROCK INDUSTRIAL & WELDING SUPPLIES LIMITED	Nottingham	GBR	88		1.1	0.0	c, d
SEABROOK INDUSTRIAL & WELDING SUPPLIES LIMITED	Nottingham	GBR	100		-0.2	0.0	c, d
Spectra Gases Limited	Cambridge	GBR	100		0.6	0.2	
W & G SUPPLIES LIMITED	Nottingham	GBR	100		0.3	0.0	c, d
WELDER EQUIPMENT SERVICES LIMITED	Nottingham	GBR	75		0.0	-0.1	c, d
WESSEX INDUSTRIAL & WELDING SUPPLIES LIMITED	Nottingham	GBR	100		-0.2	-0.1	c, d
BOC (TRADING) LIMITED	Dublin	IRL	100		25.3	6.4	c, d
BOC GASES IRELAND HOLDINGS LIMITED	Dublin	IRL	100		7.1	60.0	
BOC Gases Ireland Limited	Dublin	IRL	100		60.0	13.9	c, d
COOPER CRYOSERVICE LIMITED	Dublin	IRL	100		1.7	0.0	
ISAGA ehf.	Reykjavik	ISL	100		3.8	1.3	
Linde Gas Italia S. r. l.	Arluno	ITA	100		148.3	9.2	
LINDE MEDICALE Srl	Arluno	ITA	100		34.2	5.0	
AGA UAB	Vilnius	LTU	100		4.2	-0.7	
AGA SIA	Riga	LVA	100		11.2	0.8	
AGA International B. V.	Schiedam	NLD	100		212.9	9.9	
Beheermaatschappij De Econoom B. V.	Schiedam	NLD	100		2.1	-0.3	
Linde Electronics B. V.	Schiedam	NLD	100		3.6	0.8	
Linde Gas Benelux B. V.	Schiedam	NLD	100		171.5	30.8	
Linde Gas Cryoservices B. V.	Hedel	NLD	100		3.2	1.3	
Linde Gas Therapeutics Benelux B. V.	Eindhoven	NLD	100		43.2	7.5	
Linde Homecare Benelux B. V.	Nuland	NLD	100		12.9	0.4	
Mecomfa SPC B. V.	Schiedam	NLD	100		-4.9	0.2	
Mecomfa SPC2 B. V.	Schiedam	NLD	100		1.0	0.0	
Naamloze Vennootschap Linde Gas Benelux	Schiedam	NLD	100		272.5	1.5	
AGA AS	Oslo	NOR	100		41.3	27.1	
LINDE SOGÁS, LDA	Lisbon	PRT	100		34.7	5.2	

## Companies included in the Group financial statements (in accordance with IAS 27)

	Registered office	Country	Participating interest in percent	Thereof Linde AG in percent	Equity in € million	Net income/net loss (-) in € million	Note
AB Dissousgas	Lidingö	SWE	100		0.2	0.0	
AB Held	Lidingö	SWE	100		0.0	0.0	
AGA Fastighet Gothenburg AB	Lidingö	SWE	100		0.0	0.0	
AGA Gas Aktiebolag	Lidingö	SWE	100		0.0	0.0	
AGA Industrial Gas Engineering Aktiebolag	Lidingö	SWE	100		0.0	0.0	
AGA Innovation AB	Lidingö	SWE	100		0.0	0.0	
AGA International Investment Aktiebolag	Lidingö	SWE	100		0.0	0.0	
AGA Medical Aktiebolag	Lidingö	SWE	100		0.0	0.0	
AGA RE Försäkrings AB	Lidingö	SWE	100		0.7	0.0	
AGA Specialgas AB	Lidingö	SWE	100		0.1	0.0	
Agatronic AB	Lidingö	SWE	100		0.1	0.0	
CRYO Aktiebolag	Gothenburg	SWE	100		0.0	0.0	
Ferronova AB	Lidingö	SWE	100		0.0	0.0	
Flaskgascentralen i Malmö Aktiebolag	Svedala	SWE	100		0.0	0.0	
Industri Gas AB	Lidingö	SWE	100		0.0	0.0	
Svenska Aktiebolaget Gasaccumulator	Lidingö	SWE	100		0.1	0.0	
Svets Gas Aktiebolag	Lidingö	SWE	100		0.0	0.0	
Toolvac AB	Lidingö	SWE	100		0.1	0.0	
Linde Gas Tunisie S. A.	Tunis	TUN	60	60	6.1	0.1	
<b>Americas</b>							
BOC GASES ARUBA N. V.	Santa Cruz	ABW	100		2.7	0.2	
Grupo Linde Gas Argentina S. A.	Buenos Aires	ARG	100	65	33.6	4.7	
The Hydrogen Company of Paraguana Ltd.	Hamilton	BMU	100		56.8	1.2	
Linde Gases Ltda.	Barueri	BRA	100		132.3	-16.6	
LINDE-BOC GASES LIMITADA	São Paulo	BRA	100		12.5	1.0	
AGA S. A.	Santiago	CHL	100		99.8	9.0	
BOC de Chile S. A.	Las Condes	CHL	100		7.4	-0.1	
Spectra Gases (Shanghai) Trading Co., LTD.	Shanghai	CHN	100		1.3	1.0	
Linde Colombia S. A.	Bogota	COL	100		87.0	8.8	
Linde Gas Curaçao N. V.	Willemstad	CUW	100		2.0	0.3	
AGA Quinsa, S. A.	Santo Domingo	DOM	100		4.6	0.6	
AGA S. A.	Quito	ECU	100		28.1	4.4	
Aqua y Gas de Sillunchi S. A.	Quito	ECU	100		0.9	0.0	
BOC GASES DE MEXICO, S. A. DE C. V.	Mexico City	MEX	100		0.0	0.0	
Compania de Operaciones de Nitrogeno, S. A. de C. V.	Santa Fe	MEX	100		6.6	2.2	c
SERVICIOS DE OPERACIONES DE NITROGENO, S. A. DE C. V.	Santa Fe	MEX	100		0.9	0.1	c

Companies included in the Group financial statements (in accordance with IAS 27)

	Registered office	Country	Participating interest in percent	Thereof Linde AG in percent	Equity in € million	Net income/net loss (-) in € million	Note
AGA S. A.	Callao	PER	100		9.0	0.5	
AGA Linde Healthcare Puerto Rico, Inc.	Cataño	PRI	100		0.0	0.0	
Linde Gas Puerto Rico, Inc.	Cataño	PRI	100		4.1	0.2	
AGA S. A.	Montevideo	URY	100		9.7	2.7	
ECO-SNOW SYSTEMS LLC	Wilmington	USA	100		0.0	0.0	
Holox Inc.	Norcross	USA	100		0.0	0.0	c
LAG Methanol LLC	Wilmington	USA	100		0.0	0.0	
Linde Canada Investments LLC	Wilmington	USA	100		14.9	0.0	
Linde Delaware Investments Inc.	Wilmington	USA	100		122.1	0.0	
Linde Energy Services, Inc	Wilmington	USA	100		-0.2	0.0	
Linde Gas North America LLC	Wilmington	USA	100		655.9	88.2	
Linde Merchant Production, Inc	Wilmington	USA	100		21.3	-1.2	
Linde North America, Inc.	Wilmington	USA	100	<0.1	213.9	-146.0	
Linde RSS LLC	Wilmington	USA	100		-0.1	0.4	
Linde Transport, Inc.	Nashville	USA	100		0.0	0.0	
Spectra Gases Delaware Inc.	Wilmington	USA	100		0.0	0.0	
Spectra Investors, LLC	Branchburg	USA	49		3.6	-1.2	e
TMG Co. LLC	Wilmington	USA	100		15.6	1.7	
AGA Gas C. A.	Santa Fe Norte	VEN	100		57.7	10.7	
BOC GASES DE VENEZUELA, C. A.	Caracas	VEN	100		2.1	0.1	
PRODUCTORA DE GAS CARBONICO SA	Caracas	VEN	100		-0.6	-0.2	
Spectra Gases (BVI) Inc.	Tortola	VGB	100		N/A	N/A	
BOC Gases Virgin Islands, Inc.	St. Thomas	VIR	100		0.1	0.0	d
General Gases of the Virgin Islands, Inc.	Saint Croix	VIR	100		0.0	0.0	
<b>Asia &amp; Eastern Europe</b>							
BOC HELIUM m.E FZCO	Jebel Ali	ARE	100		1.2	0.2	
LINDE GAS MIDDLE EAST LLC	Abu Dhabi	ARE	100	49	-1.2	-2.5	
BOC Bangladesh Limited	Dhaka	BGD	60		21.1	7.2	
Bosot Trade EOOD	Stara Zagora	BGR	100	100	-0.1	0.0	
Linde Gas Bulgaria EOOD	Stara Zagora	BGR	100	100	2.4	-0.9	
Linde Gas BH d. o. o.	Zenica	BIH	85	85	11.4	-0.2	
"Linde Gaz Bel" FLCC	Telmy	BLR	100	99	1.5	0.0	
<b>ASIA UNION (SHANGHAI) ELECTRONIC CHEMICAL COMPANY LIMITED</b>							
BOC (China) Holdings Co., Ltd.	Shanghai	CHN	100		115.9	18.9	
BOC Gases (Nanjing) Company Limited	Nanjing	CHN	100		7.5	0.6	
BOC Gases (North) Company Limited	Fushun	CHN	100		5.3	0.2	
BOC Gases (Suzhou) Co., Ltd.	Suzhou	CHN	100		29.9	7.2	

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## Companies included in the Group financial statements (in accordance with IAS 27)

	Registered office	Country	Participating interest in percent	Thereof Linde AG in percent	Equity in € million	Net income/net loss (-) in € million	Note
BOC Gases (Tianjin) Company Limited	Tianjin	CHN	100		14.7	0.3	
BOC Gases (Wuhan) Co., Ltd	Wuhan	CHN	100		5.7	0.2	
BOCLH Industrial Gases (Chengdu) Co., Ltd	Chengdu	CHN	100		12.9	-0.2	
BOCLH Industrial Gases (DaLian) Co., Ltd.	Dalian	CHN	100		8.3	-0.7	
BOCLH Industrial Gases (Shanghai) Co., Ltd.	Shanghai	CHN	100		6.3	-0.2	
BOCLH Industrial Gases (Songjiang) Co., Ltd.	Shanghai	CHN	100		-1.3	1.3	
BOCLH Industrial Gases (Suzhou) Co., Ltd.	Suzhou	CHN	100		12.5	0.3	
BOCLH Industrial Gases (Waigaoqiao) Co., Ltd.	Shanghai	CHN	100		-0.7	-0.6	
BOCLH Industrial Gases (Xiamen) Co., Ltd.	Xiamen	CHN	100		2.8	0.0	
Linde Carbonic (Shanghai) Company Ltd.	Shanghai	CHN	60	46	8.6	0.7	
Linde Electronics & Specialty Gases (Suzhou) Co Ltd.	Suzhou	CHN	100	100	8.7	-1.0	
Linde Gas Ningbo Ltd.	Ningbo	CHN	100		91.3	3.9	
Linde Gas Shenzhen Ltd.	Shenzhen	CHN	100		3.0	0.3	
Linde Gas Southeast (Xiamen) Ltd.	Xiamen	CHN	100		3.8	0.9	
Linde Gas Xiamen Ltd.	Xiamen	CHN	100	100	31.3	3.7	
Linde Gas Zhenhai Ltd.	Ningbo	CHN	100		4.2	0.0	
Linde Gases (Changzhou) Company Limited	Changzhou	CHN	100		7.0	-0.7	
Linde Gases (Chengdu) Company Limited	Chengdu	CHN	100		2.1	-0.1	
Linde Gases (Nanjing) Company Limited	Nanjing	CHN	100		-0.3	-0.9	
LINDE GASES (SHANGHAI) CO., LTD.	Shanghai	CHN	100		10.0	1.3	
Linde Gases (Suzhou) Company Limited	Suzhou	CHN	100		7.6	0.0	
Linde Gases (Xuzhou) Company Limited	Xuzhou	CHN	100		7.9	0.1	
Linde Gases Daxie Company Limited	Ningbo	CHN	100		3.8	0.0	
Linde Huachang (Zhangjiagang) Gas Co. Ltd.	Zhangjiagang	CHN	75		5.0	0.7	
Linde Lienhwa Gases (Beijing) Co., Ltd.	Beijing	CHN	100		12.8	0.0	
Linde Nanjing Chemical Industrial Park Gases Co., Ltd.	Nanjing	CHN	100		3.9	0.0	
Shanghai BOC Huayang Carbon Dioxide Co., Ltd.	Shanghai	CHN	80		1.3	0.1	
Shanghai BOC Industrial Gases Company Limited	Shanghai	CHN	100		8.4	-1.1	
Shanghai Huayi Microelectronic Material Co. Ltd.	Shanghai	CHN	100		3.5	0.4	
Shanghai Linhua Gas Transportation Co., Ltd.	Shanghai	CHN	100		0.6	0.2	
Shenzhen Feiyang Industrial Gases Company Limited	Shenzhen	CHN	90		1.3	-0.1	
Wuxi Boc Gases Co., Limited	Wuxi	CHN	100		1.0	0.0	
LINDE HADJIKYRIAKOS GAS LIMITED	Nikosia	CYP	51	51	7.3	1.5	
Linde Gas a.s.	Prague	CZE	100		216.1	64.0	
Linde Sokolovská s. r. o.	Prague	CZE	100		74.8	8.4	
OXYS, s. r. o. v likvidaci	Prague	CZE	100		0.0	0.0	

Companies included in the Group financial statements (in accordance with IAS 27)

	Registered office	Country	Participating interest in percent	Thereof Linde AG in percent	Equity in € million	Net income/net loss (-) in € million	Note
AEROSCOPIO HELLAS S. A.	Piraeus	GRC	71	71	0.1	0.0	
ELVIA A. B. E. E.	Schimatari	GRC	100	100	1.9	-0.1	
Linde Hellas E. P.E.	Athens	GRC	100	100	36.9	1.9	
HKO DEVELOPMENT COMPANY LIMITED	Kowloon	HKG	100		0.0	0.0	
Hong Kong Oxygen & Acetylene Company Limited	Kowloon	HKG	100		19.8	9.6	
LIEN HWA INDUSTRIAL GASES (HK) LIMITED	Wanchai	HKG	100		-1.0	0.0	c
Linde Gas (H.K.) Limited	Hong Kong	HKG	100	100	122.8	-5.3	
NEW SINO GASES COMPANY LIMITED	Tai Po	HKG	100		0.9	0.5	
LINDE PLIN d.o.o.	Karlovac	HRV	100	100	4.0	0.2	
Linde Gáz Magyarország Zrt.	Répcelak	HUN	100	100	208.6	38.9	
P.T. Gresik Gases Indonesia	Jakarta	IDN	97		15.5	4.8	
P.T. Gresik Power Indonesia	Jakarta	IDN	97		8.9	-0.4	
P.T. LINDE INDONESIA	Jakarta	IDN	100		17.2	1.0	
BOC INDIA LIMITED	Kolkata	IND	89		179.1	14.3	
Linde Japan Ltd.	Yokohama	JPN	100	100	0.4	0.1	
TOO Linde Gaz Kazakhstan	Almaty	KAZ	100	100	12.0	-0.4	
Linde Korea Co., Ltd.	Pohang	KOR	100		180.2	14.6	
Ceylon Oxygen Ltd.	Colombo	LKA	96	96	18.8	0.2	
LINDE GAS BITOLA DOOEL Skopje	Skopje	MKD	100		0.7	-	a
DAYAMOX SDN BHD	Selangor	MYS	100		-2.8	0.1	
Malaysian Oxygen Berhad	Selangor	MYS	100		77.3	13.3	
MOX GASES (JB) SDN. BHD.	Selangor	MYS	100		-0.3	0.0	
MOX-Linde Gas Products Malaysia Sdn. Bhd.	Petaling Jaya	MYS	100	100	15.3	3.1	
MOX-LINDE GASES SDN. BHD.	Selangor	MYS	100		130.3	30.4	
MOX-Linde Industrial Gases (Malaysia) Sdn. Bhd.	Petaling Jaya	MYS	100	80	9.1	-0.1	
MOX-LINDE WELDING PRODUCTS SDN BHD	Selangor	MYS	100		0.7	0.2	
BOC Pakistan Limited	Karachi	PAK	60		13.0	2.2	
BATAAN INDUSTRIAL GASES INC	Pasig City	PHL	100		0.2	0.3	
BOC (PHILS.) HOLDINGS, INC.	Pasig City	PHL	100		20.8	0.0	
CHATSWOOD INC	Makati City	PHL	62		0.0	0.0	
CIGC CORPORATION	Pasig City	PHL	100		0.7	0.0	
CRYO INDUSTRIAL GASES, INC	Pasig City	PHL	100		0.2	0.1	
GRANDPLAINS PROPERTIES, INC	Pasig City	PHL	40		1.5	0.1	e
LINDE PHILIPPINES (SOUTH), INC.	Mandaue City	PHL	100		14.7	1.0	
LINDE PHILIPPINES, INC.	Pasig City	PHL	100		20.0	1.6	
ROYAL SOUTHMEADOWS, INC	Mandaue City	PHL	40		0.6	0.1	e
Eurogaz-Gdynia Sp. z o.o.	Gdynia	POL	99		5.1	0.4	

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LINDE GAZ POLSKA Spółka z o.o.	Krakow	POL	100	100	110.0	11.0	
Carbid Acetilena S.R.L.	Bucharest	ROU	100		0.0	0.0	
LINDE GAZ ROMANIA S.R.L.	Timis	ROU	100	100	99.1	14.9	
OJSC "Linde Gas Rus"	Balashikha	RUS	100	100	43.3	1.1	
OOO "Linde Gas Plants Rus"	Balashikha	RUS	100	100	10.1	0.1	
OOO "Linde Gas Production Rus"	Balashikha	RUS	100	100	19.4	-1.0	
ZAO "Samara Oxygen Plant"	Samara	RUS	100		0.2	-0.2	
Saudi Industrial Gas Co. Ltd.	Al-Khobar	SAU	51		65.5	7.1	
Linde Gas Asia Pte Ltd	Singapore	SGP	100		-3.8	-2.8	
Linde Gas Singapore Pte. Ltd.	Singapore	SGP	100	100	99.9	29.1	
LINDE GAS SRBIJA Industrija gasova a.d. Becej	Becej	SRB	82	82	9.3	-0.3	
Aries 94 s. r. o.	Bratislava	SVK	100		1.7	0.5	
Linde Gas k. s.	Bratislava	SVK	100		20.1	5.4	
LINDE PLIN d.o.o.	Celje	SVN	100	100	6.2	1.0	
KTPV (THAILAND) LIMITED	Bangkok	THA	100		12.9	5.9	
Linde Carbonic Ltd.	Samut Prakan	THA	100	100	10.4	0.1	
Linde Gas (Thailand) Ltd.	Samut Prakan	THA	100	100	4.2	0.0	
MIG Production Company Limited	Samut Prakan	THA	54		64.8	10.1	
RAYONG ACETYLENE LIMITED	Samut Prakan	THA	87		2.3	0.0	
SKTY (Thailand) Limited	Bangkok	THA	100		44.7	11.6	
Thai Industrial Gases Public Company Limited	Samut Prakan	THA	100		125.7	15.4	
TIG Air Chemicals Limited	Samut Prakan	THA	99		30.0	3.2	
TIG HyCO Limited	Samut Prakan	THA	100		40.9	-0.9	
TIG TRADING LIMITED	Samut Prakan	THA	100		5.7	0.1	
Linde Gaz A. S.	Istanbul	TUR	100	100	67.2	-2.1	
ASIA UNION ELECTRONIC CHEMICAL CORPORATION	Taipei	TWN	100		21.5	3.1	c
BOC LIENHWA INDUSTRIAL GASES CO., LTD.	Taipei	TWN	50		166.6	34.4	c, e
CONFEDERATE TECHNOLOGY COMPANY LIMITED	Wuchi Town	TWN	89		20.8	0.3	c
FAR EASTERN INDUSTRIAL GASES COMPANY LIMITED	Kaohsiung	TWN	55		8.2	1.0	c
LIEN CHIA INDUSTRIAL GASES COMPANY LIMITED	Chia Yi	TWN	100		0.1	0.1	c
LIEN CHUAN INDUSTRIAL GASES COMPANY LIMITED	Ho Chi Minh City	TWN	100		0.3	0.2	c
LIEN FENG INDUSTRIAL GASES COMPANY LIMITED	Taichung Hsien	TWN	100		1.4	1.2	c
LIEN HWA COMMONWEALTH CORPORATION	Taipei	TWN	100		2.4	1.3	c
LIEN HWA LOX CRYOGENIC EQUIPMENT CORPORATION	Taipei	TWN	89		2.3	0.2	c, d
LIEN SHENG INDUSTRIAL GASES COMPANY LIMITED	Hsinchu	TWN	100		0.2	0.1	c
LIEN TONG GASES COMPANY LIMITED	Kaohsiung	TWN	100		0.2	0.0	c

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LIEN YANG INDUSTRIAL GASES COMPANY LIMITED	Yi Lan	TWN	100		0.4	0.3	c
LIEN YI LPG COMPANY LIMITED	Tao Yuan	TWN	60		1.7	0.0	c, d
LIENHWA UNITED LPG COMPANY LIMITED	Taipei	TWN	56		7.6	0.5	c
UNITED INDUSTRIAL GASES COMPANY LIMITED	Hsinchu	TWN	55		84.6	15.6	c
YUAN RONG INDUSTRIAL GASES COMPANY LIMITED	Taipei	TWN	60		10.5	1.1	c, d
PJSC "Linde Gaz Ukraine"	Dnipropetrovsk	UKR	100	96	27.9	-2.3	
AUECC (BVI) HOLDINGS LIMITED	Tortola	VGB	100		6.8	-0.2	c
BOC LIENHWA (BVI) HOLDING Co., Ltd.	Tortola	VGB	100		83.3	0.4	
PURE QUALITY TECHNOLOGY LIMITED	Tortola	VGB	100		0.0	0.0	c
SHINE SKY INTERNATIONAL COMPANY LIMITED	Tortola	VGB	100		6.8	-0.2	c
SKY WALKER GROUP LIMITED	Tortola	VGB	100		0.2	0.0	c
Linde Gas Vietnam Limited	Ba Ria	VNM	100	100	2.2	-0.8	
<b>South Pacific &amp; Africa</b>							
AFROX ANGOLA LDA	Luanda	AGO	100		-0.1	0.3	c
AUSCOM HOLDINGS PTY LIMITED	North Ryde	AUS	100		98.2	0.0	
BOC CUSTOMER ENGINEERING PTY LTD	North Ryde	AUS	100		7.0	0.4	
BOC GASES FINANCE LIMITED	North Ryde	AUS	100		5.0	6.3	
BOC GROUP PTY LIMITED	North Ryde	AUS	100		-2.6	6.3	
BOC Limited (Australia)	North Ryde	AUS	100		299.9	207.5	
BOGGY CREEK PTY LIMITED	North Ryde	AUS	100		2.3	0.4	
CIG PRODUCTS PTY LIMITED	North Ryde	AUS	100		0.0	0.0	
ELGAS AUTOGAS PTY LIMITED	North Ryde	AUS	100		5.1	0.0	
ELGAS LIMITED	North Ryde	AUS	100		88.2	35.8	
ELGAS RETICULATION PTY LIMITED	North Ryde	AUS	100		2.6	0.1	
FLEXIHIRE PTY LIMITED	Rockhampton	AUS	100		14.6	2.6	
PACIFIC ENGINEERING SUPPLIES PTY LIMITED	North Ryde	AUS	100		-1.6	0.0	
PACIFIC INDUSTRIAL SUPPLIES PTY LIMITED	North Ryde	AUS	100		4.3	1.6	
PROJECT APPLE PTY LTD	North Ryde	AUS	100		0.7	0.4	d
SOUTH PACIFIC WELDING GROUP PTY LIMITED	North Ryde	AUS	100		12.4	2.9	
THE COMMONWEALTH INDUSTRIAL GASES PTY. LIMITED	North Ryde	AUS	100		0.0	0.0	
TIAMONT PTY LIMITED	North Ryde	AUS	100		2.4	0.5	
UNIGAS JOINT VENTURE PARTNERSHIP	Mulgrave	AUS	100		17.2	1.3	
UNIGAS TRANSPORT FUELS PTY LTD	North Ryde	AUS	100		7.7	0.0	
AFROX GAS & ENGINEERING SUPPLIES (BOTSWANA) (PTY) LIMITED	Gaborone	BWA	100		0.0	0.0	c
BOTSWANA OXYGEN COMPANY (PTY) LIMITED	Gaborone	BWA	100		3.5	0.1	c



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BOTSWANA STEEL ENGINEERING (PTY) LIMITED	Gaborone	BWA	100		0.0	0.0	c
HANDIGAS (BOTSWANA) (PTY) LIMITED	Gaborone	BWA	100		0.0	0.0	c
HEAT GAS (PTY) LIMITED	Gaborone	BWA	74		0.0	0.0	c
KIDDO INVESTMENTS (PTY) LIMITED	Gaborone	BWA	100		0.4	0.1	c
REPTILE INVESTMENT NINE (PTY) LIMITED	Windhoek	BWA	100		-0.1	0.0	c
REPTILE INVESTMENT TEN (PTY) LIMITED	Windhoek	BWA	100		0.0	0.0	c
RDC GASES & WELDING (DRL) LIMITED	Lubumbashi	COD	100		0.0	0.0	c
BOC FIJI LIMITED	Lami Suva	FJI	90		3.7	1.0	
P.T. Townsville Welding Supplies	Jakarta Selatan	IDN	100		-0.4	-0.7	
BOC Kenya Limited	Nairobi	KEN	65		12.3	0.0	
AFROX LESOTHO (PTY) LIMITED	Maseru	LSO	100		1.7	0.7	c
LESOTHO OXYGEN COMPANY (PTY) LIMITED	Maseru	LSO	100		0.0	0.0	c
BOC GASES MOZAMBIQUE LIMITED	Maputo	MOZ	100		1.0	0.0	c
PETROGAS LIMITADA	Maputo	MOZ	100		0.4	0.6	c
AFROX INTERNATIONAL LIMITED	Port Louis	MUS	100		0.0	0.0	c, d
Afrox Malawi Limited	Blantyre	MWI	77		3.9	0.6	c
GAS & WELDING PRODUCTS (PTY) LTD	Windhoek	NAM	100		0.0	0.0	c, d
IGL (PTY) LIMITED	Windhoek	NAM	100		7.2	-0.1	c
IGL PROPERTIES (PTY) LIMITED	Windhoek	NAM	100		0.3	0.1	c
NAMOX (PTY) LIMITED	Windhoek	NAM	100		0.6	0.0	c
BOC Gases Nigeria Plc	Lagos	NGA	60		5.6	1.6	
BOC LIMITED (New Zealand)	Auckland	NZL	100		41.3	14.1	
BOC NEW ZEALAND HOLDINGS LIMITED	Auckland	NZL	100		35.9	21.7	
ELGAS LIMITED	Auckland	NZL	100		1.5	0.7	
SOUTH PACIFIC WELDING GROUP (NZ) LIMITED	Auckland	NZL	100		0.3	0.0	
BOC Papua New Guinea Limited	Lae	PNG	74		11.1	5.3	
BOC GASES SOLOMON ISLANDS LIMITED	Honiara	SLB	100		0.6	0.9	
HANDIGAS SWAZILAND (PTY) LIMITED	Mbabane	SWZ	100		0.0	0.0	c
SWAZI OXYGEN (PTY) LIMITED	Mbabane	SWZ	100		1.3	-0.9	c
BOC (TONGA) LIMITED	Nuku'Alofa	TON	100		0.1	0.0	
BOC Tanzania Limited	Dar es Salaam	TZA	100		0.6	0.0	
BOC Uganda Limited	Kampala	UGA	100		0.7	0.1	
BOC Samoa Limited	Apia	WSM	96		1.2	0.1	
African Oxygen Limited	Johannesburg	ZAF	56		331.4	9.0	c
AFROX (PROPRIETARY) LIMITED	Johannesburg	ZAF	95		0.0	0.0	c
AFROX AFRICAN INVESTMENTS (PTY) LIMITED	Johannesburg	ZAF	100		3.1	1.3	c
AFROX EDUCATIONAL SERVICES (PROPRIETARY) LTD	Johannesburg	ZAF	100		0.0	0.0	c

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AFROX FINANCE (PTY) LIMITED	Johannesburg	ZAF	100		0.0	0.0	c
AFROX PROPERTIES (PTY) LIMITED	Johannesburg	ZAF	100		3.4	-0.1	c
AFROX SAFETY (PTY) LIMITED	Johannesburg	ZAF	100		4.3	-0.2	c
AMALGAMATED GAS AND WELDING (PTY) LIMITED	Johannesburg	ZAF	100		0.0	0.0	c
AMALGAMATED WELDING AND CUTTING (PROPRIETARY) LIMITED	Kempton Park	ZAF	100		0.0	-0.1	c
AMALGAMATED WELDING AND CUTTING HOLDINGS (PROPRIETARY) LIMITED	Johannesburg	ZAF	100		0.3	-1.4	c
AWCE (PROPRIETARY) LIMITED	Johannesburg	ZAF	100		0.0	0.0	c
ENERGY MEDICAL SUPPLIES (PTY) LIMITED	Johannesburg	ZAF	100		-0.2	0.0	c
HARRIS GAS EQUIPMENT (PTY) LIMITED	Boksburg	ZAF	100		0.0	0.0	c
HUMAN PERFORMANCE SYSTEMS (PTY) LIMITED	Johannesburg	ZAF	100		0.0	0.0	c
INDUSTRIAL RESEARCH AND DEVELOPMENT (PTY) LIMITED	Johannesburg	ZAF	100		0.7	0.0	c
ISAS TRUST	Johannesburg	ZAF	100		4.1	-2.2	c
Linde Process Plants (Pty.) Ltd.	Johannesburg	ZAF	100	100	2.4	1.0	
MEDISPEED (NATAL) (PROPRIETARY) LIMITED	Johannesburg	ZAF	100		0.0	0.0	c
NASIONALE SWEISWARE (PTY) LTD	Johannesburg	ZAF	100		0.0	0.0	c
NICOWELD (PTY) LIMITED	Johannesburg	ZAF	100		0.0	0.0	c
PPE-ISIZO (PTY) LIMITED	Johannesburg	ZAF	100		0.0	0.0	c
SAFETY GAS (PROPRIETARY) LIMITED	Johannesburg	ZAF	100		0.0	0.0	c
AFROX ZAMBIA LIMITED	Ndola	ZMB	70		9.9	2.6	c
BOC Zimbabwe (Private) Limited	Harare	ZWE	100		18.2	2.6	
HANDIGAS (PVT) LIMITED	Harare	ZWE	100		0.0	0.0	d
INDUSTRIAL GASES (PVT) LIMITED	Harare	ZWE	100		0.0	0.0	
OXYCO UTILITIES (PVT) LIMITED	Harare	ZWE	100		0.0	0.0	
OXYGEN INDUSTRIES (PVT) LIMITED	Harare	ZWE	100		0.0	0.0	
WELDEX (PVT) LIMITED	Harare	ZWE	100		0.0	0.0	
ZIMBABWE OXYGEN (PVT) LIMITED	Harare	ZWE	100		0.0	0.0	
<b>Engineering Division</b>							
Linde Engineering Middle East LLC	Abu Dhabi	ARE	49	29	6.0	13.2	e
Linde (Australia) Pty. Ltd.	North Ryde	AUS	100	100	1.0	0.0	
Linde Process Plants Canada Inc.	Calgary	CAN	100		-0.5	0.0	
Arboliana Holding AG	Pfungen	CHE	100		4.0	0.0	
Bertrams Heatec AG	Pratteln	CHE	100		11.0	1.8	
BOC AG	Basle	CHE	98		1.9	-0.1	
Linde Kryotechnik AG	Pfungen	CHE	100		13.0	2.6	
Cryostar Cryogenic Equipments (Hangzhou) Co. Ltd.	Hangzhou	CHN	100	100	2.6	0.7	

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Hangzhou Linde International Trading Co., Ltd.	Hangzhou	CHN	100		0.2	0.0	
Linde Engineering (Dalian) Co. Ltd.	Dalian	CHN	56	56	36.8	6.4	
Linde Engineering (Hangzhou) Co. Ltd.	Hangzhou	CHN	75	75	9.6	4.7	
Linde-KCA-Dresden GmbH	Dresden	DEU	100	6	47.5	-	a
Selas-Linde GmbH	Pullach	DEU	100	100	16.5	-	a
LINDE INGENIERIA Y TECNOLOGIA, S. A. U.	Madrid	ESP	100	100	1.5	0.0	
CRYOSTAR SAS	Hesingue	FRA	100		38.6	3.0	
LINDE CRYOPLANTS LIMITED	Guildford	GBR	100		1.2	0.0	
Linde Engineering India Private Limited	New Delhi	IND	100	100	6.2	0.7	
Linde Impianti Italia S.p.A.	Fiumicino	ITA	100	90	3.8	1.6	
LPM, S.A. de C.V.	Mexico City	MEX	100	90	7.2	-0.1	
Linde Engineering (Malaysia) Sdn. Bhd.	Petaling Jaya	MYS	100	100	0.2	0.0	
Linde Arabian Contracting Company Ltd.	Riyadh	SAU	100	90	16.6	7.4	
Cryostar Singapore Pte Ltd	Singapore	SGP	100	100	11.5	4.3	
Linde Process Plants, Inc.	Tulsa	USA	100		32.1	15.3	
Selas Fluid Processing Corporation	Wilmington	USA	100		8.7	59.5	
VN Corporation	Wilmington	USA	100		29.8	3.5	
Linde Process Plants (Pty.) Ltd.	Johannesburg	ZAF	100	100	2.4	1.0	
<b>Other activities</b>							
BOC AIP Limited Partnership	North Ryde	AUS	100		895.1	208.8	
BOC Australia Pty Limited	North Ryde	AUS	100		66.0	40.2	
Van Dongen & Van Bergeijk GmbH	Wallern an der Trattnach	AUT	100		0.0	0.0	c
Van Dongen Belgium BVBA	Lochristi	BEL	100		-0.3	0.0	
PRIESTLEY COMPANY LIMITED	Hamilton	BMU	100		23.0	0.0	
Linde Canada Limited	Mississauga	CAN	100		152.9	14.6	
Linde Holding AG	Lucerne	CHE	100	100	24.6	4.6	
GISTRANS Czech Republic s. r. o.	Olomouc	CZE	100		2.2	0.3	
Cleaning Enterprises GmbH	Munich	DEU	100		3.9	-	a
Commercium Immobilien- und Beteiligungs-GmbH	Munich	DEU	100	100	1,622.8	-	a
Fred Butler Denmark ApS	Copenhagen	DNK	100		-1.8	0.0	
LOGISTICA DOTRA, SL	Seville	ESP	100		0.2	0.0	c
LOGISTICA VAN TRANS S. L.	Burgos	ESP	100		0.8	0.1	c
BOC Finland Oy	Espoo	FIN	100		0.9	0.0	
Linde Holdings SAS	Saint-Priest	FRA	100		132.6	20.4	
The Boc Group S.A.S.	Hesingue	FRA	100		75.5	15.2	
AIRCO COATING TECHNOLOGY LIMITED	Guildford	GBR	100		1,100.9	13.5	

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APPLIED VISION LIMITED	Guildford	GBR	100		2.6	0.0	
BOC AMERICA HOLDINGS	Guildford	GBR	100		212.8	6.9	
BOC CHILE HOLDINGS LIMITED	Guildford	GBR	100		98.4	0.9	
BOC DISTRIBUTION SERVICES LIMITED	Guildford	GBR	100		0.1	0.0	
BOC DUTCH FINANCE	Guildford	GBR	100		276.4	6.6	
BOC HOLDINGS	Guildford	GBR	100		4,044.0	583.5	
BOC HOLLAND FINANCE	Guildford	GBR	100		64.9	0.0	
BOC INVESTMENT HOLDINGS LIMITED	Guildford	GBR	100		778.7	169.5	
BOC INVESTMENTS (LUXEMBOURG) LIMITED	Guildford	GBR	100		179.7	2.9	
BOC INVESTMENTS NO.1 LIMITED	Guildford	GBR	100		191.8	42.8	
BOC INVESTMENTS NO.2 LIMITED	Guildford	GBR	100		0.0	0.0	
BOC INVESTMENTS NO.5	Guildford	GBR	100		363.3	20.9	
BOC INVESTMENTS NO.7	Guildford	GBR	100		312.0	4.0	
BOC IRELAND FINANCE	Guildford	GBR	100		355.3	11.5	
BOC JAPAN	Guildford	GBR	100		43.1	2.3	
BOC JAPAN FINANCE	Guildford	GBR	100		0.0	0.0	
BOC JAPAN HOLDINGS LIMITED	Guildford	GBR	100		258.7	17.2	
BOC KOREA HOLDINGS LIMITED	Guildford	GBR	100		105.4	10.8	
BOC LIMITED	Guildford	GBR	100		604.3	203.8	
BOC LUXEMBOURG FINANCE	Guildford	GBR	100		18.6	0.5	
BOC NETHERLANDS FINANCE	Guildford	GBR	100		113.1	0.0	
BOC NETHERLANDS HOLDINGS LIMITED	Guildford	GBR	100		531.8	-0.2	
BOC NOMINEES LIMITED	Guildford	GBR	100		0.0	0.0	
BOC PENSION SCHEME TRUSTEES LIMITED	Guildford	GBR	100		0.0	0.0	
BOC PENSIONS LIMITED	Guildford	GBR	100		0.0	0.0	
BOC POLAND HOLDINGS LIMITED	Guildford	GBR	100		6.4	0.0	
BOC RSP TRUSTEES LIMITED	Guildford	GBR	100		0.0	0.0	
BOC SEPS TRUSTEES LIMITED	Guildford	GBR	100		0.0	0.0	
BOC TECHNOLOGIES LIMITED	Guildford	GBR	100		0.0	0.0	
BOC TRANSHIELD LIMITED	Guildford	GBR	100		0.0	0.0	
BOC TRUSTEES NO. 4 LIMITED	Guildford	GBR	100		0.0	0.0	
BRITISH INDUSTRIAL GASES LIMITED	Guildford	GBR	100		1.2	0.0	
CRYOSTAR LIMITED	Guildford	GBR	100		0.0	0.0	
EHVIL DISSENTIENTS LIMITED	Guildford	GBR	100		0.0	0.0	
G. L BAKER (TRANSPORT) LIMITED	Guildford	GBR	100		251.8	4.0	c, d
GIST LIMITED	Guildford	GBR	100		181.9	44.0	
GIST PEOPLE SERVICES LIMITED	Guildford	GBR	100		1.4	0.8	

## Companies included in the Group financial statements (in accordance with IAS 27)

	Registered office	Country	Participating interest in percent	Thereof Linde AG in percent	Equity in € million	Net income/net loss (-) in € million	Note
HANDIGAS LIMITED	Guildford	GBR	100		42.3	0.2	
HICK, HARGREAVES AND COMPANY LIMITED	Guildford	GBR	100		0.0	0.0	
INDONESIA POWER HOLDINGS LIMITED	Guildford	GBR	100		35.5	0.2	
LANSING GROUP LIMITED	Guildford	GBR	100	100	10.3	0.0	
LINDE CRYOGENICS LIMITED	Guildford	GBR	100		283.0	0.0	
LINDE UK HOLDINGS LIMITED	Guildford	GBR	100	85	9,212.2	54.5	
MEDISHIELD	Guildford	GBR	100		0.4	0.0	
MEDISPEED	Guildford	GBR	100		358.3	16.3	
RRS (FEBRUARY 2004) LIMITED	Guildford	GBR	100		-0.4	0.1	
SPALDING HAULAGE LIMITED	Guildford	GBR	100		330.7	8.7	
STORESHIELD LIMITED	Guildford	GBR	100		332.8	0.5	
THE BOC GROUP LIMITED	Guildford	GBR	100		2,459.6	50.7	c, d
THE BRITISH OXYGEN COMPANY LIMITED	Guildford	GBR	100		0.1	0.0	
TRANSHIELD	Guildford	GBR	100		15.1	0.3	
WELDING PRODUCTS HOLDINGS LIMITED	Guildford	GBR	100		10.2	0.1	
BOC NO. 1 LIMITED	St. Peter Port	GGY	100		13.9	3.8	
BOC NO. 2 LIMITED	St. Peter Port	GGY	100		4.2	0.1	
BRITISH OXYGEN (HONG KONG) LIMITED	Hong Kong	HKG	100		7.7	0.0	
Linde Global Support Services Private Limited	Kolkata	IND	100		2.5	0.7	
BOC INVESTMENT HOLDING COMPANY (IRELAND) LIMITED	Dublin	IRL	100		14.2	0.0	
BOC Investments Ireland	Dublin	IRL	100		309.9	0.0	
Gist Distribution Limited	Dublin	IRL	100		3.0	2.4	
PRIESTLEY DUBLIN REINSURANCE COMPANY LIMITED	Dublin	IRL	100		18.6	3.7	
ALBOC (JERSEY) LIMITED	St. Helier	JEY	100		1.6	5.5	
BOC AUSTRALIAN FINANCE LIMITED	St. Helier	JEY	100		335.0	0.0	
BOC PREFERENCE LIMITED	St. Helier	JEY	100		64.7	0.0	
BOC EUROPE HOLDINGS BV	Amsterdam	NLD	100		553.6	0.0	
BOC INVESTMENTS BV	Amsterdam	NLD	100		9.6	0.0	
Fred Butler Netherlands B. V.	Amsterdam	NLD	100		-8.4	0.0	
G VAN DONGEN HOLDING B. V.	Dirksland	NLD	100		1.7	0.2	
G VAN DONGEN TRANSPORTBEDRIJF DIRKSLAND B. V.	Dirksland	NLD	100		2.1	-0.7	
GIST BV	Bleiswijk	NLD	100		2.6	0.4	
Linde Finance B. V.	Amsterdam	NLD	100		169.0	9.3	
Linde Holdings Netherlands B. V.	Schiedam	NLD	100	100	1,726.6	63.5	
PEEMAN TRANSPORT B. V.	Dirksland	NLD	100		1.1	-0.1	

Companies included in the Group financial statements (in accordance with IAS 27)

	Registered office	Country	Participating interest in percent	Thereof Linde AG in percent	Equity in € million	Net income/net loss (-) in € million	Note
The BOC Group B. V.	Amsterdam	NLD	100		1,172.3	40.6	
VAN DONGEN & VAN BERGEIJK B. V.	Dirksland	NLD	100		0.3	0.3	
VAN DONGEN AALSMEER B. V.	Dirksland	NLD	100		0.8	0.0	
VAN DONGEN CHARTERING B. V.	Dirksland	NLD	100		0.1	-0.1	
VAN DONGEN EN MOSTERT B. V.	Dirksland	NLD	100		0.2	0.0	
VAN DONGEN MATERIEEL B. V.	Dirksland	NLD	100		3.0	0.5	
Van Dongen Repair B. V.	Dirksland	NLD	100		-0.1	0.1	
VAN DONGEN WESTLAND B. V.	Dirksland	NLD	100		-0.2	-0.5	
Linde Holdings New Zealand Limited	Auckland	NZL	100		2.2	21.7	
BOC GIST INC	Mkati City	PHL	100		0.1	0.0	
AGA Aktiebolag	Lidingö	SWE	100		933.5	540.5	
BOC Intressenter AB	Helsingborg	SWE	100		34.6	0.0	
Fred Butler Sweden Aktiebolag	Lidingö	SWE	100		1.9	0.0	
INO Therapeutics AB	Lidingö	SWE	100		249.1	50.2	
LindeGas Holding Sweden AB	Lidingö	SWE	100	100	1,880.5	495.0	
Linde Cleaning US, LLC	Wilmington	USA	100		-1.2	-0.2	
Linde Holdings, LLC	Wilmington	USA	100		227.6	104.4	
Linde LLC	Wilmington	USA	100		496.0	141.8	

Investments accounted for using the equity method (in accordance with IAS 28 and IAS 31)

	Registered office	Country	Participating interest in percent	Thereof Linde AG in percent	Equity in € million	Net income/net loss (-) in € million	Note
<b>Gases Division</b>							
<b>Western Europe</b>							
CRYOTEC Tief- und Tiefsttemperatur-Technik GmbH i. L.	Pullach	DEU	50	50	0.1	-	a, b, c, d
HELISON PRODUCTION S. p. A.	Skikda	DZA	51	51	22.6	0.7	b, e
Messer Algeria SPA	Algiers	DZA	40		2.1	1.8	b, c, d
Oxígeno de Sagunto, S. L.	Barcelona	ESP	50		4.1	0.0	b, c, d
Oy Innogas Ab	Kulloo	FIN	50		1.4	0.0	b, c
Parhaat Yhdessä Association	Vantaa	FIN	25		0.2	0.0	c
LIDA S. A. S.	Saint Quentin Fallavier	FRA	22		0.0	0.0	b, c, d
LIMES SAS	Saint Herblain	FRA	50		3.6	0.0	b, c
Helison Marketing Limited	St. Helier	GBR	51		4.4	1.2	b, e

## Investments accounted for using the equity method (in accordance with IAS 28 and IAS 31)

	Registered office	Country	Participating interest in percent	Thereof Linde AG in percent	Equity in € million	Net income/net loss (-) in € million	Note
B. V. Nederlandse Pijpleidingmaatschappij	Papendrecht	NLD	50		0.0	0.0	b, c
Bio Facility B. V.	Papendrecht	NLD	50		0.0	0.0	b
OCAP CO2 Transport B. V.	Schiedam	NLD	50		3.0	0.0	b
OCAP CO v. o. f.	Schiedam	NLD	50		-9.4	-0.2	b
Tjeldbergodden Luftgassfabrikk DA	Aure	NOR	38		27.6	3.3	b, c
<b>Americas</b>							
Compania de Nitrogeno de Cantarell, S. A. de C. V.	Santa Fe	MEX	65		12.0	-6.4	b, c, e
CLIFFSIDE HELIUM, L. L. C.	Wilmington	USA	26		0.2	0.0	b
Cliffside Refiners, L. P.	Wilmington	USA	27		11.6	2.5	b
East Coast Oxygen Company	Bethlehem	USA	50		21.3	-3.2	b
High Mountain Fuels, LLC	Wilmington	USA	50		8.7	-1.2	b
<b>Asia &amp; Eastern Europe</b>							
Adnoc Linde Industrial Gases Co. Limited (Elixier)	Abu Dhabi	ARE	49	49	127.4	0.9	b
Beijing Fudong Gas Products Co., Ltd.	Beijing	CHN	60		4.5	0.7	b, c, d, e
BOC-SPC Gases Co., Ltd.	Shanghai	CHN	50		36.6	10.4	b
BOC-TISCO GASES CO., Ltd	Taiyuan City	CHN	50		125.5	20.5	b
Chongqing Linde-SVW Gas Co., Ltd.	Chongqing	CHN	50		17.2	-0.9	b
Dalian BOC Carbon Dioxide Co. Ltd.	Dalian	CHN	50		2.4	0.0	b
Fujian Linde-FPCL Gases Co., Ltd.	Quanzhou City	CHN	50		30.0	0.5	b
Guangkong Industrial Gases Company Limited	Guangzhou	CHN	50		24.9	4.0	b
Guangzhou Linde GISE Gases Company Limited	Guangzhou	CHN	50		0.2	-0.1	b, c, d
Guangzhou Pearl River Industrial Gases Company Limited	Guangzhou	CHN	50		21.9	3.1	b
Linde Carbonic Co. Ltd., Tangshan	Qian An City	CHN	80		1.6	-0.1	b, e
Ma'anshan BOC-Ma Steel Gases Company Limited	City of Ma'anshan	CHN	50		78.0	22.4	b
Maoming Coolants Carbon Dioxide Company Limited	Maoming City	CHN	50		0.6	-0.4	b
Nanjing BOC-YPC Gases CO., LTD.	Nanjing	CHN	50		57.0	11.9	b
Shanghai HuaLin Industrial Gases Co. Ltd.	Shanghai	CHN	50		54.7	12.1	b
Shenzhen South China Industrial Gases Company Limited	Shenzhen	CHN	50		4.9	1.0	b
YANGJIANG SOUTHERN INDUSTRIAL GASES COMPANY LIMITED	Yangjiang	CHN	30		0.0	0.0	b, c, d
Zibo BOC-QILU Gases Co., Ltd.	Zibo	CHN	50		39.5	14.4	b
Krakovská s. r. o. svářecí technika	Novy Malin	CZE	37		0.6	0.0	c
Plyny Jehlár s. r. o.	Brno	CZE	34		0.1	0.0	c
BELLARY OXYGEN COMPANY PRIVATE LIMITED	Bangalore	IND	50		9.7	1.5	b
SHINIL CRYOGENIC MATERIALS LTD	Dangjin	KOR	49		0.2	-0.3	b, c, d

Investments accounted for using the equity method (in accordance with IAS 28 and IAS 31)

	Registered office	Country	Participating interest in percent	Thereof Linde AG in percent	Equity in € million	Net income/net loss (-) in € million	Note
Company for Production of Carbon Dioxide Geli DOO Skopje	Skopje	MKD	50	50	0.8	0.0	b
EASTERN OXYGEN INDUSTRIES SDN. BHD.	Kuching	MYS	49		14.0	1.6	c, d
INDUSTRIAL GASES SOLUTIONS SDN BHD	Selangor	MYS	50		1.0	0.5	b
Kulim Industrial Gases Sdn. Bhd.	Selangor	MYS	50		22.9	2.1	b, c, d
BACNOTAN AIR GASES, INCORPORATED	Taguig	PHL	50		-0.2	0.0	b, c, d
OAO "URALSKY ZAVOD TECHNICHESKIKH GAZOV"	Yekaterinburg	RUS	50	50	0.0	0.0	b, c, d
Map Ta Phut Industrial Gases Company Limited	Bangkok	THA	40		7.2	0.8	b
Blue Ocean Industrial Gases Co., Ltd.	Taipei	TWN	50		20.2	0.0	b, c, d
<b>South Pacific &amp; Africa</b>							
LES GAZ INDUSTRIELS LIMITED	Port Louis	MUS	38		3.9	1.0	c, d
ENERGY SOLUTIONS (PTY) LIMITED	Windhoek	NAM	26		0.0	0.0	c, d
LINDE ELECTRONICS SOUTH AFRICA (PROPRIETARY) LIMITED	Johannesburg	ZAF	50		-0.5	-1.0	b, e
<b>Other activities</b>							
Caravell Kühlgerätevertriebs GmbH i. L.	Ratingen	DEU	50	50	0.1	0.0	b, c, d
LOGI-FRANCE SARL	Antony	FRA	50		-0.1	-0.1	b
VAN DONGEN & VAN DER KWAAK B. V.	Dirksland	NLD	50		0.0	-0.2	b

Non-consolidated subsidiaries

	Registered office	Country	Participating interest in percent	Thereof Linde AG in percent	Equity in € million	Net income/net loss (-) in € million	Note
<b>Gases Division</b>							
<b>Western Europe</b>							
Progas AG	Dagmersellen	CHE	100		0.1	0.0	c
GI/LINDE ALGERIE	Algiers	DZA	100	40	6.2	2.1	c, d
ELECTROCHEM LIMITED	Guildford	GBR	100	100	3.6	0.0	c, d
GAS & EQUIPMENT LIMITED	Guildford	GBR	100		-1.8	0.0	c, d
GAS AND EQUIPMENT GROUP LIMITED	Guildford	GBR	100	100	0.3	0.0	c, d
HYDROGEN SUPPLIES LIMITED	Guildford	GBR	100	100	0.9	0.0	c, d
INTELLEMETRICS LIMITED	Glasgow	GBR	100		0.1	0.0	c, d
KINGSTON MEDICAL GASES LIMITED	Guildford	GBR	100		0.2	0.0	c, d
Cryo Clean B. V.	Schiedam	NLD	100		0.1	0.0	c
Hoeck Loos Emmen B. V.	Emmen	NLD	100		0.0	0.0	c



## Non-consolidated subsidiaries

	Registered office	Country	Participating interest in percent	Thereof Linde AG in percent	Equity in € million	Net income/net loss (-) in € million	Note
KS Luftgassproduksjon	Oslo	NOR	100		0.0	0.0	c, d
Norgas AS	Oslo	NOR	100		0.1	0.0	c, d
Nynäshamns Gasterminal AB	Lidingö	SWE	100		0.0	0.0	c, d
<b>Americas</b>							
177470 CANADA INC.	Mississauga	CAN	100		1.0	0.0	c, d
177472 CANADA INC.	Mississauga	CAN	100		2.7	0.0	c, d
44001 ONTARIO LIMITED	Ontario	CAN	100		1.3	0.0	c, d
GAS & EQUIPMENT WILLEMSTAD N. V.	Willemstad	CUW	100		0.0	0.0	c, d
<b>Asia &amp; Eastern Europe</b>							
BANGLADESH OXYGEN LIMITED	Dhaka	BGD	100		0.0	0.0	c, d
LINDE PLIN d. o. o. Sarajevo	Sarajevo	BIH	100	100	0.0	0.0	c
Guangzhou GNIG Industrial Gases Company Limited	Guangzhou	CHN	60		N/A	N/A	
Linde Gas Pars PJS Co.	Tehran	IRN	100	100	-1.2	0.0	c, d
BACOLOD OXYGEN CORPORATION	Mandaue City	PHL	100		0.1	0.0	c, d
CARBONIC PHILIPPINES INC	Mandaue City	PHL	100		0.1	0.0	c, d
CEBU LIQUID GAS CORPORATION	Lapu Lapu City	PHL	67		-0.3	0.4	c, d
CIGI PROPERTIES, INC.	Mandaluyong City	PHL	100		0.0	0.0	d
DAVAO OXYGEN CORPORATION	Mandaue City	PHL	100		0.5	0.0	c, d
ORMOC OXYGEN CORPORATION	Mandaue City	PHL	100		0.1	0.0	c, d
VISMIN AIRTECH INDUSTRIAL GASES CORPORATION	Mandaue City	PHL	100		0.2	0.0	c, d
OOO "Linde Gas Helium Rus"	Moscow	RUS	100	100	0.0	0.0	c, d
ZAO "LH GermaneLabs Rus"	Moscow	RUS	51	51	0.4	0.0	c, d
Linde Technické Plynny spol. s. r. o.	Bratislava	SVK	100		0.1	0.0	c, d
Chia Chi Industrial Company Limited	Taipei	TWN	100		0.4	0.0	c, d
LUCK STREAM Co., Ltd.	Kaohsiung	TWN	100	100	2.8	0.8	c, d
<b>South Pacific &amp; Africa</b>							
ELGAS SUPERANNUATION PTY. LTD.	North Ryde	AUS	100		0.0	0.0	d
CUULSTICK VENTURES (PTY) LIMITED	Gaborone	BWA	100		N/A	N/A	
EAST AFRICAN OXYGEN LIMITED	Nairobi	KEN	100		0.0	0.0	d
Handigas Kenya Limited	Nairobi	KEN	100		0.0	0.0	c, d
Kivuli Limited	Nairobi	KEN	100		0.9	0.1	d
BOC NOUVELLE-CALEDONIE SAS	Noumea	NCL	100		0.0	0.0	d
THE GAS COMPANY LIMITED	Auckland	NZL	100		0.0	1.7	d
<b>Engineering Division</b>							
Cryostar do Brasil Equipamentos Rotativos & Criogenicos Ltda.	São Paulo	BRA	100	90	-0.1	-0.1	c, d

### Non-consolidated subsidiaries

	Registered office	Country	Participating interest in percent	Thereof Linde AG in percent	Equity in € million	Net income/net loss (-) in € million	Note
Linde Engenharia Do Brasil Ltda.	Barueri	BRA	100	90	1.3	0.0	c, d
Linde Engineering Far East, Ltd.	Seoul	KOR	100	100	0.4	0.0	c, d
Linde Engineering Taiwan Ltd.	Taipei	TWN	100		0.1	0.0	
<b>Other activities</b>							
Linde Australia Holdings Pty. Ltd.	North Ryde	AUS	100	100	0.0	0.0	d
Cunduacan Invest GmbH	Munich	DEU	100		0.0	0.0	c, d
CRIOSBANC FRANCE S. A. R. L.	Trappes	FRA	100		0.0	0.0	c, d
Fred Butler UK Limited	London	GBR	100		0.0	0.0	c, d
VORGEM LIMITED	Glasgow	GBR	100		0.0	0.0	c, d
The BOC Group Limited, (Hong Kong)	Kowloon	HKG	100		0.3	0.0	c, d
BOC B. V.	Amsterdam	NLD	100		0.0	0.0	c, d
CHIEF SIAM Co. Ltd.	Bangkok	THA	100	100	0.0	0.0	c, d
AIRCO PROPERTIES INC	Wilmington	USA	100		N/A	N/A	
Baker I Investment Corporation	Wilmington	USA	100		0.0	0.0	c, d
SELOX, INC	Knoxville	USA	100		N/A	N/A	

### Other participations (not consolidated)

	Registered office	Country	Participating interest in percent	Thereof Linde AG in percent	Equity in € million	Net income/net loss (-) in € million	Note
<b>Gases Division</b>							
<b>Western Europe</b>							
TKD TrockenEis und Kohlensäure Distribution GmbH	Fraunberg	DEU	50	50	0.3	0.1	c, d
Vermögensverwaltung der Gewerkschaft Pattberg GmbH i. L.	Koblenz	DEU	45		0.0	0.0	c, d
AGA F&oslash;slashroyar Sp/f	Torshavn	DNK	50		0.4	0.1	c, d
AGA HiQ Center Aps	Hillerød	DNK	50		0.2	0.0	c, d
Carbuero del Cinca S. A.	Monzón	ESP	20		4.5	0.7	c, d
Ibérica de Gases, S. A.	Alzira	ESP	50		0.5	0.0	c, d
Oxígeno de Andalucía, S. L.	San Roque	ESP	49		0.1	0.0	c, d
QUÍMICA BÁSICA, S. A.	Barcelona	ESP	33		1.4	0.0	b, c, d
Bio Supply B. V.	Papendrecht	NLD	50		0.0	0.0	c
Bio Supply C. V.	Papendrecht	NLD	45		0.0	0.0	c
Fuel Cell Boat B. V.	Amsterdam	NLD	20		0.0	0.0	c

**Other participations (not consolidated)**

	Registered office	Country	Participating interest in percent	Thereof Linde AG in percent	Equity in € million	Net income/net loss (-) in € million	Note
<b>Americas</b>							
HERA, HYDROGEN STORAGE SYSTEMS INC	Longueuil	CAN	20		0.0	0.0	c, d
RECUPERADORA INTEGRAL DE NITROGENO, SAPI DE C. V.	Mexico City	MEX	50		0.0	0.0	b
TOMOE TRANSTECH SPECIALTY GASES PTE LTD	Singapore	SGP	25		1.7	0.3	b, c, d
Hydrochlor LLC	Wilmington	USA	50		0.0	0.0	
<b>Asia &amp; Eastern Europe</b>							
Guangzhou GNC Carbon Dioxide Company Ltd.	Guangzhou	CHN	50		N/A	N/A	
Linde Vitkovice a. s.	Ostrava	CZE	50		16.4	-0.5	c, d
LLC TCHOP "Sokol-E"	Yekaterinburg	RUS	20		0.0	0.0	d
HON CHEN Enterprise Co., Ltd.	Kaohsiung	TWN	50		0.6	0.1	c, d
SUN HSIN LPG COMPANY LIMITED	Yun Lin	TWN	50		0.3	0.0	c, d
<b>South Pacific &amp; Africa</b>							
NAMGAS (PTY) LIMITED	Windhoek	NAM	44		0.0	0.0	d
TASCO ESTATES LIMITED	Dar es Salaam	TZA	20		N/A	N/A	
INDUSTRIAL GAS DISTRIBUTOR HOLDINGS (PTY) LIMITED	Johannesburg	ZAF	26		-0.1	0.0	c, d
<b>Other activities</b>							
InfraLeuna GmbH	Leuna	DEU	25	25	382.8	13.8	c, d

Key:

a Profit/loss transfer agreement.

b Joint venture.

c Local GAAP.

d Figures from financial years prior to year ended 31 December 2010.

e Consolidation method differs from percentage of shares held due to a contractual agreement.

N/A=No financial data available.

## Auditors' report

We have audited the annual financial statements, comprising the balance sheet, the income statement and the notes to the financial statements, together with the bookkeeping system and the management report of Linde Aktiengesellschaft, Munich, for the business year from 1 January to 31 December 2010. The maintenance of the books and records and the preparation of the annual financial statements and management report in accordance with German commercial law are the responsibility of the Company's Executive Board. Our responsibility is to express an opinion on the annual financial statements, together with the bookkeeping system, and the management report, based on our audit.

We conducted our audit of the annual financial statements in accordance with § 317 of the German Commercial Code (HGB) and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (IDW – Institute of Public Auditors in Germany). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the annual financial statements in accordance with German principles of proper accounting and in the management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Company and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the books and records, the annual financial statements and the management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the accounting principles used and significant estimates made by the Executive Board, as well as evaluating the overall presentation of the annual financial statements and management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion, based on the findings of our audit, the annual financial statements comply with the legal requirements and give a true and fair view of the net assets, financial position and results of operations of Linde Aktiengesellschaft in accordance with German principles of proper accounting. The management report is consistent with the annual financial statements and as a whole provides a suitable view of the Company's position and suitably presents the opportunities and risks of future development.

Munich, 1 March 2011

KPMG AG  
Wirtschaftsprüfungsgesellschaft

Harald v. Heynitz  
Wirtschaftsprüfer

Günter Nunnenkamp  
Wirtschaftsprüfer



# Further Information

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# Responsibility statement

To the best of our knowledge, and in accordance with the applicable reporting principles, the financial statements give a true and fair view of the net assets, financial position and profit or loss of the Company, and the management report includes a fair review of the development and performance of the business and the position of the Company, together with a description of principal opportunities and risks associated with the expected development of the Company.

Munich, 1 March 2011

Professor Dr Wolfgang Reitzle  
Chief Executive Officer  
of Linde AG

Georg Denoke  
Member of the Executive Board  
of Linde AG

Dr Aldo Belloni  
Member of the Executive Board  
of Linde AG

J. Kent Masters  
Member of the Executive Board  
of Linde AG

# Financial calendar

## Financial calendar

### Press Conference on Annual Results

10 March 2011  
Carl von Linde Haus, Munich

### Analyst Conference

10 March 2011  
Carl von Linde Haus, Munich

### Interim Report

January to March 2011  
4 May 2011

### Annual General Meeting 2011

12 May 2011, 10 a.m.  
International Congress Center, Munich

### Dividend Payment

13 May 2011

### Interim Report

January to June 2011  
29 July 2011

### Autumn Press Conference

28 October 2011  
Carl von Linde Haus, Munich

### Interim Report

January to September 2011  
28 October 2011

### Annual General Meeting 2012

4 May 2012, 10 a.m.  
International Congress Center, Munich

## Statements relating to the future

This annual report contains statements relating to the future which are based on management's current estimates about future development. These statements are not to be understood as guarantees that these expectations will prove to be true. The future development and the results actually achieved by The Linde Group and its affiliated companies are dependent on a number of risks and uncertainties and may therefore deviate significantly from the statements relating to the future. Linde has no plans to update its statements relating to the future, nor does it accept any obligation to do so.



# Imprint

## Imprint

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The Linde Annual and the Financial Report of The Linde Group are available in both German and English and can also be downloaded from our website at [www.linde.com](http://www.linde.com). In addition, an interactive online version of the Annual Report, comprising the Financial Report of The Linde Group and the Linde Annual, is available at this address.

Supplementary information about The Linde Group can be obtained from us free of charge.





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