

Linde AG
Financial Statements for
the fiscal year 2012

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MEMBERS OF THE 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 Legal,
Group Organisation & Information Services,
Innovation Management, Internal Audit,
Performance Transformation, SHEQ [Safety, Health,
Environment, Quality] and Gist
Member of the Executive Board since 2002

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, Insurance,
Mergers & Acquisitions, Procurement, Risk Management,
Tax as well as for Finance/Financial Control for the EMEA,
Americas, Asia/Pacific reportable segments
Human Resources Director
Member of the Executive Board since 2006

PROFESSOR DR ALDO BELLONI
BORN 1950

Doctorate in Chemical Engineering [Dr.-Ing.]
Responsible for the Engineering Division,
the EMEA segment
[Europe, Middle East, Africa] and the Global Business
Unit Tonnage [on-site]
Member of the Executive Board since 2000

SANJIV LAMBA
BORN 1964

Chartered Accountant
Bachelor of Commerce
Responsible for the Asia/Pacific segment,
the Asian joint ventures and the Business
Area Electronics [electronic gases]
Member of the Executive Board since 2011

THOMAS BLADES
BORN 1956

Bachelor of Science in Electrical Engineering [Dipl.-Ing.]
Responsible for the Americas segment,
the Global Business Unit Healthcare and the Business
Area Merchant & Packaged Gases
[liquefied gases and cylinder gas]
Member of the Executive Board since 2012

THE SUPERVISORY BOARD

Members of the Supervisory Board

DR MANFRED SCHNEIDER
[CHAIRMAN]
 Former Chairman of the Supervisory Board
 of Bayer AG

HANS-DIETER KATTE¹
[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

**PROFESSOR DR
 ANN-KRISTIN ACHLEITNER**
 Professor at the Technical University Munich (TUM)

DR CLEMENS BÖRSIG
 Former Chairman of the Supervisory Board
 of Deutsche Bank AG

ANKE COUTURIER¹
 [appointed on 6 December 2012]
 Head of Global Pensions,
 Linde AG

GERNOT HAHL¹
 Chairman of the Worms Works Council,
 Gases Division, Linde AG

THILO KÄMMERER¹
 Trade Union Secretary IG Metall

MATTHEW F.C. MIAU
 Chairman of MiTAC-SYNNEX Group, Taiwan

KLAUS-PETER MÜLLER
 Chairman of the Supervisory Board
 of Commerzbank AG

JENS RIEDEL¹
 Chairman of the Leuna Works Council,
 Gases Division, Linde AG

XAVER SCHMIDT¹
 Secretary to the Executive Board of IG Bergbau,
 Chemie, Energie Hannover

¹ Employee representative.

Memberships of other German supervisory boards and comparable German and foreign boards are shown in [NOTE \[29\]](#) of the Notes to the financial statements.

Supervisory Board committees

*Mediation Committee
in accordance with § 27 (3) of the German
Codetermination Law (MitbestG)*

- DR MANFRED SCHNEIDER
[CHAIRMAN]
- HANS-DIETER KATTE¹
- MICHAEL DIEKMANN
- GERNOT HAHL¹

Standing Committee

- DR MANFRED SCHNEIDER
[CHAIRMAN]
- HANS-DIETER KATTE¹
- MICHAEL DIEKMANN
- GERNOT HAHL¹
- KLAUS-PETER MÜLLER

Audit Committee

- DR CLEMENS BÖRSIG
[CHAIRMAN]
- PROFESSOR DR
ANN-KRISTIN ACHLEITNER
- GERNOT HAHL¹
- HANS-DIETER KATTE¹
- DR MANFRED SCHNEIDER

Nomination Committee

- DR MANFRED SCHNEIDER
[CHAIRMAN]
- MICHAEL DIEKMANN
- KLAUS-PETER MÜLLER

*The following member retired from the
Supervisory Board in the 2012 financial year:*

- JOSEF SCHREGLE¹
[retired on 31 October 2012]
Finance Director EMEA [Europe, Middle East, Africa]
Engineering Division, Linde AG

¹ Employee representative.

Memberships of other German supervisory boards and comparable German and foreign boards are shown in — NOTE [29] of the Notes to the financial statements.

REPORT OF THE SUPERVISORY BOARD

Dear shareholders,

The Supervisory Board worked intensively alongside the Executive Board during the 2012 financial year, a year marked by the implementation of important measures for The Linde Group's strategy.

Throughout the year, the Supervisory Board conducted detailed reviews of the Group's situation, its prospects and its strategic development, as well as the future long-term positioning of The Linde Group and individual initiatives of key importance to the company, focusing above all on the acquisition of us homecare company Lincare Holdings Inc. (Lincare). 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 Supervisory Board's procedural rules. Through verbal updates at our meetings and in the form of written reports, the Executive Board regularly provided us with timely and comprehensive updates on company performance, the economic situation, profitability and plans for the company and its subsidiaries, as well as briefing us on all issues relevant to the strategy being pursued by the company and its subsidiaries, planning, business development, the risk situation, risk management and compliance. We assessed the plausibility of all documents presented to us and regularly consulted the Executive Board on significant issues. The Supervisory Board was involved in all major decisions made by the company. This includes 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 that 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. He maintained close contact with the Chief Executive Officer throughout the year, sharing information and ideas, and held regular consultations with him on the Group's strategy, planning, business development, risk situation, risk management and compliance. On the basis of the reports submitted by the Executive Board and the auditors' report, the Supervisory Board was able to satisfy itself as to the effectiveness of the risk monitoring system set up in accordance with §91 (2) of the German Stock Corporation Law (AktG). At no time during the year did the Supervisory Board raise any objections in relation to the sound and efficient management of the Group.

Meetings and resolutions of the Supervisory Board

In all, one extraordinary and four regular Supervisory Board meetings were held in the 2012 financial year. One shareholder representative, Mr Matthew Miao, was unable to attend the extraordinary meeting on 20 June 2012, which was convened at short notice, and sent his apologies. All the members of the Supervisory Board were present at the regular meetings held in 2012.

In addition to reviewing current business developments, our meetings also addressed the Group's financial and risk situation, strategy, compliance with legal regulations and with 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 of the Executive Board, the Supervisory Board granted all the necessary approvals. Due to time pressure, two proposals were approved outside Supervisory Board meetings in written form and on the basis of extensive documentation. One of these had already been discussed at a plenary meeting. The proposals related to a Gases Division investment project requiring Supervisory Board approval which involved building on-site plants as part of a long-term customer agreement and to the granting of consent to the Gases Division for an acquisition project.

In 2012, the Supervisory Board's advisory and monitoring activities again focused on the Group's growth prospects, its individual lines of business and its operating segments, with global homecare activities representing a major priority. The purchase of the Continental European homecare business of the gases company Air Products was completed in April of the reporting year, with completion of the acquisition of us homecare company Lincare taking place in August 2012. The Supervisory Board welcomes the positioning of The Linde Group as the leading global healthcare provider in the gases industry. Ensuring that these new acquisitions are integrated quickly into The Linde Group is now one of our most pressing tasks. With this in mind, we have been working intensively on the requisite integration measures since September 2012. We were briefed by the Executive Board on the progress made on an ongoing basis and were confident that these processes were advancing apace.

At the Supervisory Board meeting to approve the financial statements on 8 March 2012, we discussed in detail and approved the annual financial statements of Linde AG and the Group financial statements for the year ended 31 December 2011 and agreed the proposed appropriation of earnings. We also, in the absence of the Exec-

utive Board, discussed and agreed on the targets reached in relation to the variable cash emoluments and total emoluments earned by the individual members of the Executive Board for 2011, based on advice from the Standing Committee. In addition, we issued the declaration of compliance with the German Corporate Governance Code and adopted the Supervisory Board Report and Corporate Governance Report for 2011, as well as the agenda for the Annual General Meeting, including the proposed resolutions. In this regard we also agreed on the proposal for a new remuneration system for the Executive Board to be submitted to the 2012 Annual General Meeting for approval. We adopted this new system in December 2011 and it will apply to all members of the Executive Board with effect from the 2012 financial year. We also dealt with the proposal to be submitted to the Annual General Meeting regarding the abolition of the existing authorised capital and creation of a new authorised capital, the creation of conditionally authorised capital for a successor scheme to the expiring share option scheme for members of the Executive Board and managers (Long Term Incentive Plan 2012), and the related replacement of the company's existing authorisation to acquire and make use of own shares. In addition to its regular reports on business performance and the general position of The Linde Group, the Executive Board also presented us with an updated plan for the 2012 financial year and the updated mid-term business plan. The Executive Board dealt in detail with selected key performance indicators and briefed us on their financial and operational impact on Linde, particularly with regard to the expected impact of efforts to acquire Air Products' Continental European homecare business. Additionally, after detailed explanation by the Executive Board, we also approved a transaction requiring Supervisory Board consent, namely an internal restructuring measure in conjunction with the targeted acquisition of the Continental European homecare business of Air Products.

Immediately before the Annual General Meeting on 4 May 2012, the Executive Board presented the Group financial results for the quarter ended 31 March 2012 and reported on current business development and potential acquisition opportunities. Moreover, on the basis of our resolution in December 2011 and the corresponding proposal to the Annual General Meeting, we adopted the terms and conditions of the new Long Term Incentive Plan 2012 for Executive Board members. The meeting was also used to prepare for the subsequent shareholder meeting.

The Supervisory Board held an extraordinary meeting on 20 June 2012 to discuss the possibility of making an offer to buy Lincare Holdings Inc., us, an acquisition being considered by the Executive Board. The meeting enabled us to form a full picture of the transaction, the related opportunities and risks, the corporate and strategic goals being pursued, the feasibility of the transaction, the intended financing structure and the impact on Linde. Issues discussed particularly intensively included strategic and financial aspects, the economic significance of the transaction and the expected influence on the Group's financial situation. The Supervisory Board subsequently gave its approval in principle to the issuing of an offer in the region of USD 4.6 bn and to the financing plan proposed by the Executive Board, providing for the conclusion of a financing agreement in the form of a bridging loan from a banking consortium, the use of authorised capital and a longer-term financing proposal, as well as to any steps required in accordance with company law. The final decision of the Executive Board published on 2 July 2012 to make an offer to Lincare shareholders of USD 41.50 per Lincare share and covering the related financing arrangements was approved by the Supervisory Board's Standing Committee as authorised by its procedural rules.

At our meeting on 28 September 2012, the Executive Board outlined in detail the economic situation facing The Linde Group and its divisions, and described the outlook for the full 2012 financial year. The Executive Board also briefed the Supervisory Board on the current situation regarding the acquisition of Lincare, completed in August 2012, presenting the integration plan and detailing progress made in integrating the Continental European homecare activities acquired from Air Products in April 2012. At the same time, the Executive Board presented provisional information on the expected impact of the homecare acquisitions on The Linde Group's financial position, net assets and results of operations. The meeting also focused on progress made in implementing the strategies highlighted in earlier years, ongoing strategic development and the company's competitive environment. Key questions discussed included the strategic positioning and direction of Linde and its divisions, and projects considered or launched in this regard, as well as the impact of such projects on The Linde Group's financial position, net assets and results of operations. Taking into account the current general economic climate, the Executive Board outlined the opportunities and risks in an

internationally competitive environment, as well as the significance of the process optimisation and efficiency gains programme and further measures to be taken in that direction. Based on verbal reports from the Executive Board, the Supervisory Board is satisfied that the Group's structure and processes are being continually assessed and streamlined in order to increase and consolidate long-term competitiveness across all lines of business. The Supervisory Board was also presented with two transactions requiring its approval, requiring resolutions on internal structural and financing measures in accordance with company law. These were duly approved.

On 7 December 2012, the Executive Board presented us with a report on current business developments and the performance of the Group in comparison with its main competitors. It also presented us with a preview of the 2012 financial statements, the budget for the 2013 financial year and the mid-term business plan, including financial, capital expenditure and human resources plans. The Executive Board submitted a progress report on the integration of the homecare acquisitions in Continental Europe and the United States. We carried out an intensive review of the assumptions made by the Executive Board, particularly with regard to the risks for the company associated with the general economic environment. The Executive Board explained any variances between the plans and targets and the actual results. We also dealt at length with the motion from the Executive Board relating to the 2013 investment programme. After careful examination of the matter, we granted our approval. We also adopted a revised version of our procedural rules, which were adjusted in line with the provisions of the German Corporate Governance Code as last amended on 15 May 2012, and discussed issues in relation to the Supervisory Board elections at the 2013 Annual General Meeting and the structure of the Supervisory Board remuneration.

There were no conflicts of interest involving Supervisory Board members during the year under review. It should be noted that Linde acquired a 100 percent stake in Mr Miao's family company for a purchase price of EUR 2.1 m during the year under review. This transaction was effected on the basis of customary market conditions and did not involve any conflict of interest. Furthermore, this acquisition did not require the Supervisory Board's approval.

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 chairs all the committees with the exception of the Audit Committee. The current members of each committee are listed on [PAGE 5](#). Information about the responsibilities of each committee is given in the Corporate Governance Report on [PAGES 12 TO 18](#).

The Standing Committee of the Supervisory Board held three meetings during the reporting year, and three resolutions were also passed in writing. The Committee prepared decisions on Executive Board remuneration. On the basis of fundamental decisions and having been delegated the right to make the final decisions by the full Supervisory Board, it approved the issuing of an offer to Lincare shareholders. The Standing Committee essentially focused on financing and capital measures and further measures requiring approval in respect of the Lincare transaction and duly gave its consent, thereby authorising the Executive Board to make use of an instalment of EUR 33 m of Authorised Capital II based on the authorisations granted by the 2012 Annual General Meeting subject to the exclusion of subscription rights. The necessary changes were then made to the articles of association. In addition, the Standing Committee adopted changes to the articles of association required as a result of the issuing of shares to fulfil share options and gave its consent to two members of the Executive Board taking up secondary occupations.

The Audit Committee met on four occasions during the year under review. 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. No significant weaknesses in the accounting-related internal control system or in the system for the early identification of risks were detected by the auditors. 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 ad-

dition to the audit itself. 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 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 its audit work and the audit plan for 2012. 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. The Executive Board also briefed the Audit Committee on a regular basis with regard to the status of various activities relating to the external and internal financing of the Group and the safeguarding of its liquidity. The opening balance sheet and purchase price allocation in relation to the acquisition of Lincare in August 2012 were also discussed. The Committee also dealt with spot checks of the 2011 annual financial statements of Linde Aktiengesellschaft and The Linde Group carried out by the German Financial Reporting Enforcement Panel. No mistakes in the accounts were found as a result of these spot checks. For selected agenda items, department heads and external advisors also attended meetings of the Audit Committee, submitting reports and answering questions. In addition, the Chairman of the Audit Committee held talks on issues of significance in the periods between committee meetings, with the Chief Executive Officer, Chief Financial Officer, the auditors and the Head of Group Legal in particular. The Audit Committee and, where necessary, the Supervisory Board were regularly appraised of the outcome of these discussions.

During the 2012 financial year and at the beginning of 2013, the Nomination Committee consulted on several occasions outside its meetings and in accordance with its remit on candidates for the regular election of shareholders to the Supervisory Board at the 2013 Annual General Meeting. Finally, during a meeting in early 2013, the Committee submitted its recommendation for the Supervisory Board's nomination for the election. The Nomination Committee based its recommendation on the criteria proposed in the German Corporate Governance Code and the terms of the rules of procedure. In particular, in assessing the suitability of candidates who were over the age of 72 or who would turn 72 during their period of office, the Committee took account of age.

The Mediation Committee had no cause to meet during the year.

One committee member was unable to attend a meeting of the Standing Committee but was able to cast his vote in writing. All committee members were otherwise present at all the other committee meetings.

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

Corporate governance and declaration of compliance

We continually monitor changes to the German Corporate Governance Code and permanently verify that the provisions are being implemented correctly. In March 2013, the Executive Board and the Supervisory Board issued an updated declaration of compliance in accordance with § 161 of the German Stock Corporation Law (AktG) and made it permanently available to its shareholders on the company's website WWW.LINDE.COM. Further information on corporate governance at Linde can be found in the Corporate Governance Report on [PAGES 12 TO 18](#).

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 2012 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 2012 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) of the German Commercial Code (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-yearly financial reports in the 2012 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 audit focus during the 2012 financial year was on the accounting-related processes and controls in place at Linde AG in the fast-growing Asian markets. No significant weaknesses in the internal control system were detected by the auditors in relation to the accounting process. Once again during the reporting year, the auditors declared their independence to the Audit Committee.

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 then the subject of extensive deliberations at the Audit Committee meeting on 5 March 2013 and the meeting of the Supervisory Board to approve the financial statements on 6 March 2013. The auditors took part in the discussions both at the Audit Committee meeting and at the meeting of the full Supervisory Board. They presented the main results of their audits 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 of 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 2012 as drawn up by the Exec-

utive Board; the annual financial statements of Linde AG are hereby final. We also approve the Executive Board's proposal for the appropriation of profits.

Changes to the composition of the Supervisory Board and the Executive Board

There was one change during the 2012 financial year to the composition of the Supervisory Board and one change to the Executive Board.

Mr Josef Schregle resigned from his position as a shareholder representative on the Supervisory Board of Linde AG with effect from 1 November 2012. He was replaced by Ms Anke Couturier with effect from 6 December 2012 for the remainder of his period of office as a Supervisory Board member. We have thanked Mr Schregle for his valuable contribution to the Board. The General Meeting on 29 May 2013 will mark the end of the period of office of the current Supervisory Board.

As already reported last year, the Supervisory Board appointed Thomas Blades, a British national, to the Executive Board of Linde AG with effect from 8 March 2012. Mr Blades has international management experience, and was latterly responsible for the Oil & Gas Division of the Energy Sector at Siemens AG. At Linde he bears responsibility for the gases business in the Americas segment as well as for liquefied gases, the cylinder gas business and global healthcare operations. His appointment is for three years.

The Supervisory Board would like to thank the Executive Board and all Linde employees for their highly dedicated approach to their work and for their sense of responsibility and commitment. Over the past financial year they have once again mastered major challenges and achieved very good results.

MUNICH, 6 MARCH 2013
ON BEHALF OF THE SUPERVISORY
BOARD



DR MANFRED SCHNEIDER
[CHAIRMAN]

Corporate Governance

CORPORATE GOVERNANCE DECLARATION AND CORPORATE GOVERNANCE REPORT

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Compliance with the German Corporate Governance Code and declarations of compliance

Linde AG follows the German Corporate Governance Code presented by the 'Government Commission on the German Corporate Governance Code' and as amended from time to time. In March 2012, the Executive Board and Supervisory Board of Linde AG issued a declaration of compliance with the recommendations of the German Corporate Governance Code as amended on 26 May 2010 in accordance with § 161 of the German Stock Corporation Law (AktG) and made this declaration permanently available to the public on the Linde website.

The German Corporate Governance Code was amended following the issuing of this declaration of compliance in March 2012.

The Executive Board and Supervisory Board studied the requirements of the German Corporate Governance Code as amended on 15 May 2012 in detail, before issuing the following declaration of compliance in March 2013.

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

All recommendations of the 'Government Commission on the German Corporate Governance Code' in the latest version have been and will be observed in future, with the following exception.

In addition to fixed compensation, the members of the Supervisory Board have to date received performance-related compensation whose variable components have a one-year rather than a multi-year assessment basis. Section 5.4.6, para 2, of the German Corporate Governance Code in the version dated 15 May 2012 recommends for the first time that performance-related compensation shall be oriented towards sustainable growth of the enterprise. In accordance with Section 87, para 1, sentence 3, of the German Stock Corporation Law (Aktiengesetz), this can be regarded as a recommendation for a multi-year assessment basis. A decision on the compensation of the members of the Supervisory Board is made by the Annual General Meeting, which was unable to take account of this changed recommendation last year. During the Ordinary Annual General Meeting on 29 May 2013, the Executive Board and the Supervisory Board intend to propose a change to the compensation of the members of the Supervisory Board in the Articles of Association. This change will take account of the new recommendation. This regulation shall take effect from 30 May 2013."

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.

Linde AG also complies to the greatest possible extent with the suggestions made in the Code, with only one exception:

The Code suggests that it should be possible for shareholders to follow the Annual General Meeting via modern communication media (e.g. the Internet). We transmit the opening remarks made by the Chairman of the Supervisory Board and also the Chief Executive Officer's speech, but not the general discussion. In principle, the articles of association permit the transmission of the Annual General Meeting in full via electronic media. However, out of respect for shareholders' privacy, we do not transmit the contributions of individual speakers. Nevertheless, we will continue to follow developments closely.

Corporate governance practices

Linde AG has traditionally attached great importance to sound, responsible management and supervision geared towards the creation of sustainable value added. Our success has always been based on close and efficient cooperation between the Executive and Supervisory Boards, consideration of shareholders' interests, an open style of corporate communication, proper accounting and

audit procedures, and a responsible approach to risk and to legal rules and internal Group rules.

Linde upholds high ethical standards. In 2007, the Executive Board developed a corporate philosophy entitled The Linde Spirit and devised a new code of conduct known as the Code of Ethics, launching both throughout the Group. The Linde Spirit describes the corporate culture which is manifested in the Linde vision and the values and

principles that underpin day-to-day activities. The Code of Ethics sets out the commitment made by all employees in The Linde Group to comply with legal regulations and to uphold and protect the ethical and moral values of the Group. It is based on Linde's corporate culture and accords with its global values and fundamental principles. The Executive Board has also issued its own guidelines on competition law, antitrust law, the engagement of sales agents, occupational safety, environmental and health protection, quality and procurement. Like the Code of Ethics, these guidelines apply to all employees throughout The Linde Group. In 2012, a new global guideline on corruption prevention was developed. This entered into force in early 2013 and is binding on all employees.

Compliance

To reinforce compliance with both legal regulations and voluntary principles, the Group has a global compliance organisation. Linde's Group-wide compliance activities are focused in particular on antitrust law, the fight against corruption, export control and data protection. The compliance organisation is affiliated to Group Legal. Compliance officers have been appointed in the divisions, business units and operating segments to support Group-wide observance of the compliance programme. The global compliance officer coordinates and implements compliance measures. The Executive Board and the Audit Committee of the Supervisory Board are regularly informed about the current state of progress in the compliance organisation, including measures aimed at communicating existing rules of conduct to employees, training employees in those rules and updating the rules as necessary. Training is provided for Linde employees worldwide. Classroom-based courses are supplemented by a Group-wide e-learning programme. By the end of 2012, more than 36,000 e-learning training sessions had been held on the code of conduct, along with some 3,000 e-learning sessions on antitrust law. In addition, more than 6,000 members of staff were provided with training on site by skilled trainers. We thereby create a working environment in which our employees are entirely familiar with our rules and guidelines.

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 doubts or suspicions that they might have. In 2012, the Internal Audit department, Human Resources, Group Legal and the department for Safety, Health, Environment and Quality (SHEQ) carried out around 80 investigations on the basis of information received via the Integrity Line. If an internal investigation reveals that the doubts or suspicions raised were justified, Linde examines the measures introduced to tackle the situation, doing so in accordance with a prescribed process and timeframe.

All information on Linde's core values and compliance policy can be found on the company's website at WWW.LINDE.COM/GUIDELINESCOREVALUES and 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) and 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 Linde to ensure the continuation of the Group as a going concern and to create sustainable value added. They must 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 conducting its business. Its actions and decisions are geared towards the best interests of the Group, taking into consideration the concerns of shareholders, employees, customers and other stakeholder groups. Its aim is to create sustainable value for stakeholders. The Executive Board establishes the strategic direction of the Group, agrees this strategy with the Supervisory Board and ensures it is properly implemented. It is also responsible for annual and multi-year business plans, Group financing and the preparation of quarterly, half-yearly, 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 also takes the necessary measures to facilitate compliance in the Group companies. Given the Group's extensive reach across international markets and industry sectors, the Executive Board is responsible for ensuring that this diversity is reflected at management level, especially with regard to such criteria as age, gender and international representation. The goal is to put together the best teams worldwide. The Group's HR strategy includes the definition, delivery and continuous evolution of Group-wide talent development programmes. The Group supports intercultural diversity by adopting an international human resources policy and making appointments across national borders. 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, and capital 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 responsibilities 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. 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 has individual responsibility for the functions assigned to them when the decisions of the Executive Board are being made. It is incumbent upon the Chairman of the Executive Board to assume responsibility not only for the functions assigned to him, but also to coordinate all areas of responsibility entrusted to the Executive Board in a proper manner. He is the main point of 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 is a member of more than three supervisory boards of listed companies outside The Linde Group or of 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 and foreign boards of business entities is given in [NOTE \[29\]](#) of the Notes to the financial statements.

The Executive Board has no committees. The international composition of the Executive Board also reflects The Linde Group's global footprint and its intercultural diversity. Information on the composition of the Executive Board and on individual Board members, including their responsibilities and duties, may be found in the overview on [PAGE 3](#) or on the Linde website. The cvs of Executive Board members are available on the Linde 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 specified by law is twelve. The appointment of the members of 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 of the mem-

bers of the Supervisory Board ends with the closure of the Annual General Meeting in 2013. The Supervisory Board's Nomination Committee is making preparations for the election of shareholder representatives by the 2013 General Meeting. When proposing candidates to the Supervisory Board, it takes into account the targets set by the Supervisory Board in terms of its future composition as well as such criteria as the requirements of the German Stock Corporation Law (AktG), the Corporate Governance Code and the Supervisory Board's procedural rules. The composition of the Supervisory Board is balanced to ensure that its members collectively possess the knowledge, skills and professional experience necessary to enable them to discharge their duties in a group with global operations in a fit and proper manner. All Supervisory Board members must ensure that they have sufficient time to perform those duties. Supervisory Board members who also sit on the executive board of a listed company must not hold more than three supervisory board offices in listed companies or in comparable supervisory bodies of other business entities that do not belong to the same group as the company for which they perform their executive board duties. Linde AG undertakes to support Supervisory Board members as appropriate in the pursuit of any training or professional development necessary for the performance of their duties.

In March 2011, the Supervisory Board defined specific objectives for its future composition in accordance with § 5.4.1 of the German Corporate Governance Code, as set out below. Taking into account the particular situation of the Group, these cover the Group's international reach, potential conflicts of interest, the number of independent Supervisory Board members, an age limit for Supervisory Board members and the need for diversity.

→ **International expertise**

With operations in more than 100 countries, The Linde Group has a global 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 that could constitute a conflict of interest. The mere existence of an employment relationship between employee representatives and the company or its affiliated companies does not preclude impartiality as described above. Supervisory Board members should not have management or advisory roles on the executive bodies of the main competitors of The Linde Group. No more than two former Executive Board members should sit on the Supervisory Board.

→ **Age limit for Supervisory Board members**

Supervisory Board members should be no older than 72.

→ **Diversity**

The Supervisory Board is committed to diversity in its composition and to the fair representation of women

in particular. The next scheduled elections for both shareholder and employee representatives on the Supervisory Board will take place in 2013. After these elections at the latest, the Supervisory Board should include at least two women.

These objectives were taken into consideration upon the judicial appointment of a member with effect from 6 December 2012 following the resignation of a Supervisory Board member.

More than five members of the current Supervisory Board have acquired extensive international expertise as a result of their careers to date. During the 2012 financial year, Linde acquired a 100 percent stake in the family company of Mr Miao for a purchase price of EUR 2.1 m. This transaction was effected on the basis of customary market conditions. This fact was known to all of the members of the Supervisory Board. The Supervisory Board does not believe that this transaction involves any conflict of interest. Otherwise, there were no conflicts of interest involving Supervisory Board members in the 2012 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 any of Linde's major competitors. Four Supervisory Board members are company employees. No other consultancy, service or work contracts have been concluded between Supervisory Board members and the company. No former members of the company's Executive Board are currently members of the Supervisory Board. One Supervisory Board member reached the age limit in the 2010 financial year.

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 appointments were approved at the Annual General Meeting. Since the election of Professor Dr Achleitner to the Supervisory Board at the Annual General Meeting held on 12 May 2011 and the judicial appointment of Ms Anke Couturier with effect from 6 December 2012, there have been two women on the Supervisory Board. The target set in 2011 of having two women on the Board by 2013 has thus been met. The Supervisory Board currently considers the inclusion of two women on the Board to be appropriate. This level of representation is in line with the number of female executives with experience in the management of industrial companies, and also reflects the proportion of women in the workforce of The Linde Group, at around 20 percent, and the proportion of women holding senior management positions in the Group, at around 11 percent.

The procedural rules of the Supervisory Board include rules regarding the independence of its members. No member of the Supervisory Board is in a personal or commercial relationship with the company or its bodies that could represent a conflict of interests. In the past financial

year, some members of the Supervisory Board have sat 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 took place under the same conditions as for non-related third parties. These transactions did not affect the independence of the Supervisory Board members concerned. Linde AG has no controlling shareholder whose relationship with a member of the Supervisory Board could jeopardise that member's independence. Consequently, the Supervisory Board is only composed of individuals with a sufficient level of independence.

Information about the members of the Supervisory Board and their memberships of other legally prescribed German supervisory boards and/or comparable German or foreign boards of business entities is given in [NOTE \[29\]](#) of the Notes to the financial statements. The cvs of Supervisory Board members are available on the Linde website.

The Supervisory Board appoints the Executive Board and monitors and advises the Executive Board in the running of its business operations. Executive Board decisions that are of fundamental importance to the Group require the approval of the Supervisory Board. With regard to the composition of the Executive Board, the Supervisory Board considers diversity in addition to the appropriate professional qualifications of candidates. It strives in particular to achieve a suitable age range and proper representation of women. The appointments to the Executive Board also take into account the international operations of The Linde Group. Professor Dr Belloni is Italian, Mr Lamba is an Indian national and Mr Blades is from the UK.

The Chairman of the Supervisory Board coordinates the work of the plenary Supervisory Board and chairs its meetings. He is responsible for ensuring that resolutions passed by the Supervisory Board and its committees are duly executed and he is authorised to issue the statements on behalf of the Supervisory Board required to implement the resolutions of 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, sharing information and ideas.

Supervisory Board committees

The Supervisory Board has four committees, which do the groundwork for the plenary 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 chairs all the committees with the exception of 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 and any other contracts pertinent to the remuneration of Executive Board members, and the total remuneration of individual Executive Board members. Moreover, the Standing Committee is responsible for approving transactions with Executive Board members and related parties, as well as for approving other activities of the Executive Board members, especially the holding of positions on supervisory boards and comparable boards of business entities that are not part of The Linde Group. It also provides advice on long-term succession planning for the Executive Board and reviews the efficiency 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 and the effectiveness of the internal control system, risk management system and internal audit system, as well as the statutory audit. It also deals with compliance issues. Moreover, it discusses the interim and half-year financial reports with the Executive Board prior to publication. The Audit Committee also makes a recommendation to the plenary 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 with years of expertise in financial reporting and in 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 (elected by the employee representatives on the Supervisory Board), one shareholder representative and one employee representative. It makes suggestions to the Supervisory Board regarding the appointment of Executive Board members, if the required majority of two-thirds of the votes cast by Supervisory Board members is not obtained in the first ballot.

The Supervisory Board and its committees pass resolutions at meetings which are convened on a regular basis.

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 4 AND 5](#) or may be consulted on the Internet at

WWW.LINDE.COM/SUPERVISORYBOARD. Information about the activities of the Supervisory Board and its committees and about the work it has done with the Executive Board in the 2012 financial year is given in the Report of the Supervisory Board on [PAGE 6 TO 11](#).

Additional corporate governance information

Annual General Meeting

The shareholders assert the rights accorded to them by 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, forms for voting by post, plus shareholder counter-motions and nominations, on the Linde website in both German and English, and is thus easily accessible for shareholders. Notice of the Annual General Meeting and the associated documents may also be transmitted electronically to shareholders if they so wish.

Shareholders who are unable to 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. Proxy forms may also be submitted in electronic form. Moreover, shareholders have the option of casting their votes – 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, the ratification of the acts of the Executive Board and Supervisory Board, the appointment of the auditors and generally also the election of shareholder representatives. Decisions are also made at the Annual General Meeting about changes to the articles of association, capital measures and the authorisation to repurchase shares. The meeting has the opportunity to approve the remuneration system for Executive Board members. 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 members of the Executive Board, the retention in accordance with legal rules is 10 percent of the claim, up to a figure of 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 set out in the German Corporate Governance Code.

Directors' dealings

Linde AG publishes without delay as stipulated by law transactions subject to notification under § 15a of the German Securities Trading Law (WpHG) which have been executed by the persons named therein, in particular transactions carried out by members of the executive bodies of the company and related parties involving shares in the company or related financial instruments. The transactions disclosed by Linde AG in the past financial year 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 Board and Supervisory Board 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 2012, Executive Board members held a total of 270,000 shares and share options in Linde AG (0.145 percent of shares issued), while Supervisory Board members held a total of 4,500 shares and share options in Linde AG (0.002 percent of shares issued).

Remuneration of the Executive Board and Supervisory Board

The remuneration report, which also includes information about the share-based emoluments, can be found on [PAGES 19 TO 30](#) 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 and the company always aims to provide shareholders and the public with comprehensive, consistent and up-to-date information. Linde makes extensive use of the Internet as a reporting tool.

To keep shareholders and the general public informed about key dates and publications, the company publishes a financial calendar which appears in its annual report, in its interim and half-year financial reports and on the Linde AG website. Linde AG publishes ad-hoc announcements, press releases and notifiable securities transactions (directors' dealings) in the media specified by the law and on its website. The company's articles of association are also available on its website. Four times in the financial year, Linde reports to its shareholders on its business performance, the net assets, financial position and results of operations of the Group, and any related 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 quarterly, half-year and annual results. Regular events where the CEO and CFO meet 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 Linde website. The presentations given at these events are also available to view on the website, which additionally contains video and audio recordings of major events.

Linde considers not only the interests of its shareholders but also the concerns of its stakeholders, who are a key element in 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 half-year financial report and interim financial reports in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union. The preparation of the statutory annual financial statements of Linde AG, on which the dividend payment is based, complies with German commercial law (HGB). The annual financial statements 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 Group financial statements, in supplementary compliance with International Standards on Auditing. The audit procedures also 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 2012, the Supervisory Board issued the 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 annual financial statements and Group financial statements for the year ended 31 December 2012 and had also been appointed to conduct audit reviews of the interim and half-year financial reports for the 2012 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 the Chairman 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 that 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 which are continually being updated and adapted by the Executive Board to take account of changing circumstances. The Internal Audit department regularly reviews the risk management system and internal audit system to ensure that they are efficient and functioning well. The auditors also assess the system in place for the early identification of risk and provide regular reports on their findings at a global level to the Executive Board and Supervisory Board. Additionally, the Audit Committee supports the Supervisory Board in monitoring the activities of executive management and also deals with risk management issues in this context. 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 that they identify in the internal control system in relation to the accounting process and in the system for the early identification of risks. Further details about risk management in The Linde Group are provided in the Risk report on [PAGES 48 TO 58](#). This includes the report on the accounting-related internal control system.

REMUNERATION REPORT

(PART OF THE MANAGEMENT REPORT)

CORPORATE GOVERNANCE <12	
DECLARATION AND	
CORPORATE GOVERNANCE	
REPORT	
REMUNERATION REPORT 19	
MACROECONOMIC >32	
ENVIRONMENT	

The remuneration report sets out the structure, basic features and amount of the remuneration payable to members of the Executive Board and Supervisory Board. It forms part of the Group 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. Remuneration of the Executive Board

The full Supervisory Board is responsible for determining the total emoluments of 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.

In the 2011 financial year, the Supervisory Board decided, at the suggestion of the Standing Committee, to modify significant elements of the Executive Board remuneration system and structure. The revised remuneration system for members of the Executive Board, which is described in more detail below, applies equally to all members of the Executive Board from 1 January 2012. It was approved with a 96.45 percent majority at the 2012 Annual General Meeting of Linde Aktiengesellschaft.

The amount and structure of the remuneration payable is based on the size and international reach of the Group, its economic and financial situation, and its performance and prospects, as well as 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 (DAX 30 companies, similar 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 Exec-

utive Board as a whole. The remuneration is calculated so that it is competitive at international level and gives Board members an incentive to create sustainable performance and growth in a dynamic environment. In its evaluation and weighting of various criteria, the Supervisory Board was advised by an independent external expert on executive pay. In connection with the introduction of the new remuneration system, the amounts of the fixed cash emoluments and the variable remuneration components were reviewed in turn and in some cases revised.

The remuneration system places particular emphasis on sustainable business development. There is a significant focus on multi-year remuneration components, whereby payment of part of the variable cash remuneration is deferred. Moreover, the remuneration of the Executive Board members is linked to the price of Linde shares, as a result of the conversion of the deferred portion of the remuneration into virtual shares and the granting of a Long Term Incentive Plan in the form of options to purchase Linde shares (performance shares) and bonus shares (matching shares) after compulsory personal investment by the Executive Board member. This will create a long-term incentive to achieve a positive Group performance.

The members of the Executive Board receive no remuneration for any Group offices held.

Total emoluments

The remuneration system comprises the following components:

- fixed monthly cash emoluments;
- benefits in kind/other benefits;
- variable cash emoluments, of which 60 percent shall be paid immediately in cash in the following year and 40 percent shall be converted into virtual shares with dividend entitlement and shall not be paid for at least another three years;
- a Long Term Incentive Plan, which provides for multi-year share-based remuneration in the form of options to purchase shares (performance shares) and bonus shares linked to personal investment by the Executive Board member (matching shares) and
- pension commitments.

Of these components, the fixed cash emoluments, the benefits in kind/other benefits and the pension commitment are not performance-related, while the variable cash remuneration and the Long Term Incentive Plan are performance-related.

The regular target remuneration for a year, i.e. the total of fixed cash emoluments, variable cash emoluments and entitlements under the Long Term Incentive Plan, comprises the following targets for the performance-related entitlements:

- 25 percent fixed cash emoluments
- 30 percent one-year variable cash emoluments

- 45 percent multi-year variable emoluments, of which:
 - around 50 percent virtual shares required to be held for several years after the conversion of portions of the variable cash emoluments
 - around 50 percent share-based remuneration components from the Long Term Incentive Plan, of which:
 - 80 percent performance shares
 - 20 percent matching shares.

The relative weighting of fixed and variable remuneration components is therefore around 25 percent (fixed cash emoluments) to around 75 percent (variable cash emoluments, performance shares and matching shares), while within the variable remuneration components around 40 percent will be determined solely on a one-year basis and around 60 percent on a multi-year basis. As a result, the remuneration system becomes highly performance-related and determined principally on a multi-year basis. 65 percent of the variable emoluments are directly linked with performance indicators or long-term management targets.

Fixed cash emoluments

Each member of the Executive Board receives fixed monthly cash emoluments.

Benefits in kind/Other benefits

Benefits in kind are also provided. These are taxed on an individual basis in accordance with the fiscal regulations applicable in each case. Generally, they comprise mainly costs incurred to provide the monetary advantage of insurance benefits at normal market rates, company cars and, in one case, the provision of security arrangements.

Variable cash emoluments

Variable cash emoluments are based on two equally-weighted key ratios, return on capital employed (ROCE) and the operating margin, based on the customary definitions employed by the Group. For each of the two measurement factors, a minimum target is defined in the form of an ambitious long-term performance hurdle. If this hurdle is not reached in respect of one of the measurement factors, the variable cash emoluments linked to this factor are not paid. If neither minimum target is reached, there is no entitlement at all to variable cash emoluments. The amount of the variable cash emoluments based on reaching the ROCE and operating margin targets may be modified by an individual performance component.

If the entitlement to variable cash remuneration is met as a result of one or both targets being reached, 60 percent of the variable cash remuneration calculated on this basis is paid in cash in the month in which the Annual General Meeting at which the appropriation of profits is decided takes place. 40 percent of the variable cash remuneration is converted at this stage into virtual shares and not paid for at least a further three years.

Measurement factors for variable cash emoluments

Group ROCE

The variable cash remuneration for all the members of the Executive Board is based on the Group ROCE achieved in the financial year, to the extent that each member receives a fixed euro amount for each 0.1 percent of Group ROCE achieved. The variable cash remuneration is only paid if Group ROCE exceeds or equals an ambitious minimum return on capital which has been defined (performance hurdle).

Operating margin

The remuneration is based on the operating margin achieved in the area for which the Executive Board member is responsible. The operating margin is calculated as the ratio of operating profit (EBITDA) to revenue. A fixed euro amount is paid to each Board member for each 0.1 percent of operating margin achieved. For the Chief Executive Officer and the Chief Financial Officer, this is based on the operating margin of the Group, although payment is only made if an ambitious minimum margin derived from specific market conditions (performance hurdle) is met. For those members of the Executive Board responsible for operations, the margin in the gases segments or Engineering Division for which he or she is responsible is relevant. Payment is made here too only if ambitious minimum margins derived from specific market conditions are met. In addition, the Supervisory Board may also attach additional conditions to the establishment and the amount of the remuneration entitlement linked to the operating margin. These conditions should be set in the light of the prevailing market situation.

Individual performance component

To reflect the personal performance of Executive Board members, the amounts calculated on the basis of the two measurement factors (Group ROCE and the operating margin) are multiplied using a performance multiplier. The Supervisory Board may exercise its discretion to reduce or increase the amounts calculated as a result of the achievement of one or both targets by up to 20 percent, to take account of the individual performance of the Executive Board member.

Deferral

40 percent of the variable cash remuneration is deferred. This portion of the remuneration is converted into virtual shares to be held for a period of at least three years. The virtual dividend entitlements arising from the virtual shares during the qualifying period are included in the conversion into cash once the qualifying period has elapsed. Once the three-year qualifying period has expired, the virtual shares may be converted into a cash amount at any time during the following two years, with the exception of certain blocked periods. The conversion into virtual shares of the amount to be deferred and the conversion from virtual shares into the amount to be paid

are based on the average closing price of Linde shares on the last 60 stock exchange trading days before the relevant conversion date. If there are exceptional circumstances, the Supervisory Board may limit wholly or in part the actual payment at a later date of the deferred amount.

Cap

For the 60 percent of variable cash emoluments based on the achievement of one or both targets which is payable in cash, there is a cap of 250 percent of fixed cash emoluments. For the remaining 40 percent of the variable cash emoluments, an appropriate limit is set at the time of the conversion of this amount into virtual shares.

Regular reviews

The Supervisory Board conducts regular reviews of the targets set and the calibration of the variable remuneration, including the performance hurdles, in order to prevent potential distortions. It may also take into account the specific impact on both measurement factors (Group ROCE and the operating margin) of any investment or acquisition projects.

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 (Linde Management Incentive Programme 2002) applied to members of the Executive Board, members of the man-

agement 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 was a two-year qualifying period commencing on the issue date. During the remaining five-year term, the options can/could be exercised at any time, except during blocked periods. The seven-year term of the options in the 2005 tranche ended in July 2012.

In the 2012 financial year, two tranches in the scheme were valuable and exercisable. The exercise prices of the two tranches varied between EUR 64.88 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.

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

11 OPTIONS – LINDE MANAGEMENT INCENTIVE PROGRAMME 2002

		At 1 January		Exercised in the financial year			At 31 December			
		in units	Weighted average exercise price	in units	Weighted average exercise price	Weighted average share price at exercise date	in units	Range of exercise prices	Weighted average exercise price	Weighted average remaining life
			in €		in €	in €		in €	in €	in years
Professor Dr Wolfgang Reitzle (Chairman)	2012	65,000	81.76	65,000	81.76	122.56	–	–	–	–
	2011	130,000	81.76	65,000	81.76	125.93	65,000	81.76	81.76	1.3
Professor Dr Aldo Belloni	2012	40,000	81.76	40,000	81.76	122.13	–	–	–	–
	2011	40,000	81.76	–	–	–	40,000	81.76	81.76	1.3
Georg Denoke	2012	15,000	81.76	15,000	81.76	123.35	–	–	–	–
	2011	25,000	75.01	10,000	64.88	110.41	15,000	81.76	81.76	1.3
TOTAL	2012	120,000		120,000			–			
	2011	195,000		75,000			120,000			

During the 2011 and 2012 financial years, none of the options held by the Executive Board under the Linde Management Incentive Programme 2002 expired or were forfeited. As at the balance sheet date, the members of the Executive Board had exercised all the options in this scheme. Sanjiv Lamba (a member of the Executive Board from 9 March 2011) and Thomas Blades (a member of the Executive Board from 8 March 2012) are not participants in this scheme as they joined The Linde Group after the last tranche of options had been issued.

Further information about the Linde Management Incentive Programme 2002 is given in [NOTE \[25\]](#) 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 board of Linde AG group companies, as well as selected executives of Linde AG and its group companies). The options could 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 determined the allocation of options to members of the Executive Board, while the Executive Board determined the allocation for lower tiers of management. Options were 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 was 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 exercisable once a vesting period of three years from the date of issue has expired, 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 Linde share price, 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 2011 financial year, the final tranche of options under the Linde Performance Share Programme 2007 was allocated.

At the end of May 2012, the vesting period for the third tranche of this programme ended. 100 percent of the options in this third tranche were exercisable as all three performance targets were reached. In 2011, 88 percent of the options in the second tranche were exercisable.

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

2.2 OPTIONS – LINDE PERFORMANCE SHARE PROGRAMME 2007

		At 1 January	Granted in the financial year	Exercised in the financial year	Forfeited in the financial year	At 31 December	
		in units	in units	in units	in units	in units	in units
					Weighted average share price at exercise date		Weighted average remaining life
					in €		in years
Professor Dr Wolfgang Reitzle (Chairman)	2012	127,175	–	58,754	122.13	–	0.8
	2011	134,732	29,389	32,512	115.85	4,434	1.2
Professor Dr Aldo Belloni	2012	42,392	–	19,585	123.09	–	0.8
	2011	44,911	9,796	10,837	115.85	1,478	1.2
Georg Denoke	2012	42,392	–	19,585	122.13	–	0.8
	2011	44,911	9,796	10,837	115.85	1,478	1.2
Sanjiv Lamba (from 09.03.2011)	2012	14,685	–	2,938 ¹	117.40	–	1.3
	2011	–	9,796	1,942 ¹	115.03	265 ¹	1.9
TOTAL	2012	226,644 ²	–	100,862 ^{2,3}	–	–	125,782 ²
	2011	269,465 ³	68,573 ³	66,965 ^{2,3}	–	51,525 ³	226,644 ²

¹ Options granted to Sanjiv Lamba (member of the Executive Board from 9 March 2011) as an executive of The Linde Group.

² Including options granted to Sanjiv Lamba (member of the Executive Board from 9 March 2011) as an executive of The Linde Group.

³ This includes the options of J. Kent Masters (member of the Executive Board until 30 September 2011). The individual amounts were disclosed in the 2011 Financial Report. On the retirement of J. Kent Masters from the Executive Board as at 30 September 2011, 43,870 options not yet exercised were forfeited.

The exercise price of all the options is currently EUR 2.56 each. In the 2011 and 2012 financial years, none of the options held by the Executive Board under the Linde Performance Share Programme 2007 expired. All the options held at 31 December 2012 were not yet exercisable. Thomas Blades (a member of the Executive Board from 8 March 2012) is not a participant in this scheme as he joined The Linde Group after the last tranche had been issued.

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 \[25\]](#) of the Notes to the financial statements.

Long Term Incentive Plan 2012

It was resolved at the Annual General Meeting on 4 May 2012 to replace the Linde Performance Share Programme 2007 for the Executive Board and other executives with the new Long Term Incentive Plan 2012 (LTIP 2012). Like the Linde Performance Share Programme 2007, this scheme provides for the granting of options to purchase performance shares. A new element in this scheme is that in order to participate in the scheme, Executive Board members and selected executives are required to make a compulsory personal investment in shares of the company at the beginning of the scheme. For each share acquired by a scheme participant as a personal investment and held by the participant throughout the qualifying period, one matching share is granted at the end of the qualifying period, if certain conditions are met. The members of the Executive Board are granted options and rights to matching shares in return for a specified sum. The number of shares to be allocated to each member of the Executive Board is determined on the basis of the fair value per option or per right to a matching share according to an actuarial report at the grant date. 80 percent of the remuneration which may be earned as a result of participating in the LTIP 2012 if the target is reached relates to performance shares and 20 percent to matching shares. The company has the option of making a payment in cash to the scheme participants instead of issuing performance shares and/or matching shares. The first tranche under LTIP 2012 was issued following the 2012 Annual General Meeting. In exceptional circumstances, the Supervisory Board may restrict in terms of content, in part or in full, the rights granted to the executive bodies.

Options to purchase performance shares

The plan participants are granted a certain number of options in various annual tranches. The Supervisory Board determines the allocation of options to members of the Executive Board. Each option confers the right to purchase one share in Linde AG (performance shares) if certain targets are met at the exercise price, which is equivalent in each case to the lowest issue price, currently EUR 2.56. The options in each tranche may be issued over a period of five years. If the conditions required for the exercise of the options are met, they may first be exercised once a four-year qualifying period calculated from the issue date has expired (the performance period). Options may only be exercised if certain performance targets are reached, which are based on movements in earnings per share and relative total shareholder return. Equal weighting is given to these two performance targets in terms of the total options allocated. Within each of these performance targets, a minimum target must be reached if the options in a particular tranche are to become exercisable, and there is also a stretch target. If the stretch target for one of these performance targets is reached, all the options relating to that performance target in that particular tranche become exercisable. If the minimum target within a performance target is reached, 12.5 percent of all the options in the relevant tranche may be exercised and the plan participant receives a corresponding number of performance shares on payment of the lowest issue price per share. If the relevant stretch target is reached, 50 percent of all the options to performance shares in the relevant tranche may be exercised. If the minimum target is exceeded, but the stretch target is not reached, the number of options that may be exercised is dependent on the percentage by which the minimum target is exceeded.

Personal investment and matching shares

The number of Linde shares which must be purchased as a personal investment is determined by the Supervisory Board for each member of the Executive Board and corresponds to 20 percent of the target remuneration which may be earned by participating in the LTIP 2012. For each Linde share acquired by a scheme participant as a personal investment and held by the participant throughout the qualifying period for options, one matching share in Linde AG is granted at no cost to the participant. Condi-

tions which apply to the granting of matching shares include: a personal investment in shares of the company by the scheme participant at the appropriate time, the unrestricted holding of such shares during the qualifying period and the existence of a service contract at the end of the qualifying period in respect of which no notice has been given.

Movement in the options and rights to matching shares issued to members of the Executive Board under the Long Term Incentive Plan 2012 were as follows:

€ 3 *OPTIONS, MATCHING SHARES – LONG TERM INCENTIVE PLAN 2012*

	Options			Matching Shares		
	At 1 January 2012	Granted in the financial year	At 31 December 2012	At 1 January 2012	Granted in the financial year	At 31 December 2012
	<i>in units</i>	<i>in units</i>	<i>in units</i>	<i>in units</i>	<i>in units</i>	<i>in units</i>
Professor Dr Wolfgang Reitzle (Chairman)	-	25,258	25,258	-	2,746	2,746
Professor Dr Aldo Belloni	-	8,419	8,419	-	915	915
Thomas Blades (from 08.03.2012)	-	8,419	8,419	-	915	915
Georg Denoke	-	8,419	8,419	-	915	915
Sanjiv Lamba	-	8,419	8,419	-	915	915
TOTAL	-	58,934	58,934	-	6,406	6,406

All the options held at 31 December 2012 were not yet exercisable. The exercise price of all the options is currently EUR 2.56 each. During the reporting period, none of the options held by the Executive Board expired or were forfeited. Matching shares were not allocated. The weighted average remaining term of the options and rights to matching shares is 3.6 years.

To meet the conditions for participation in the Long Term Incentive Plan 2012, Professor Dr Wolfgang Reitzle made a personal investment in 2012 of 2,746 shares in the company and the other members of the Executive Board each made a personal investment of 915 shares in the company.

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 \[25\]](#) of the Notes to the financial statements.

Information about the rules which apply in the event of a change in control is given on [PAGES 59 TO 61](#) in the management report (Disclosures in accordance with § 289 (4) of the German Commercial Code).

Total cost of share-based emoluments

The total cost of share-based emoluments in 2012 was EUR 22 m (2011: EUR 30 m). During the financial year, the following cost was recognised in respect of share-based payment instruments held by members of the Executive Board:

€ 4 *COST OF SHARE-BASED PAYMENTS*

<i>in €</i>	2012	2011
Professor Dr Wolfgang Reitzle (Chairman)	1,746,305	2,627,017
Professor Dr Aldo Belloni	582,098	875,680
Thomas Blades (from 08.03.2012)	62,508	-
Georg Denoke	582,098	875,680
Sanjiv Lamba (from 09.03.2011)	282,071 ¹	216,949 ¹
TOTAL	3,255,080	4,698,279²

¹ Including the cost of share-based payments granted to Sanjiv Lamba (member of the Executive Board from 9 March 2011) as an executive of The Linde Group.

² This includes the cost of share-based payments relating to J. Kent Masters (member of the Executive Board until 30 September 2011) of EUR 102,953. On the retirement of J. Kent Masters from the Executive Board as at 30 September 2011, options not yet exercised were forfeited.

In the annual financial statements of Linde AG, the company has opted not to recognise share-based remuneration systems as personnel expenses, in accordance with legal regulations. For the matching shares of Linde AG employees, a cost of EUR 0.3 m (2011: EUR 0 m) was recognised in accordance with the German Commercial Code (HGB).

Pension commitments

For members joining the Executive Board of the company on or after 1 January 2012, a defined contribution pension scheme was introduced in the form of a direct commitment, which will provide benefits in the form of old age pensions, disability pensions and surviving dependants' pensions. For new members, the annual contributions made by the company during the period of employment will be 45 percent of the fixed cash emoluments (and therefore around 11 percent of the target emoluments). After 15 years of contributions, a target pension level of around 50 percent of the final fixed cash emoluments would be achieved as an old age pension. The capital is invested with an external provider. The pension commitment is designed to be similar to the Linde Pension Plan (Linde Vorsorgeplan) for employees. Insolvency insurance is provided as a result of the integration of the pension commitments into the existing Contractual Trust Arrangement (CTA). The contributions participate in the performance of the CTA and also participate generally without restriction in potential CTA surpluses. The model provides for guaranteed minimum interest of 3 percent plus any overperformance. The regular old age pension is payable from the age of 65, and in the case of early retirement from the age of 62. The employers' contributions are legally non-forfeitable in accordance with the German Company Pension Law (BetrAVG). When the benefits fall due, the Executive Board member is entitled to the account balance inclusive of guaranteed interest. In the case of death or disability, in principle a minimum benefit is payable for a period of service on the Board of less than ten years. In this case, the amount payable is topped up by the missing contributions to the amount that would have been payable if the Executive Board member had served on the Board for ten years (up to a maximum age of 65). Those entitled to the full pension account are, firstly, the widow, widower or civil partner of the Executive Board member and, secondly, orphans of the Executive Board member in the event that widow, widower or civil partner survives the deceased.

The pension payable is calculated on the basis of the mortality tables and interest rates which are valid when the pension is drawn. In all cases, the Executive Board member may choose to have his or her pension paid in one of three ways:

- as a lump sum,
- in five to ten annual instalments with the payment of interest (depending on the term) until the payments are due,
- in the form of pension payments for life including an annual increase of 1 percent per annum.

On request and with the Group's agreement, the Executive Board member may opt for other payment variants.

Pension commitments for members of the Executive Board who were already on the Board at 1 January 2012 are set out in individual contracts. 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 for every year of service completed by the member of the Executive Board by two percentage points. The maximum percentage that can be achieved is 50 percent of the last fixed monthly emoluments paid. For pension commitments agreed 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 Group 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). Widowed spouses receive 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 year, although maintenance may continue to be paid until he or she reaches the age of 27. If the deceased has 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 consumer price index for private households based on information provided by the German Statistical Office. If a member of the Executive Board has reached the age of 55 and completed ten years of service on the Executive Board, and his or her employment contract is terminated early by the Supervisory Board or his or her term of office is 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 or if the employment contract is terminated before he or she reaches the age of 55, he or she acquires entitlement by law to a pension as a supplement to the occupational pension 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 2012

The total cash remuneration for members of the Executive Board for performing their duties at Linde AG and its subsidiaries in 2012 was EUR 13,188,329 (2011: EUR 11,785,161). Of this amount, EUR 3,858,540 (2011: EUR 4,266,645) related to fixed remuneration components which are not performance-related and EUR 9,329,789 (2011: EUR 7,518,516) related to variable short-term or long-term performance-related remuneration components. The measurement of benefits in kind and other benefits was based on their value for tax purposes. In accordance with the changes to the remuneration system agreed by the Supervisory Board with effect from 1 January 2012, 60 percent of the variable cash emoluments (EUR 5,597,873) will be paid in 2013, while 40 percent of the variable cash emoluments (EUR 3,731,916) will be converted into virtual shares which are subject to a three-year holding period, thereby becoming a new long-term remuneration component. For the conversion into virtual shares, the price used is the average closing price of Linde shares in the Xetra trading system on the Frankfurt Stock Exchange on the last 60

stock exchange trading days before 31 December 2012. This average price was EUR 131.62. The amount paid out once the qualifying period has expired depends on movements in the price of Linde shares. The total remuneration of the members of the Executive Board was EUR 16,688,205 (2011: EUR 14,785,140). Included in the total remuneration are options and rights to matching shares which were granted to members of the Executive Board under the terms of the Long Term Incentive Plan 2012. In each case, the options and matching shares are shown at their value on allocation. In the 2012 financial year, members of the Executive Board were granted a total of 58,934 (2011: 68,573) options with a value on allocation of EUR 47.51 (2011: EUR 51.04) per option and 6,406 rights to matching shares with a value on allocation of EUR 109.26 per matching share.

Subject to the approval of the annual financial statements of Linde AG for the year ended 31 December 2012, the emoluments for the individual members of the Executive Board for 2012 are as follows:

€ 5 TOTAL REMUNERATION FOR MEMBERS OF THE EXECUTIVE BOARD

		Cash emoluments				Long Term Incentive Plan		Pensions			
		Fixed emoluments	Benefits in kind/ Other benefits	Variable emoluments		Options	Matching Shares	Total emoluments	Annual amount if pension were paid on balance sheet date	Service cost in financial year ³	
				short-term ¹ (60%)	long-term ² (40%)						Total cash emoluments ²
<i>in €</i>											
Professor Dr Wolfgang Reitzle (Chairman)	2012	1,250,000	32,746	2,482,620	1,655,080	5,420,446	1,200,008	300,028	6,920,482	750,000	768,153
	2011	1,960,000	111,191	3,281,250	-	5,352,441	1,500,015	-	6,852,456	556,800	757,645
Professor Dr Aldo Belloni	2012	780,000	46,133	1,086,900	724,600	2,637,633	399,987	99,973	3,137,593	324,000	98,913
	2011	720,000	41,630	1,656,050	-	2,417,680	499,988	-	2,917,668	288,000	96,971
Thomas Blades (from 08.03.2012)	2012	488,636	60,697	613,685	409,124	1,572,142	399,987	99,973	2,072,102	-	265,311
	2011	-	-	-	-	-	-	-	-	-	-
Georg Denoke	2012	640,000	26,268	816,288	544,192	2,026,748	399,987	99,973	2,526,708	159,840	100,086
	2011	564,000	22,503	1,226,500	-	1,813,003	499,988	-	2,312,991	138,720	97,923
Sanjiv Lamba (from 09.03.2011)	2012	525,000	9,060	598,380	398,920	1,531,360	399,987	99,973	2,031,320	73,920	97,736
	2011	321,391	452	456,154	-	777,997	499,988	-	1,277,985	55,200	54,116
TOTAL	2012	3,683,636	174,904	5,597,873	3,731,916	13,188,329	2,799,956	699,920	16,688,205		1,330,199
<i>in %</i>		22	1	34	22	79	17	4	100		
TOTAL	2011	4,069,391⁴	197,254⁴	7,518,516⁴	-	11,785,161⁴	2,999,979	-	14,785,140⁴		1,190,749⁴
<i>in %</i>		28	1	51	-	80	20	-	100		

¹ From 2012, 60 percent of the variable cash remuneration is paid directly in the year following the balance sheet date.

² From 2012, 40 percent of the variable cash remuneration is converted as at the balance sheet date into virtual shares with dividend entitlement and not paid for at least another three years. The amounts paid in each case are dependent on movements in the Linde share price.

³ No past service cost arose in the 2012 or 2011 financial years.

⁴ This includes the emoluments/service cost recognised of J.Kent Masters up to 30 September 2011, the date of his retirement from the Executive Board (total cash emoluments/total emoluments of EUR 1,424,040, service cost of EUR 184,094). No cost has arisen for the company or the Group as a result of the options granted to him in the 2011 financial year. All the options granted to him which had not yet been exercised were forfeited on his retirement.

The remuneration table reflects the change in remuneration structure which took effect from 1 January 2012 and a different presentation compared with that in the 2011 Financial Report. In connection with the introduction of the new remuneration system, the Supervisory Board also reviewed the level of fixed cash emoluments and the variable remuneration components, as well as the pension entitlements of Professor Dr Wolfgang Reitzle, bringing some of these elements more into line with market practice. When comparing the figures for 2012 and 2011, the appointment of Mr Thomas Blades on 8 March 2012 should be taken into account. In the 2011 financial year, the figures include total cash emoluments/total emoluments of EUR 1,424,040 in respect of Mr J. Kent Masters, who stood down from the Executive Board on 30 September 2011.

In 2012, the service cost for pension obligations in accordance with IFRS was EUR 1,498,236 (2011: 1.264.518 EUR), while the figure in accordance with the German Commercial Code (HGB) was EUR 1,330,199 (2011: EUR 1,190,749). At the balance sheet date, the present value for accounting purposes of pension commitments accruing to the individual Executive Board members was as follows: Professor Dr Wolfgang Reitzle EUR 16,847,344 (2011: EUR 10,052,467) (Group), EUR 12,699,877 (2011: EUR 9,374,072) (Linde AG); Professor Dr Aldo Belloni EUR 5,329,415 (2011: EUR 3,803,260) (Group), EUR 4,176,945 (2011: EUR 3,573,757) (Linde AG); Thomas Blades EUR 2,388,879 (Group), EUR 2,049,567 (Linde AG); Georg Denoke EUR 4,483,999 (2011: EUR 2,525,115) (Group), EUR 2,547,025 (2011: EUR 2,209,171) (Linde AG); Sanjiv Lamba EUR 3,223,287 (2011: EUR 1,600,072) (Group), EUR 1,829,690 (2011: EUR 1,398,169) (Linde AG). The change in the present value of the pension commitments is the result of the unwinding of interest of entitlements acquired in previous years and actuarial losses from changes in interest rates, holdings and mortality tables.

Other remuneration-related arrangements

The Supervisory Board has the right, at its own discretion, to award a special payment to an Executive Board member for exceptional performance.

Benefits in the event of termination of a contract

In the event that they are not reappointed between the ages of 55 and 63 for reasons beyond their control, Executive Board members Georg Denoke and Sanjiv Lamba will receive in accordance with their existing contracts a lump sum severance payment of 50 percent of their annual cash remuneration (fixed emoluments and that portion of the variable cash emoluments which is to be paid in cash (i. e. 60 percent)) for the last full financial year before the termination of their employment.

In compliance with the German Corporate Governance Code, all contracts with members of the Executive Board include the following provision. In the event of the early termination of the employment contract of a member of

the Executive Board without due cause for that termination, his or her severance pay will be capped at twice the annual cash emoluments (fixed emoluments and that portion of the variable cash emoluments which is to be paid in cash (i. e. 60 percent)). 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 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.

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 consent or as a result of a failure to renew the contract at the appropriate time or as a result of the resignation of the Executive Board member due to his or her position on the Board being unduly 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 unduly compromised.

The recommendation of the German Corporate Governance Code relating to severance caps in the event of a change of control is also being followed. In accordance with the Code, all Executive Board contracts provide for severance pay in the event of a member retiring early from the Board due to a change in control equivalent to 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 emoluments and that portion of the variable cash emoluments which is to be paid in cash (i. e. 60 percent)). 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. 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 entitlement is determined in accordance with the rules for the early termination of an employment contract without cause.

If the employment contract of a member of the Executive Board is terminated with due cause, no payments are made to the Board member.

Executive Board members are generally bound by a restraint clause for a period of two years following the termination of their contracts. By way of compensation, the company undertakes to pay former Board members an amount equivalent to 50 percent of their fixed emoluments during the period of restraint. The compensation qualifies in full 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 following six months. Moreover, he or she or his or her heirs are entitled to that proportion of the variable cash emoluments in respect of that part of the year in which the member of the Executive Board was active. In this case, 100 percent of the amount is paid in cash.

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 2,907,672 in the 2012 financial year (2011: EUR 2,841,716).

A provision of EUR 39,260,114 (2011: EUR 36,903,317) 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 annual financial statements of Linde AG, a provision of EUR 33,390,728 (2011: EUR 35,003,558) was made. The differences in the amounts disclosed are attributable to different accounting parameters being 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 Group'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, 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 information in the relevant audited Group financial statements in accordance with IFRS and the articles of association. In 2012, ROCE calculated in this way was 11.5 percent (2011: 13.0 percent).

The variable remuneration is paid on the day after the Annual General Meeting which determines the appropriation of the 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 an additional 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 members of the Supervisory Board for any necessary expenses incurred and for VAT on their emoluments.

Emoluments of the Supervisory Board for 2012

Based on a dividend of EUR 2.70 (2011: EUR 2.50) per share entitled to dividend and adjusted ROCE for The Linde Group of 11.5 percent (2011: 13.0 percent), the total emoluments

of the Supervisory Board (fixed emoluments, variable emoluments and attendance fees) amounted to EUR 2,273,972 (2011: EUR 2,294,493) plus VAT of EUR 432,055 (2011: EUR 435,954). Of the total emoluments, EUR 855,219 (2011: EUR 859,754) related to fixed emoluments and EUR 1,371,753 (2011: EUR 1,392,239) to variable emoluments. The total expenditure on attendance fees was EUR 47,000 (2011: EUR 42,500).

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

EMOLUMENTS OF THE SUPERVISORY BOARD

<i>in €</i>		<i>Fixed emoluments</i>	<i>Variable emoluments</i>	<i>Emoluments for sitting on Audit Committee</i>	<i>Attendance fees</i>	<i>Total emoluments¹</i>
Dr Manfred Schneider (Chairman)	2012	150,000	258,750	–	6,000	414,750
	2011	150,000	261,000	–	6,000	417,000
Hans-Dieter Katté ³ (Deputy Chairman)	2012	75,000	129,375	–	6,000	210,375
	2011	75,000	130,500	–	6,000	211,500
Michael Diekmann (Second Deputy Chairman)	2012	75,000	129,375	–	4,000	208,375
	2011	75,000	130,500	–	3,000	208,500
Professor Dr Ann-Kristin Achleitner (from 12 May 2011)	2012	50,000	86,250	20,000	4,500	160,750
	2011	32,055	55,776	12,384 ²	2,500	102,715
Dr Clemens Börsig	2012	50,000	86,250	40,000	4,500	180,750
	2011	50,000	87,000	40,000	4,500	181,500
Anke Couturier (from 6 December 2012)	2012	3,552	6,128	–	500	10,180
	2011	–	–	–	–	–
Gernot Hahl ³	2012	75,000	129,375	–	6,000	210,375
	2011	75,000	130,500	–	6,000	211,500
Thilo Kämmerer ³	2012	50,000	86,250	–	2,500	138,750
	2011	50,000	87,000	–	2,000	139,000
Matthew F. C. Miao	2012	50,000	86,250	–	2,000	138,250
	2011	50,000	87,000	–	1,500	138,500
Klaus-Peter Müller	2012	75,000	129,375	–	4,000	208,375
	2011	75,000	130,500	–	3,000	208,500
Jens Riedel ³	2012	50,000	86,250	–	2,500	138,750
	2011	50,000	87,000	–	2,000	139,000
Xaver Schmidt ³	2012	50,000	86,250	–	2,500	138,750
	2011	50,000	87,000	–	2,000	139,000
Josef Schregle (until 31 October 2012)	2012	41,667	71,875	–	2,000	115,542
	2011	50,000	87,000	–	2,000	139,000
TOTAL	2012	795,219	1,371,753	60,000	47,000	2,273,972
<i>in %</i>		35	60	3	2	100
TOTAL	2011	800,137⁴	1,392,239⁴	59,617⁴	42,500⁴	2,294,493⁴
<i>in %</i>		34	61	3	2	100

¹ Amounts excluding VAT.

² Member of the Audit Committee from 20 May 2011.

³ The employee representatives have decided to forward their remuneration to the Hans Böckler Foundation in accordance with the guidelines of the Confederation of German Trade Unions.

⁴ This includes the emoluments of Supervisory Board member Dr Beiten who retired from the Supervisory Board on 12 May 2011: fixed emoluments of EUR 18,082, variable emoluments of EUR 31,463, emoluments for sitting on the Audit Committee of EUR 7,233, attendance fees of EUR 2,000, which gives total emoluments of EUR 58,778.

Loans and advances

At 31 December 2012, there were no loans or advances to members of the Supervisory Board.

3. Evolution of the system of remuneration for members of the Supervisory Board

The Executive Board and Supervisory Board intend to propose a new remuneration structure for the Supervisory Board at the 2013 Annual General Meeting. Under the new system, the remuneration of the Supervisory Board will change so that it comprises only fixed emoluments. In addition, the emoluments paid for sitting on the Supervisory Board committees will be adjusted so as to take account of the extent of responsibility and actual work involved. In return for 25 percent of the fixed emoluments payable, the Supervisory Board members shall purchase Linde shares (thereby making a personal commitment to the company) and shall in each case hold these shares for the duration of their membership of the Supervisory Board. Details of the revised system will be presented and published at the same time as the Invitation to the 2013 Annual General Meeting as part of the proposed resolution for changes to the articles of association.

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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.

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Global economic trends

World economic growth slowed in 2012 compared with 2011. Based on data from the international forecasting institute The Economist Intelligence Unit, global gross domestic product (GDP) rose by only 2.2 percent in 2012, following an increase of 2.7 percent in the prior year. Growth in global industrial production (IP) decelerated to an even greater extent. IP growth in 2012 was only 1.5 percent, compared with 3.6 percent in 2011.

The sustained sovereign debt crisis in Europe and in the United States was the main factor to have an adverse impact on economic trends. The resultant uncertainty also had an effect on other regions, with economic growth decelerating even in parts of Asia when compared with prior years.

The situation in the international financial markets has improved since the middle of 2012.

Germany

Following an increase of 3.1 percent in 2011, GDP rose by only 0.9 percent in 2012. The German economy nevertheless performed at levels far above the eurozone average during the reporting period. Both the service sector and export business saw further growth in 2012. Trends in industrial production were somewhat more modest. After strong growth of 8.0 percent in 2011, industrial production shrank slightly in 2012, by 0.5 percent.

REVENUE AND ORDER INTAKE

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Linde AG generated revenue of EUR 3.153 bn in the 2012 financial year, 55.5 percent above the prior-year figure of EUR 2.028 bn. Revenue in the Linde Gas Division rose by 3.8 percent to EUR 1.300 bn (2011: EUR 1.252 bn), while revenue in the Linde Engineering Division more than doubled to EUR 1.879 bn (2011: EUR 800 m). Two major projects were billed in the 2012 financial year. The first of these contributed EUR 847 m to revenue and the second EUR 151 m. In 2011, only small and medium-sized projects were completed and billed. In the 2012 financial year, contract revenue recognised was generated mainly from projects in Qatar, Venezuela, the United Arab Emirates, Madagascar and Germany.

35 percent of Linde AG's revenue came from customers in Germany. Exports accounted for 65 percent, with 16 percent (2011: 50 percent) of exports relating to Europe, 66 percent (2011: 33 percent) to the Asia/Pacific region and 16 percent (2011: 12 percent) to the Americas. Sales to Africa accounted for 2 percent of Linde AG's exports in 2012 (2011: 5 percent). Most of the export business relates to the Linde Engineering Division. 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 increased by 36.1 percent, from EUR 914 m in 2011 to EUR 1.244 bn in 2012. Linde AG entered into contracts for major projects within its core competences: natural gas, air separation and petrochemicals.

The order backlog at 31 December 2012 was EUR 3.466 bn, 17.0 percent below the 2011 figure of EUR 4.178 bn. The lower order backlog at the end of 2012 was due to two large-scale projects being billed during the financial year. The average duration of a contract is around three years.

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Operating profit rose by 34.3 percent, from EUR 198 m in 2011 to EUR 266 m in 2012, while over the same period there was an above-average increase in revenue of 55.5 percent to EUR 3.153 bn.

The gross margin fell from 40.6 percent in 2011 to 28.2 percent in 2012. The main reason for the decline in the margin was the increase in the proportion of sales relating to the Linde Engineering Division compared with the prior year. The engineering business has a lower gross margin than the gases business.

Functional costs rose by 4.5 percent, from EUR 756 m in 2011 to EUR 790 m in 2012. One of the main reasons for the increase was development costs relating to a global SAP system and other IT solutions. Linde AG does not avail itself of the option set out in § 248 (2) of the German Commercial Code (HGB) to recognise the cost of internally generated intangible assets as an asset.

In addition, following the introduction of the German Accounting Law Modernisation Act (BilMoG), personnel costs relating to additions to pension provisions were recognised for the first time in full (2012: EUR 18 m; 2011: EUR 11 m). In 2011, the cost was lower due to the transitional BilMoG rules. At the same time, the rigorous implementation of the company's HPO (High Performance Organisation) programme designed to achieve sustainable improvements in efficiency had a positive impact on costs.

The increase in Other income was due mainly to the sale of an investment in one of Linde AG's group companies. This gave rise to a profit on disposal of EUR 118 m. On the other hand, income from the release of provisions in the Linde Engineering Division was lower in 2012 than in 2011. In plant construction, it is often the case that there is a change in the evaluation of risk for the execution of major projects. The provisions established are reviewed and adjusted to take account of the most recent information available.

The increase in Other expenses was due mainly to exchange rate fluctuations.

Profit before taxes on income and the extraordinary result rose by 12.5 percent from EUR 521 m in 2011 to EUR 586 m in 2012.

Investment income increased in the 2012 financial year to EUR 467 m (2011: EUR 422 m). Included in the figure are dividends of EUR 268 m (2011: EUR 216 m) and income from profit-sharing agreements of EUR 199 m (2011: EUR 206 m).

Linde AG has direct or indirect profit-sharing agreements with most of its German subsidiaries. For the dividend payments which derive from subsidiaries mainly outside Germany, distributions are voted on in the individual companies.

The main change under the heading Other financial result was the recognition in 2012 of impairment losses of EUR 23 m relating to financial assets.

The extraordinary result comprises a profit arising on a merger of EUR 22 m, net of a loss arising on a merger of EUR 7 m.

After deducting tax, net income for the year rose by 19.1 percent, from EUR 471 m in 2011 to EUR 561 m in 2012.

7 RESULTS OF OPERATIONS (SUMMARY)

<i>in € million</i>	2012	2011
Sales	3,153	2,028
Cost of sales	2,264	1,204
GROSS PROFIT ON SALES	889	824
Functional costs	790	756
Other income	404	328
Other expenses	237	198
OPERATING PROFIT	266	198
Investment income	467	422
Other financial result	-147	-99
PROFIT BEFORE TAXES ON INCOME AND EXTRAORDINARY RESULT	586	521
Extraordinary result	15	-
Taxes on income	40	50
NET INCOME	561	471
Transfer to revenue reserves	-61	-43
UNAPPROPRIATED PROFIT	500	428

NET ASSETS AND FINANCIAL POSITION

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Total assets increased in 2012 by EUR 4.055 bn to EUR 20.705 bn.

Non-current assets rose by EUR 3.817 bn to EUR 17.889 bn. The percentage of total assets comprised by non-current assets was 86 percent (2011: 85 percent). The main component of non-current assets is financial assets, due to the function of Linde AG as the holding company of The Linde Group. Financial assets rose in 2012 by EUR 3.778 bn. The additions were mainly companies in the United States which formed part of the Lincare acquisition. The purchaser was a Group company of Linde AG. The Group company was provided with the requisite funds for the acquisition in a number of steps via capital increases. Receivables and other assets rose from EUR 1.018 bn to EUR 1.411 bn. The main contributory factor here was the increase in financial receivables from affiliated companies. Linde AG also enters 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 are disclosed under this heading. Securities held as current assets include shares in the special fund.

Equity (before the appropriation of profit) rose by EUR 1.584 bn to EUR 9.608 bn. During the reporting period, Linde AG increased its share capital to finance the Lincare acquisition. Under the terms of this capital increase, Linde AG issued 12,844,037 new shares, which resulted in an increase in equity of EUR 1.400 bn. In addition to the capital increase, share options were exercised by employees during the financial year. This resulted in an increase in equity of EUR 56 m. The equity figure was also affected by the net income for the year of EUR 561 m and the prior-year dividend paid of EUR 428 m. The equity ratio, as a proportion of total equity and liabilities, fell to 47 percent. The main reason for this was the increase in total equity and liabilities as a result of the acquisition of Lincare and the financing associated with that acquisition.

Provisions totalled EUR 1.369 bn, a similar figure to that seen in 2011.

Liabilities increased by EUR 2.443 bn to EUR 9.728 bn. The principal reason for this was the financing of the Lincare acquisition. As part of the financing, a syndicated credit facility of EUR 3.6 bn (USD 4.5 bn) was granted by a consortium of German and international banks. The

syndicated credit facility was reduced to EUR 928 m by 31 December 2012 as a result of the capital increase and the issue of two bonds in September 2012, a EUR 1 bn bond and a NOK 2 bn bond.

Liquid assets rose by EUR 88 m to EUR 587 m.

8 BALANCE SHEET STRUCTURE AS A PERCENTAGE OF TOTAL ASSETS

	2012		2011	
	in € million	in %	in € million	in %
Assets				
Financial assets	17,439	84	13,661	82
Other non-current assets	450	2	411	3
Receivables and other assets	1,411	7	1,018	6
Securities	801	4	1,050	6
Liquid assets	587	3	499	3
Other assets	17	-	11	-
TOTAL ASSETS	20,705	100	16,650	100
Equity and liabilities				
Equity	9,608	47	8,024	48
Provisions for pensions	471	2	455	3
Other provisions	898	4	886	5
Liabilities	9,728	47	7,285	44
TOTAL EQUITY AND LIABILITIES	20,705	100	16,650	100

Net financial debt (securities held as non-current assets, securities held as current assets, financial liabilities, financial receivables, liquid assets) increased in 2012 by EUR 3.071 bn, from EUR 3.476 bn to EUR 6.547 bn. This was due not only to the Lincare acquisition, but also to the financing of capital increases and grants of loans in the subsidiaries.

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In the 2012 financial year, a total of EUR 140 m (2011: EUR 135 m) was invested by Linde AG in research and development.

In the Linde Gas Division, EUR 123 m was spent on R & D (2011: EUR 119 m). The focus here was on the development of new gases applications and of a global SAP system.

In the Linde Engineering Division, EUR 17 m was spent in 2012 (compared with EUR 16 m in 2011) on innovations and the development of technologies for all the main types of plants, especially for hydrogen, olefin and natural gas plants.

At 31 December 2012, 210 employees were working in research and development (2011: 182 employees). Of these, 124 employees (2011: 105 employees) were in the Linde Gas Division and 86 employees (2011: 77 employees) in the Linde Engineering Division.

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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 international financial crisis 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 2012 mainly by the Dutch finance company, Linde Finance B.V., and by 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 banks and other market participants and ensures that the subsidiaries are financed in a cost-efficient manner.

Group companies are financed either by the cash surpluses of other business units in cash pools (the eurozone, the UK, Scandinavia and the Baltic states, the US, China and other Asian countries), or by Group loans from Linde Finance B.V. or Linde AG, taking into consideration 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.

In 2012, Linde significantly increased its liquidity position in reaction to the global financial crisis. In addition to cash and cash equivalents, Linde also holds shares in a special fund of EUR 804 m. These securities are mainly German government bonds with maturities of up to one year.

Syndicated credit facility

To ensure flexible financing, Linde has a EUR 2.5 bn revolving credit line at its disposal which runs until May 2015. Twenty-five major German and international banks used by Linde are involved in the syndicated facility. With this credit line, the Group has ensured that it has a solid

general liquidity reserve with the banks. The facility is unutilised at the end of the 2012 financial year and also serves as back-up for Linde's EUR 2 bn Commercial Paper Programme. At 31 December 2012, there were commercial papers of EUR 275 m outstanding under this programme.

Financing the acquisition of Lincare

In the 2012 financial year, Group Treasury was principally concerned with arranging the acquisition financing for the purchase of US homecare company Lincare and subsequent refinancing.

The Lincare acquisition was secured in July 2012 with credit facilities totalling USD 4.5 bn provided by two banks. This financing commitment was then successfully syndicated to twenty-six banks worldwide.

The acquisition financing is structured as follows. Tranche A comprises USD 2.5 bn with a one-year maturity (and the option to extend by a further twelve months). Tranche B comprises USD 1.0 bn with a three-year maturity. Tranche C comprises USD 1.0 bn with a three-year maturity (and the option to extend by a further two years).

Immediately after the official announcement of its acquisition of Lincare, Linde indicated that it would increase share capital by EUR 1.4 bn and successfully placed shares in the market with exclusion of the subscription rights of shareholders. As a result, it was possible to reduce the syndicated credit facility to USD 2.8 bn (EUR 2.2 bn). In the period between the capital increase and 31 December 2012, the Linde share price rose by 21.1 percent.

In September 2012, Linde AG issued both a EUR 1 bn bond and a 2 billion Norwegian krone (NOK) bond. The eight-year eurobond has a coupon of 1.75 percent.

Linde used the funds from these two bonds and the proceeds of the capital increase to reduce the USD acquisition loan to USD 1.225 bn at 31 December 2012.

Other capital market activities

In 2012, Linde also made successful use of the capital markets for refinancing and improved the maturity profile of its financial debt, thereby ensuring the long-term financing of the Group.

In May 2012, Linde Finance B.V. issued a new EUR 500 m bond under the EUR 10 bn Debt Issuance Programme. The seven-year bond has a fixed-interest coupon of 1.75 percent and is guaranteed by Linde AG. The proceeds of the transaction were used for general corporate purposes.

The five-year NOK bond has a coupon of 2.75 percent. These funds were converted by means of derivatives into fixed-interest financing in US dollars.

Under the EUR 10 bn Debt Issuance Programme, issues totalling EUR 6.1 bn in various currencies were outstanding at 31 December 2012 (31 December 2011: EUR 5.2 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 (S&P). The rating is an essential requirement for a successful and sustainable presence in the capital market. The Group's stated objective remains a stable "investment grade" rating.

Since the BOC acquisition in 2006, Linde's ratings have continued to improve. In May 2012, S&P increased its rating from A- to A. Moody's most recent rating adjustment (from Baa1 to A3) was in spring 2010. Both rating agencies confirmed their existing ratings for Linde in August 2012, following the Lincare acquisition. The subordinated bonds are currently rated at BBB+ by S&P and Baa2 by Moody's.

€ 9 RATING 2012

<i>Rating agencies</i>	<i>Long-term rating</i>	<i>Outlook</i>	<i>Short-term rating</i>
Moody's	A3	Stable	P-2
Standard & Poor's	A	Stable	A-1

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Strategy

Corporate responsibility (CR) is Linde's contribution to sustainable development. In its global CR policy, the Group is committed to behaving responsibly towards people and the environment, to conserving natural resources and to developing sustainable products. Linde's CR management anchors these objectives in day-to-day business life. Via its global management systems, the Group implements its commitment to sustainability into its business processes worldwide. Thereby, Linde puts its foundational principle of sustainability into practice. Sustainability is one of the four strategic principles underlying The Linde Spirit, the Group's corporate philosophy. The Linde Spirit defines the values and foundational principles of the Group and applies to all Linde employees throughout the world. The Group's sustainability activities are based on the following criteria:

Focus on Linde's core business: When developing its corporate responsibility activities, Linde considers its main business processes and the life-cycle of its products. The Group helps its customers to develop more sustainable processes and expects its contractors and suppliers to join it in working towards its corporate responsibility goals.

Continuous improvement: Linde continually analyses how sustainability enables the Group to exploit business opportunities and to minimise risks. It uses key performance indicators to compare sustainability performance across the world and sets itself specific targets.

Engagement with stakeholders: Linde adapts its corporate responsibility activities to reflect the needs of its stakeholders and of its social environment.

Transparency: The Group reports regularly and publicly on the progress it has made in its focus areas for corporate responsibility.

Linde is continuously reviewing its focus, identifying topics which are relevant to the sustainability management of the Group as well as issues of particular interest to its stakeholders. On the basis of this materiality analysis,

Linde determines focus areas for its CR strategy and reporting. The Group draws on findings from internal workshops with specialists and strategy experts and on insights from interdisciplinary working groups. During this process, Linde also considers information about environmental and social risks identified by Group risk management.

Organisation

The main decision-making body on sustainability issues is the Corporate Responsibility Council. Its members are Professor Dr Wolfgang Reitzle, Chief Executive Officer of Linde AG, and Professor Dr Aldo Belloni, member of the Executive Board, together with the heads of the Group's global and central functions: Communications & Investor Relations, HR, Legal & Compliance, Internal Audit and SHEQ. The Council is briefed annually on the progress made in achieving the sustainability goals and determines the focus areas for the Group's global CR strategy. In 2012, the CR Council discussed such issues as sustainability in the supply chain and human rights. The corporate responsibility department coordinates the implementation of the global sustainability strategy, liaising with the relevant departments and those responsible for CR topics in the regions, and is also the point of contact for the stakeholders.

Engaging with stakeholders

The Group maintains regular contact in a number of different ways with its main stakeholders. These include Linde employees, shareholders, customers, suppliers, non-governmental organisations, politicians, the research and scientific community, neighbours and the general public. Linde is also involved in trade associations and scientific collaborations, and with sustainability networks such as the German Global Compact Network. The Group's CR department responded to over 1,600 questions from stakeholders in 2012 on sustainability issues. Main issues raised concerned environmental topics, corporate governance or the supply chain.

Sustainability in the supply chain

Linde expects its suppliers to comply with minimum ecological and social standards. In 2013, the sustainability requirements for suppliers which currently apply in the different divisions are to be amplified and merged into a single policy.

In the 2012 financial year, Linde conducted an analysis of sustainability risks in the supply chain. It is envisaged that a more in-depth analysis will follow in 2013.

Sustainability reporting

Linde publishes sustainability information in its key corporate publications. The Group complies with internationally recognised standards for sustainability reporting, such as the Global Reporting Initiative (GRI) guidelines and the requirements set out in the United Nations Global Compact. In the 2012 financial year, Linde was able to

publish its CR Report 2011 six months earlier. The GRI once again confirmed that the Group's CR report qualified for the highest application level (A+) for sustainability reporting defined in the GRI standard.

Linde uses global performance indicators to provide comparable information about its ecological, economic and social performance, to measure its progress and to identify scope for improvement. KPMG Sustainability has provided limited assurance on selected indicators. Additional key figures on environment and safety were included in the review. The current version of the CR report is available online at WWW.LINDE.COM/CR-REPORT.

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Strategy

The aim of Linde's human resources management is to acquire the best possible employees, to nurture them and to build up long-term loyalty. To do this, it is Linde's goal to offer its staff safe and attractive working conditions, fair and respectful treatment, and reward for excellent performance. In return, Linde expects its employees to assume responsibility, both for the success of the company and for the implementation of Linde's corporate values.

One of the cornerstones of the global HR programme designed to improve efficiency is "People Excellence". As part of this initiative, Linde has pinpointed three priorities that are particularly important to sustainable HR efforts: developing talent, a performance-oriented approach and corporate culture.

Remuneration and social benefits

Remuneration packages include various elements and are designed to encourage the employees focus on the Group's long-term strategic aims. These include the target-based and performance-based system of remuneration at managerial level and the global performance management system, designed to allow a comparable and fair appraisal for all staff. The variable remuneration components are based on the extent to which the Group meets its targets and on employees' individual performance levels. For the purposes of supporting this system, Linde introduced an IT module in 2012 which enables performance evaluations, which are binding on all managers worldwide, to be carried out uniformly across the Group.

By means of the Linde Long Term Incentive Plan, managers may also acquire Linde share options and thus participate directly in the company's growth in value.

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.

Currently, Linde provides 6,496 employees in Germany (5,778 in Linde AG) with company-funded occupational pension schemes. 1,645 former employees (1,475 in Linde AG) have acquired a non-forfeitable entitlement and 9,074 pensioners (8,189 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 fund is externally funded via a contractual trust arrangement with a guaranteed minimum return. At present, 3,986 current employees in Germany (3,221 in Linde AG) contribute to the Linde Pension Plan. This corresponds to a participation rate of around 52.7 percent.

Employee participation in the deferred compensation scheme is supported through additional employer contributions under collective agreements, for example, or through matching contributions, where the employer makes an additional contribution on top of the employee's own contributions.

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 and have additional legal protection under private law from Pensionsversicherungs-Verein (psvaG) in addition to the statutory insolvency insurance.

Winning and developing talent

In the global competition for the best talent, the recruitment of well-trained experts, especially highly qualified engineers, plays a particularly important role at Linde. The Group cooperates with universities and research institutions across the world. Thereby, Linde seeks to attract newly qualified graduates. During the year under review, the Group launched an initiative at eleven Chinese universities to recruit graduates for its operating business, sales, and research and development departments. More than 2,000 students attended the presentations put on by Linde.

Worldwide, Linde provides training opportunities in various technical and commercial areas. In Germany, for example, it offers training in 17 different careers. In 2012, depending on the division concerned, between 90.4 and 100 percent of apprentices and trainees in Germany from the same intake who completed their training were offered at least a fixed-term contract. The number of apprentices and trainees as a proportion of the total number of employees in The Linde Group was 1.1 percent in 2012, of which more than 57 percent were working in non German companies.

Key components of Linde's long-term approach to HR development include not only recruitment of the right talent, but also succession planning for the Group's management team. In 2012, Linde held a planning workshop for around 100 strategic positions. The aim is to recognise and nurture potential, and to ensure knowledge transfer.

Linde offers a large range of programmes designed to help the continuing professional development of its employees and to support them in their learning and change processes. The Group also provides training and development programmes through Linde University. As part of its related Global Talent Circle development programme for middle managers, Linde set up a cooperation project, for example, with the China Europe International Business

School. Over 14,000 courses have been delivered through Linde University since these training programmes were established.

Workshops on change management are held to give employees the chance to discuss the issues at stake. Since these workshops were introduced in 2010, around 3,400 members of staff have attended them. Mentoring schemes are used to make it easier for new employees in particular to integrate into the Group. In North America, for example, Linde runs a mentoring programme which has more than 200 participants.

Achieving a work-life balance

Linde helps its employees to reconcile their personal and professional goals. Staff have the option of a number of different flexible working models, ranging from flexitime or part-time hours to teleworking, and can also obtain assistance in finding childcare or care solutions for other family members. The various initiatives are based on specific local requirements. The Flexible Futures programme in the UK, for example, gives employees the opportunity to take up to twelve months off if they wish to complete a training course or pursue a private project. Part-time employees in Linde AG accounted for 4.4 percent of the workforce in the reporting year. In Germany, more than 300 employees took parental leave in 2012, of which around 37 percent were men.

In addition, Linde offers its employees in Germany and North America a childcare organisation service. In 2012, the Group increased its budget for a share of daycare places in Greater Munich. This means that the number of daycare places here can be increased from 20 to 45. In other German locations, more than 100 employees received a subsidy towards their childcare place.

Labour and social standards

In its globally binding Code of Conduct, Linde commits to the principles of the Human Rights Charter of the United Nations and the core labour standards of the International Labour Organization (ILO). Compliance with social standards is reviewed as part of a multi-layered process, a key component of which is a worldwide survey of systems for fair working conditions. Another tool is the Integrity Hotline, which employees and external stakeholders can use to report instances of misconduct. Furthermore, labour standards are currently the subject of consultations with the employee representatives. Once again in 2012, Linde collated information uniformly across all the Group's sites on its processes for adhering to social standards and observing human rights. The findings cover all the countries in which Linde operates.

Diversity and equal opportunities

Linde has identified diversity as one of the essential ingredients in the Group's success. Indeed, its aim is to assemble the best possible teams across the world. These should understand customers' needs on the ground, have an overview of the local market, and know and respect the specific cultural identity. As at 31 December 2012, the Group employed staff from around 130 different countries. More than 60 nations are represented in the German companies alone. The proportion of senior managers in The Linde Group from countries other than Germany exceeded 65 percent in 2012, with more than 40 nations represented at this level. At the Linde sites in the emerging markets of China, India and South-East Asia, over 70 percent of the executive staff are from that particular region. In 2012, more than 250 Linde employees were sent on secondment to subsidiaries abroad.

One of Linde's main priorities in the area of diversity and equal opportunities is the promotion of female managers. The proportion of women in the major talent development programme for middle managers, the Global Talent Circle, was raised during the reporting year, from 26.8 percent to 29.0 percent. Linde has set itself the target of raising the proportion of women in managerial positions to between 13 and 15 percent by 2018. During the year under review, an engineering and IT careers magazine in North America awarded Linde the title of Best Diversity Company.

The Family and Career working group has been looking at demographic issues at Linde since 2008.

Involving employees

Linde works together with employee representatives and trade unions on the basis of partnership. In 2012, 72.2 percent of Linde AG employees were employed on the basis of collective wage agreements (2011: 73.5 percent). Linde's system of employee representation in Germany is two-tiered, consisting of works councils in the decentralised units and a central works council for the Group as a whole. In addition, for some years now, Linde has also had a European Works Council, currently with 24 members. In 2012, the European Works Council joined a project aimed at improving cross-border cooperation and supported by the European Union.

Honest feedback from employees is crucial to Linde's HR approach. In 2012, the Group conducted a global employee survey for the second time. 86 percent of employees took part in the voluntary survey. Compared with the last survey in 2010, there was an improvement in results across the board. 82 percent of employees stated that they were proud to work for Linde. The Group's commitment to environmental protection and its openness in addressing safety issues were cited as particularly positive characteristics by the staff. Meanwhile, aspects such as communication between managers and their staff and cooperation across different departments were mentioned as areas for improvement.

Occupational safety and health protection

Linde implements a variety of measures to protect its employees from potential risks associated with their work for the company. The Group uses its global management system for safety, health, environmental protection and quality (SHEQ) to identify potential hazard sources in the workplace and to set risk control standards and guidelines. Defined key performance indicators are used to assess performance levels in the areas of occupational safety and health protection, and performance in these areas is also audited. In 2012, audits were conducted at 62.4 percent of Linde's operating sites (2011: 54.5 percent). Linde also involves the employees of companies which are working at its sites, with its customers or in the area of transport (contractors) in the application of its occupational safety and health protection measures. In 2012, the number of work-related accidents per million hours worked resulting in a lost working day was cut further to 1.3 (2011: 1.4). Despite this positive trend, it is with the deepest regret that the Group must report that three Linde employees and four workers employed by contractors lost their lives whilst working for the Group during the reporting year. Six of these fatalities occurred in relation to transport activities and one employee lost her life in a car accident.

Over the coming years, Linde is looking to expand its occupational health management programme and to work towards global harmonisation in this area. The health risks associated with manual and repetitive work are a particular focus in this regard. The proportion of industrial incidents and chronic illnesses that can be attributed to manual activities lies between approximately 30 and 50 percent per year.

In seeking to improve its occupational health management still further, Linde is also counting on employee participation. In 2012, Linde recognised innovative solutions for handling gas cylinders in the RBU Continental & Northern Europe through its Manual Handling Award. Teams from two German filling plants were the winners, chosen from around 70 entries submitted for the award. The winning teams had designed rolling aids to ease the strain on workers' backs when moving small gas cylinders around. With a view to preventing stress-related illness, subsidiaries in some countries have introduced training sessions for employees on stress management techniques.

Social commitment

Linde is involved in a variety of projects in proximity to the Group's sites around the world, providing assistance locally in the form of donations, sponsorship and volunteering on the part of Linde employees. The Group's strategy includes a focus on sustainable initiatives related to the Group's business activities. In particular, Linde supports projects in the fields of education and science. Other priorities include such issues as safety, environmental protection and social affairs. Cross-regional in-

volvement in such projects is coordinated by the Group's Corporate Centre, with local initiatives being organised on a decentralised basis by the region concerned.

In the field of education, Linde focuses in particular on supporting training for the next generation of engineers and natural scientists. One example of this commitment is the Carl von Linde Academy at the Technical University of Munich, which is funded by the Group. This establishment provides up-and-coming engineers, IT experts and natural scientists with knowledge that extends beyond the limits of their theoretical subject, by touching on areas such as business ethics. By the end of 2012, more than 11,000 students had made use of the Academy's programmes.

For several years, Linde has been supporting the Schloss Hansenberg boarding school in Hesse, Germany, via a public-private partnership. The aim of this partnership is to foster the talent of pupils with especially strong academic and social skills.

Linde also sponsors scientific exhibitions, experiments and competitions in various countries. In Munich, home to the Group's Corporate Centre, Linde is one of the founding members of the Deutsches Museum Future Initiative, the aim of which is to modernise the largest technology museum in the world. Linde is supporting the initiative with a donation which will total EUR 5 m by 2018.

Education also plays an important role in other regions. Linde's South African subsidiary Afrox, for example, supported some 40 projects – and thus almost 3,800 children – through its Community Involvement Programme during the year under review. Over the course of 2012, Afrox invested around EUR 540,000 in social projects.

As one of the founding members of a road safety initiative, Linde offers young people in Australia and New Zealand safety training shortly before they sit their driving test. More than 250,000 school pupils had taken up this offer by the end of 2012. Worldwide, Linde helped more than 65,000 children, school pupils and students through its initiatives during the reporting year.

The Group helps its employees to get involved in volunteering by giving them time off work, financial assistance or matching their donations. After Hurricane Sandy in the US, Linde's regional business unit and its employees in the stricken region together donated in excess of USD 75,000 in 2012. In North America, Linde and its employees donated a total of more than USD 550,000 to a variety of charitable organisations.

10 EMPLOYEES

	2012	2011
Employees by division (at the balance sheet date)		
Linde Gas Division	2,778	2,679
Linde Engineering Division	2,663	2,674
Corporate Centre	252	254
LINDE AG	5,693	5,607
Structure of the workforce		
Age structure of the staff		
Staff up to 30 years old (in %)	15.2	15.8
Staff between 31 and 50 years old (in %)	55.9	57.0
Staff over 50 years old (in %)	28.9	27.2
Female employees in total workforce (in %)	21.4	20.9
Male employees in total workforce (in %)	78.6	79.1
Female employees in senior management positions (in %)	11.9	9.8
Apprentices and trainees in total workforce (in %)	3.5	3.9
Number of apprentices and trainees	202	216
Part-time employees (in %)	4.4	4.0
Temporary staff (in %)	2.6	2.6
Staff covered by collective wage agreements (in %)	72.2	73.5
Employee retention		
Staff turnover rate ¹ (in %)	1.7	1.7
Average length of service (in years)	14.0	13.8
Employee training		
Average number of training days per employee	0.7	1.0
Average expenditure on training programmes per employee (in EUR)	162	194

¹ The staff turnover rate relates to employees who have left the Group voluntarily during the financial year.

SAFETY AND ENVIRONMENTAL PROTECTION

EMPLOYEES AND SOCIETY <41
 SAFETY AND ENVIRONMENTAL PROTECTION 45
 RISK REPORT >48

Strategy

Safety is a top priority for Linde, both in its own business processes and the use of its products by customers. The aim of the Group-wide safety and environmental protection management systems is to keep people and the environment from harm. Linde is focused on minimising safety risks, minimising the Group's environmental impact and ensuring the efficient use of energy, resources and materials. Linde's innovative technologies and products help its customers tackle ecological challenges, such as climate protection and water resource management.

Linde has developed global guidelines and standards for safety and environmental protection. The Group conducts audits to verify compliance with these voluntary commitments. In 2012, more than 1,400 safety, environmental protection and health protection audits were carried out at Linde sites, either by the Group itself or by third parties. Linde's internal audits follow international standards on quality, environmental management and health protection, ISO 9001, ISO 14001 and OHSAS 18001. External certification also endorses the high standard of the Group's safety, environmental protection and quality systems.

Moreover, Linde has implemented a global process to evaluate and communicate safety, health, environment and quality incidents worldwide. Near-misses from which the Group can learn lessons for the future are also recorded in this way. In 2012, the Group circulated internally 38 information sheets with a description of the relevant incident or near-miss, the main reasons for its occurrence and the measures that were introduced as a result. In addition, Linde prepares global risk avoidance plans. These are designed to protect employees and neighbours as well as the Group's property and information.

Employees are trained systematically in occupational health and safety, product safety and environmental risks. Moreover, Linde devises schemes to raise employees' awareness of safety and environmental issues and to encourage them to display greater initiative in these areas. During the financial year, for example, Linde held employee workshops worldwide on how to handle acetylene safely. When it comes to safety and environmental issues, the Group also works with local communities. In 2012, for

instance, Linde launched a series of safety talks in China at the invitation of local authorities. Linde received several awards in the course of the year in recognition of its activities in the area of environmental and safety management, including its successful approach to safety management in Thailand and its responsible handling of hazardous substances in China.

Site safety

Risks that might be posed by the operation of plants to employees, local residents or neighbouring companies are identified and evaluated on the basis of an established process. In addition, over the past few years Linde has introduced a Group-wide management system so that major potential hazards of its plants can be recorded on a uniform basis worldwide. This programme, known as the Major Hazards Review Programme (MHRP) sets out the control mechanisms Linde has designed to limit these risks as far as possible. By the end of 2012, 67 percent of the sites concerned had been certified in accordance with the MHRP. In order to be prepared for critical incidents, the Group has set up emergency plans on a global scale. These take into account major adverse events such as fires and explosions, whilst also considering the potential impact of natural disasters, crime and pandemics on the Group's sites and business processes. So that the Group can react to these events, responsibilities have been allocated and decision-making channels have been established at local, regional and Group-wide level. During the reporting year, Linde introduced a new global guideline relating to the safety of employees who work in buildings on production sites.

Transport safety

Transport incidents are one of the key safety issues focused on by Linde. The Group is constantly working on reducing the number and frequency of transport-related incidents still further, both for its own transport operations and for transportation services provided by third parties. As part of the global package of improvement measures on transport safety, Linde has set itself four goals:

- to revise all local and global minimum standards for transport safety and to integrate these into the Group's global standards database,
- to provide the employees concerned with training in the revised standards,
- to introduce an audit programme to verify compliance with these standards and
- to introduce new safety training for drivers entitled "ActSafe for Drivers".

By the end of 2015, the aim is to have audited at least 60 percent of Linde sites with transport operations to determine the level of compliance with the standards. The ActSafe for Drivers security training is scheduled for implementation in at least 30 percent of sites by 2015. In the

course of 2012, Linde trained and certified 40 transport auditors. The Group also works closely with local government and authorities on transport safety. In 2012, for example, Linde joined forces with local authorities in Bangladesh to conduct an emergency response exercise for transport incidents.

Product stewardship

Linde systematically identifies and controls risks along the product value chain, from the procurement of materials to production through to use by the customer. To this end, the Group analyses such aspects as the ecological impact and toxicity of substances. Linde documents the results in a database, which also serves as a central source of facts and figures for transport safety measures and for the preparation of safety information for customers and the general public. Linde holds data safety sheets in all the languages used in the countries in which the Group operates. It also offers its customers safety training. In Germany and Austria, for example, Linde ran training sessions for around 2,200 participants during the reporting year on the responsible handling of gases, holding 113 seminars dedicated to its own customer safety programme, LIPROTECT®. A range of services covering all aspects of the supply of gases is also available, extending from hazard assessment through to inspection, maintenance and repairs. Depending on the risk, specially trained Linde staff assess whether the conditions are in place for proper gas handling prior to delivery to the customer's site. Linde's emergency teams are available to support customers should help be required. This is also the case outside business hours or at weekends.

Linde complies with the requirements of REACH, the EU regulation on chemicals. To achieve this, the Group has established a dedicated team of more than 30 experts across Europe to implement the REACH rules. Linde is also actively working together with the European Industrial Gases Association (EIGA) and other trade bodies to implement the REACH process in accordance with the rules and bring it to a successful conclusion with the assistance of customers and suppliers. The Group's product stewardship programme extends well beyond statutory requirements. With this programme, Linde also supports the Global Product Strategy (GPS) devised by the International Council of Chemical Associations for the safe handling of chemical substances and the United Nations' Globally Harmonised System of Classification and Labelling of Chemicals (GHS).

Energy and the efficient use of resources

Linde relies on innovative technologies and the efficient use of energy in order to conserve resources and reduce greenhouse gases while remaining commercially successful. The Group uses internal audits to analyse the energy efficiency of its plants and processes across the globe. Potential for cost savings is exploited wherever possible. In 2012, all the production plants operated by Linde Gas Germany were certified to ISO 50001. The new standard is evidence of the Group's systematic approach to energy management with well-defined remits and aims. Around 80 percent of Linde's energy needs are met with electricity and natural gas. The production of air gases in air separation plants accounts for the greatest proportion of the Group's electricity consumption (over 85 percent). This is why Linde is particularly focused on improving energy efficiency and productivity here and has set itself a global target in this area.

As one of the world's leading producers of air gases, Linde's most important raw material is air from Earth's atmosphere. The Group also uses other raw materials, ancillary materials and consumables. These include metals, required for example in the production of components. The Group also needs cylinders and tanks, as well as various packaging materials. Gas cylinders are reused and refilled. A typical Linde cylinder will be used three and a half times a year on average and can last for decades.

The Group also works together with its customers and other business partners to promote a responsible approach to the consumption of resources. In California, Linde and another company operate the world's largest plant for the production of biofuel using landfill gases. The biogas from this plant helps to avoid thousands of tonnes of transport-related greenhouse gases every year.

Linde offers its customers solutions covering many areas of sustainable electricity and fuel production, from solar energy to the use of biological raw materials and environmentally friendly hydrogen as energy storage. Industrial gases from Linde can also be used to reduce emissions and energy requirements compared with conventional recycling processes when processing various materials, such as aluminium and rubber. Furthermore, Linde technologies help promote the use of renewable raw materials: for example, in the production of green hydrogen using energy from renewable sources.

Climate protection

Linde's commitment to climate protection is centred on resource-efficient processes and climate-friendly products and technologies. This is based on a systematic analysis of the relevance of the Group's activities and processes to climate protection. For this purpose, Linde records and evaluates emissions along the value chains of its products worldwide. When accounting for greenhouse gases, Linde takes into consideration the guidance set out in the Greenhouse Gas Protocol. With regard to climate protection measures in its own business processes, the Group focuses in particular on those areas which are responsible for the bulk of the CO₂ emissions or which offer the opportunity to make substantial cuts in emissions. These areas include the Group's air separation plants and product transportation.

Linde set the global goal of improving the installed design energy intensity of its air separation plants per air gas produced by 2013 – by 3 percent compared with the reference year 2008. In 2012, the Group has continued to make progress towards this target. In 2013, Linde has extended this goal to a 5 percent improvement between 2008 and 2017.

In addition, in 2013 Linde set a global target for its installed hydrogen (HyCo) plants. By 2015, the aim is to have increased the actual energy efficiency of its hydrogen plants by 2 percent compared with the 2009 level.

Linde is achieving its greatest positive impact on climate protection through its products. Across numerous sectors, the Group offers gases applications and technologies which make its customers' production processes more environmentally sound, and help renewable energy sources to become a viable option and to reduce significantly the consumption of natural resources.

In 2012, Linde once again took part in the survey organised by the Carbon Disclosure Project (CDP) on climate protection reporting and performance. Linde has been included in the regional Carbon Disclosure Leadership Index (CDLI) for Germany, Austria and Switzerland. CDP recognised Linde's achievement as one of the companies which had made the greatest progress compared with the previous year out of the companies included in the index for the first time.

Emissions to air

Alongside greenhouse gas emissions, Linde also monitors emissions of air pollutants. Normally, the Group's air separation plants produce hardly any direct emissions to air. In Linde's other production processes, however, inorganic gases such as carbon monoxide (CO), sulphur oxides (SO_x), nitrogen oxides (NO_x), ammonia (NH₃) and volatile organic compounds (VOCs) are released as emissions into the air. VOC emissions are mainly released during the coating and cleaning of metals, such as gas cylinders, storage tanks and plant components. Key figures on air emissions are published by Linde in its Corporate Responsibility Report. Together with its customers, Linde develops solutions for reducing emissions into the air. The use of pure oxygen,

for example, is advantageous from an environmental perspective in foundries, during heat treatment, in the steel industry, during the production of non-ferrous metals and for waste treatment and recycling processes. Using oxygen instead of air improves energy efficiency while at the same time reducing CO₂ emissions and emissions of nitrogen oxides.

Waste

Linde works continuously on reducing the amount of waste it produces or avoiding the creation of waste in the first place. Where possible, waste products arising are recycled. The rest is disposed of in an environmentally sound manner in compliance with local regulations. The amount of waste is classified as hazardous or non-hazardous in accordance with national laws. Linde's main waste products are oil and oleaginous materials, chemicals, waste containing metal and gas cylinders which have reached the end of their useful life. Closed loop systems for products help to increase material and resource efficiency and to cut the volume of waste produced. Lime slurry, for example, a by-product of acetylene production, can be used in other industries without any further treatment being required. Linde's waste management targets are determined by regional requirements, as the type of waste produced differs greatly from one site to another depending on the processes being carried out.

Water

Linde strives to use water sustainably at its sites. Only a small proportion of the water needed by Linde is used up or contaminated in production. Over 85 percent of the total water is used for cooling. Most of this cooling water is simply heated and can be fed back into the water system without any further treatment. The maximum temperature reached does not pose any risk to the surrounding ecosystem. As well as continuous flow systems, Linde also makes use of closed loop systems in which the water can be used several times. This means that only a small amount of the water needs to be replaced. The amount of water replaced depends on the water quality and the equipment used in the plants. Linde's water consumption in 2012 was in the region of 41 million cubic metres. This water is used in the manufacture of products, as a source of steam and in office buildings. Waste water arising is either purified at the Group's own treatment plants or fed into municipal or industrial treatment systems. In compliance with official rules, Linde measures emissions of phosphates, nitrogen and organic compounds. Key figures on emissions into water can be found in the Group's Corporate Responsibility Report. Linde offers its customers solutions for improving the quality of drinking water, optimising waste water treatment and recycling water through closed loop systems.

RISK REPORT

SAFETY AND <45
ENVIRONMENTAL
PROTECTION
RISK REPORT 48
DISCLOSURES IN >59
ACCORDANCE WITH § 289 (4)
OF THE GERMAN
COMMERCIAL CODE (HGB)
AND COMMENTARY

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 of The Linde Group for the year ended 31 December 2012.

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 deliberately accepts risks, as long as they are reasonable and can be managed and controlled, and bears such risks if they are expected to provide opportunities to create a sustainable increase in shareholder value.

Regular strategy workshops are held by the Executive Board with operational executives in the divisions to identify, evaluate, manage and control opportunities. The opportunities identified are an important building block of Linde AG's strategy development. The corporate strategy and the resultant corporate goals form the basis on which the risk management strategy is built.

The purpose of risk management is to make it more certain that growth and earnings targets as well as strategic objectives are met.

The Linde AG Executive Board has established a comprehensive, systematic and efficient risk management system (Enterprise Risk Management or ERM), the basic principles of which are laid down in Group guidelines. The ERM system has been tailored to suit Linde's corporate structure. It is a vital component of the Group's management process and takes into consideration not only economic risks but also ecological and social risks.

The key elements of the ERM concept 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 (KonTraG), but also all significant risks for the Group.

The aim of the internal control system is to prevent risks arising in the course of operations by adopting appropriate controls and processes, especially with regard to 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 only have an indirect impact on key financial figures, such as risks to the Group's reputation. The internal control system comprises all the controls and processes which are embedded in the Group's business operations.

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 operating business units (business risks). Group risks are identified by members of the Executive Board and heads 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 conduct risk reviews on a regular basis 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 in The

Linde Group is centralised. Each major 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 to manage them actively. A monthly report on these risks is produced by the Treasury committee, which is chaired by the Chief Financial Officer of Linde AG.
- Purchasing guideline: Global purchasing activities present The Linde Group with a complex set of requirements in terms of its business conduct. Linde adheres to 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. Linde is currently developing a new code of conduct which sets out mandatory ethical and legal principles for its suppliers.
- Corporate responsibility guideline: Linde is committed to responsible behaviour in all its activities. The corporate responsibility guideline defines the principles for sustainability in the Group. In individual areas such as safety and environmental protection, Linde has devised supplementary guidelines and standards which provide concrete examples of how to incorporate the CR guideline into the everyday life of the Group.

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 comply with the rules and with security requirements, and whether key controls implemented have been effective. Internal Audit is responsible for the coordination and evaluation of this process.

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 Linde AG divisions and ensure compliance with legal regulations and the provisions of the articles of association.

Accounting transactions are recorded by the divisions of Linde AG.

In the 2010 financial year, Linde started to concentrate some bookkeeping functions, in Europe for example, in a shared service centre in order to centralise and standardise its processes. The existing controls were transferred at the same time as the functions, while additional controls to ensure proper accounting were also implemented.

The accounting systems of the Linde AG 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 financial 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 Linde AG 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, such as the measurement of pension obligations, external experts are used.

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

- automated controls, such as plausibility checks of the figures and systems access controls based on the authorisation concept,
- 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 with the operating units about the principal key figures.

The accounting-related internal control system ensures that the accounting and reporting process complies with International Financial Reporting Standards (IFRS) as adopted in the European Union, the German Commercial Code (HGB) and other relevant regulations and laws.

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 set 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, transfer risk, reduce risk and 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. When identifying risks, a great variety of areas which might entail risk, both within and outside the Group, is taken into consideration. The areas covered by the risk assessments include not only internal processes and resources as well as the economic, financial, legal and regulatory environment, but also social and ecological aspects.

The units within the Group record all the risks identified in risk registers which are updated on a quarterly basis. Documented in the risk registers, for each risk, are the measures taken to reduce the risk and an assessment of the probability of occurrence of the risk and its loss potential in a clear, summarised form, so that the decision-makers have an overview of the risk position in their unit.

Risk reporting

Risk reporting is conducted by the central risk management department. Linde AG has overall control of all the organisational units included in the risk reporting system. Uniform standards apply throughout the Group to the reporting of the status of any significant risks and any changes in those risks. Local units make their risk reports using Group-wide web-based reporting tools. In addition, any risks which arise unexpectedly or which have reper-

cussions for the whole Group are communicated directly to the appropriate Group personnel, irrespective of the normal reporting channels.

Every quarter, the Executive Board is presented with a risk report prepared by the central risk management department, which is then discussed at Executive Board meetings. The Executive Board presents a report on the risk situation in the Group at the quarterly meetings of the Audit Committee.

The risk report submitted to the Executive Board comprises an overall summary of all the risks reported within the Group and a status report on all Linde AG Group risks. Each Group risk is allocated to a member of the Executive Board, which ensures that the individual responsible for handling the risk has additional close support from a designated Board member. For each Group risk, the report includes an up-to-date quantitative assessment of the probability of occurrence and loss potential of the risk identified. The risk report also includes a description of the business risks in the Group. The reporting of business risks reflects Linde's organisational structure.

In line with this structure, the most significant risks identified in each organisational unit are reported, using an identical reporting format. The risks reported have previously been identified by those responsible for risks in the divisions, RBUS, GBUS and BAS, supported by the central risk management department, in a process of consolidation which takes all the risks in the relevant organisational unit into consideration.

Audit

The internal audit department performs reviews at regular intervals of the efficiency and effectiveness of the risk management system and 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 financial statements are audited by independent external auditors (KPMG AG Wirtschaftsprüfungsgesellschaft) and the interim and half-year financial reports are each subject to a review by the same firm. Local units are also subject to a review or audited by companies in the KPMG AG Wirtschaftsprüfungsgesellschaft network. In addition to conducting audits and reviews, the auditors also report on any matters arising from the audit such as key areas of focus.

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

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 instance, is adapted regularly to meet new internal or external requirements. In addition, Linde reviews all the guidelines which apply to local units and Global Support Functions at least once a year to ensure that processes are improved and amended as necessary.

Risk areas

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

Strategic risk

Linde AG has devised a long-term strategy for growth, based inter alia on the megatrends energy, the environment and health, and on dynamic trends in the emerging economies. Achieving the growth targets in these strategic areas entails risks both within and outside the Group. Risks arise on the one hand from uncertainty about future trends in these strategic areas, which are influenced by social, legal and economic factors. On the other hand, there are also risks associated with the internal measures adopted by the Group to implement its strategy. This applies particularly to measures adopted in the following areas: R&D, innovation, acquisitions, capital expenditure and personnel. These risk areas are described in more detail in the sections below.

The Executive Board, Supervisory Board and Group management personnel therefore hold regular meetings to evaluate the Group's strategy and implement any corrective measures required.

Linde also pays close attention to global economic trends, so that it can take the necessary steps to adapt to changing conditions, by adjusting the timeframe or geographical application of its strategy.

Projects in the energy and environment strategic area often differ from normal capital expenditure projects in terms of their size and complexity and the level of innovation associated with them. The approaches adopted by Linde to cover such risks are discussed in the sections below on "Risks associated with R&D and innovation" and "Project risks".

In the strategic area of health, the level of state control and regulation of products and treatments is constantly increasing. Linde deals with potential risks in this area by

ensuring that it analyses changes in the regulatory environment on an ongoing basis. Further information about Linde's approaches to handling risk can be found in the section below entitled "Risks arising from the economic, regulatory and sector-specific environment".

In the emerging economies strategic area, Linde will continue to increase its commitment. The greater opportunities for growth offered in these countries when compared to the established industrial regions are nevertheless sometimes associated with higher levels of country risk. The measures Linde has adopted and the risk management tools it employs to manage this type of risk are described in the section entitled "Country risk".

Risks arising from the economic, regulatory and sector-specific environment

As a company with global operations, Linde is dependent on cyclical trends in the world economy. Risk factors, such as high levels of sovereign debt in major economies, uncertainty in the financial markets, recession in large parts of Europe, continuing relatively high levels of unemployment in the US and in some European countries, the unpredictable political future in countries in the Arab world and a potential slowing of growth in the Asian markets, have increased uncertainty about the global economic trends which lie ahead. The high level of volatility in the financial markets continues to make it difficult to arrive at an accurate assessment of the future net assets, financial position and results of operations of The Linde Group. If the global economy weakens significantly, 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. It is not exposed to the volatility of a single end customer market due to the high level of diversification of its end customers, both in terms of applications and their geographical situation. The impact of economic cycles on the Group is reduced as a result of Linde's dual focus on gases and plant construction, sectors which may be affected differently in terms of revenue and earnings when there are changes in certain economic conditions.

While this does not mean that the Group will be able to prevent a potential decline in global demand having a negative impact on its growth targets, it does mean that it may be able to mitigate the effects of such a decline. This spreading 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 may delay payment or fail to pay at all.

Global competition, evidenced in particular by increased downward pressure on prices, means that Linde

is exposed to the risk of losing market share and experiencing a decline in its market profile. Cost disadvantages and competitive disadvantages might also arise for Linde if it does not react appropriately and in good time to changes in the regulatory environment. Examples of this are the design of the European Emissions Trading System in the third trading period and further burdens on the energy-intensive production of industrial gases in the form of rising electricity prices and additional levies. Competition is increasing in the healthcare sector, even though it is largely state-regulated. Potential budget cuts in this area and the increasing trend towards outsourcing by government agencies and health insurance funds have given rise to highly competitive tendering processes and this has intensified the downward pressure on prices and the risk of losing contracts. In addition, changes in the law (for example, with regard to case-based lump sums or outsourcing and tendering processes) may have the effect of reducing revenue or the opportunities for new business in certain countries.

Linde is countering these risks by constantly conducting analyses of its market environment, its situation in relation to the competition and the legal framework in each business segment. The Group obtains vital information about customers' requirements by maintaining regular contact with customers, reinforcing its proximity to the market. Linde 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.

Moreover, the Group is continuing with the rigorous implementation of its schemes to reduce costs and improve the efficiency of its processes, with the aim of enhancing its competitiveness.

In its capacity as the holding company of The Linde Group, Linde AG 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.

Country risk

A fundamental risk for Linde, as for all companies, is posed by potential radical changes in the political, legal and social environment. 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. There is also the fundamental risk that embargoes might be agreed for certain countries in which Linde operates, which could have an adverse impact on existing trading relations or investment plans which are in place before the embargo comes into force. To manage these risks, Linde employs risk assessment tools to evaluate the Group's risk situation in terms of the impact of risk on its net assets,

financial position and results of operations and to ensure capital adequacy and cross-border financing at optimal levels of risk. Individual capital expenditure projects are evaluated for political risk and target returns on investment are set accordingly. 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 hedging instruments such as Hermes guarantees.

Other external risks

A risk to Linde's employees and to the net assets, financial position and results of operations of the Group also exists in the form of natural disasters, pandemics, and terrorist or other criminal attacks. 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 risk reduction measures and contingency plans are implemented. The aim is to minimise as far as possible the potential consequences of serious events and to ensure the fastest possible return to normal operations, even in the case of highly improbable events or losses of a grave nature.

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 Executive Board member with responsibility 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. These risks continue to be monitored very closely, given the uncertainty in the financial markets and especially in the eurozone.

One of the main criteria for the management of counterparty risk is the credit rating of the counterparty. 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. Trading and position limits are defined on this basis. Regular reviews of these limits are performed by a supervisory unit which is independent of the trading entity. The Group also concludes Credit Support Annexes (or CSAs) with its principal 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.

With regard to the management of liquidity risk, Linde has for years pursued a prudent and conservative policy

of safeguarding liquidity and has continued to have access to the capital markets in the 2012 financial year. Linde also has access to agreed unutilised financing commitments of EUR 2.5 bn, a syndicated credit facility available until 2015 provided by an international banking group. This diversification of financing sources ensures that a concentration of risk in the area of liquidity is avoided. Interest rate risk arises as a result of fluctuations in interest rates caused by the markets. These fluctuations affect both the interest expense borne by The Linde Group and the fair value of financial instruments. Interest rate risk is centrally managed. On the basis of the operational business model and using the results of sensitivity and scenario analyses, the Treasury committee determines ranges for the fixed-floating ratio 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. Means of hedging exposure to the risk include entering into trading transactions with banks (interest rate derivatives) and using long-term fixed-interest bonds and loans. In 2012, on average 67 percent of the exposure of the Group was financed at fixed rates, while at 31 December 2012 the figure was 64 percent.

In the case of exchange rate risk, it is important to differentiate between operational transaction risks, which are the result for example of supply contracts for individual projects spread across different currency zones, and translation risks. Translation risks arise from the currency translation of the financial statements of subsidiaries where those subsidiaries have a functional currency other than the Group reporting currency.

Business and 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 the exposure in this way apply.

Translation risks are hedged within authorised ranges.

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 us Dollars (USD), British Pounds (GBP), Australian Dollars (AUD) and some Eastern European, South American and Asian currencies. 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 cur-

rency amounts over and above this are fully hedged as soon as they arise, generally by entering into forward exchange transactions.

Financing and hedging decisions are based on the financial information obtained from the Group's treasury management system and its financial and liquidity forecasts. These are embedded in the general financial reporting system, which is also used in the areas of Financial Control and Accounting & Reporting.

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

For further information, see NOTE [26] 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, the Group is exposed to risks arising from unexpectedly high rates of 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 the rate of 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. Therefore Linde is exposed to market risks, especially interest rate risks, spread risks and equity risks.

The risks relating to the pension obligation on the one hand and the pension assets on the other, and therefore to the net funding position of pensions, are quantified and evaluated on a regular basis by Linde. There is a natural conflict between a significant reduction of the risk and the achievement in the long term of the return on assets required 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 funding 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 under the aegis of the Global Pension Committee. The investment panel is chaired by the Executive Board member responsible for finance and also receives advice from external experts. This committee assesses the long-term opportunities and risks associated with various asset classes and makes decisions or recommendations regarding the investment strategy of the major pension schemes.

Risks arising from acquisitions and investments

Acquisition and investment projects are vital for the future growth of the 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. Major acquisitions, investments and divestments are discussed and approved by the investment committee or at meetings of the Executive Board. Project assumptions, the feasibility of the project and specific business risks are accorded careful consideration at these meetings. The Group evaluates, for example, the country/currency risk, the credit ratings of individual customers and trends in the local (gases) markets, as well as 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. Of particular note were the acquisition of Air Products' Continental European homecare operations at the end of April 2012 and the purchase of us-based homecare company Lincare Holdings Inc. in August 2012. The acquisitions made are the result of deliberate steps taken by the Group to implement its long-term growth strategy. 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 R & D and 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 brand-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, food, health and new materials. In the energy and environment sector, for example, the focus of the Group's research and development activities is on hydrogen technology and the carbon capture and storage/usage 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' plants, intervening directly in the production process. In the food sector and in the pharmaceutical industry, Linde's innovative solutions must meet strict legal and sector-specific requirements. 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. Generally, the more innovative the project, the greater the risks 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. The Clean Energy & Innovation Management Global Support Function keeps an eye on major technological trends, known as megatrends, checking constantly to see whether innovative projects within the Group accord with its overall strategy and have the potential to generate profitable growth. This work is supported by cooperation with leading companies and universities and by strategies to protect the Group's intellectual property.

The Group also bundles together its development activities. In the Global Business Unit Healthcare, for example, Linde has assembled its expertise in medical therapies, gases and devices within a single innovation and development unit. This has allowed optimisation of knowledge sharing and streamlining of developmental processes, resulting in both an increase in the velocity of innovation and a reduction in the technological risks associated with executing it.

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 of various industries around the world. 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 under continual review.

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 products and services purchased by Linde, which must be of suitable quality, and obtainable in appropriate quantities at prices in line with market conditions. This applies particularly to material groups which are dependent on raw materials such as steel, aluminium and brass as well as energy.

To reduce risk, Linde pursues a portfolio strategy across the entire Group. This strategy is organised on the basis of defined groups of materials, which are used to categorise all products and services. Reviews are performed for each group of materials to ascertain security of supply, any dependence on suppliers and the supplier portfolio. The Group develops appropriate purchasing strategies using the category management method. The global purchasing organisation and regional and local purchasing organisations are involved in this process, from the development of strategy to its implementation in the relevant country, so that the information available about local markets can be incorporated into the development of purchasing strategies.

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

In addition to adopting purchasing strategies based on groups of materials, Linde is continuing to optimise its supplier portfolio and the contract status of its suppliers so as to minimise purchasing risks. For products and services where the price depends to a great extent on volatile primary markets, the cost risks are minimised by using time-optimised agreements. An example of this is the purchase of energy. 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. In addition, Linde is currently launching a global IT system to handle risk management in this area in accordance with its new energy risk guideline. Furthermore, 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.

When purchasing gases, Linde counters procurement and price risks by means of strict technical apportionment (procurement, own production or purification of gases) and geographical distribution. Unforeseen fluctuations in sales volumes can thus be offset. Risks arising from the purchase of gases under take-or-pay agreements with suppliers are minimised by making corresponding agreements with customers.

Risks may arise for The Linde Group if long-term procurement contracts are not matched by sales contracts covering a similarly long period. Therefore, the risks of fluctuations in demand and prices on the sales side are considered when entering into long-term purchase contracts.

Production risks

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

Therefore, Linde gives high priority to measures to prevent business interruptions. These include, in particular, the monitoring and maintenance of plants so that such incidents may be avoided, and the provision of spare parts 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.

In the liquefied gases and cylinder gas product area, the key plants are filling plants. They offer very high levels of flexibility and the filling processes can be adapted to meet individual customer requirements. Most filling plants double as important logistics and distribution centres for whole regions. The plants supply gases from nearby production plants to customers and distribution partners. The availability of filling plants ensures high standards of delivery, short delivery times and minimal transport costs in each region.

A lengthy stoppage at a filling plant might therefore have an adverse impact on various products and a number of different customers in a region. Strict compliance with quality and safety standards and environmental protection standards during the manufacture, storage, transport and use of Linde's products is an important element in the avoidance of business interruptions. Moreover, the modular construction of the sites and their fitting out with abundant and versatile filling systems contribute to the robustness of the sites and their processes. As with on-site plants, Linde also has a supply network in most regions with filling plants which would help to reduce or avoid the negative impact of a business interruption on a particular site.

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 sN&Q function manages the constant improvement process in these areas.

High safety standards for production processes and service processes is one of the Group's main preventive strategies. Strict safety requirements form the basis of processes with a particularly high exposure to risk. One of the ways Linde has dealt with this was to develop and introduce a Major Hazards Review Programme. This programme is used for the systematic evaluation of risks which might lead to accidents or damage to property or the environment. It helps the Group minimise the risk of incidents that might occur if the safety levels being maintained in its processes were inadequate and it is constantly being updated to address potential new risks.

Linde understands and knows about the environmental impact of its processes and is therefore in a position to develop and implement plans to limit 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 involved, for instance, in improving the energy efficiency of its production plants and in increasing the performance of its transport fleet.

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 product stewardship. The potential hazards and risks which might arise for human beings and the environment from a product during its life-cycle 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 and supplies and services are purchased. The Group favours suppliers who aim to achieve the same high standards in occupational safety, health protection, environmental protection and quality as Linde itself, and who can demonstrate this, for example, by the fact that they have the appropriate management systems in place.

Customers are also involved in product stewardship. In the Gases Division, Linde conducts customer screenings for critical products prior to delivery. These investigations aim to minimise the risks which might arise from improper handling of the Group's gases or chemicals.

Linde continually updates its product safety information, such as product safety sheets. The Group takes 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 should arise, the Group's emergency teams are on stand-by to provide support.

To ensure the highest possible levels of safety for patients over the entire life-cycle of Linde's pharmaceutical

products, such products are monitored on a continuous basis using the Vigilance Signal Detection System. Regular analyses are performed on the safety of pharmaceutical products in Periodic Safety Update Reports (PSURs).

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 design and construction of turnkey plants. Potential risks may arise as a result of the costings of such complex projects which are subject to uncertainties. Risks may include unexpected technical problems, supply 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 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 the uniform integration of safety, health and environmental protection and quality into plant construction and project execution processes. Clearly structured, process-based management standards ensure that relevant aspects, from the engineering design to the assembly and commissioning of the plants on the project sites, are planned, implemented and monitored.

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

Personnel risks

The success of the Group is dependent on the commitment, motivation and skills of its employees and executives. The principal risk factors associated with attracting well-qualified staff and retaining their loyalty are the ever increasing shortage of skilled personnel and fierce competition in the labour market, especially now in Asian markets.

To address these risk factors, Linde is adopting a holistic approach towards attracting and supporting its employees. The approach is based on the Group's existing corporate culture, which seeks to strike a balance between trust and supervision, and focuses on employee

development and performance. Linde places special emphasis on its employees assuming personal responsibility and thinking and acting in an entrepreneurial way.

In past years, Linde has paid particular attention to succession planning for management positions, establishing personnel development schemes as a result. Staff development, the cornerstone of long-term employee loyalty, enhances the skills of management personnel and fosters their commitment to the Group. Key aspects of Linde's management development programme are the variety of opportunities on offer for professional development, the provision of support and advice to target groups, the early identification and advancement of high achievers and those with potential, and attractive remuneration schemes in line with market rates.

Linde's range of staff development schemes is supplemented by extensive opportunities for gaining qualifications and for professional development. These are all tools which help the Group address the issue of the shortage of skilled personnel. This strengthens Linde's position as an attractive employer in the competitive market for skilled workers. The Group is drawing up new professional development schemes for engineering in particular, further enhancing its attractiveness as an employer.

Linde also trains graduate engineers on university courses with a work experience element and is dealing with the shortage of engineers by continuing to develop its own in-house training schemes. By applying this strategy and collaborating more closely with selected higher education institutions, the Group is able to offer skilled employees excellent professional prospects.

Linde has also continued to expand its existing training and development programmes for employees and executives, which fall under the heading of People Excellence. Linde University has also been expanded to include an Asia-Pacific campus. These programmes are designed to 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 highly competitive labour markets in the Asia/Pacific region.

A new global employee survey was conducted in 2012, under the People Excellence banner. Employee satisfaction levels were shown to have improved significantly since the previous survey. The detailed results of the new survey will be analysed in depth in 2013, to identify actions required for positive change. Linde will be able to use the survey to identify any shifts in levels of employee loyalty at an early stage and to take suitable measures to address them.

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, procurement law, tax legislation and environmental protection. The outcome of any currently 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 are not fully covered, by insurance benefits. These expenses might have an impact on the Group's business and its earnings.

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 qualitative and/or quantitative terms.

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 Linde believes that such litigation should be disposed of without material adverse effect on its financial position or results of operations.

Prior to the current 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.

Certain subsidiaries in The Linde Group are parties to lawsuits in the United States for alleged injuries arising from exposure to manganese, asbestos and/or toxic fumes in connection with the welding process. In these cases, the subsidiaries are typically one of several or many other defendants. The subsidiaries 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 position or results of operations of the Group. Nonetheless, the outcome of these cases is inherently uncertain and difficult to predict. The subsidiaries have insurance that covers most or part of the costs and any judgements associated with these claims. A group of defendants has brought most of the manganese cases to an end by reaching a global resolution agreement with the plaintiffs' lawyers. The resolution agreement was signed on 18 January 2012 and came into force on 27 April 2012.

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

IT risks

Information technology is vitally important for maintaining high-quality processes throughout the Linde organisation.

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. Most of the Group's business processes are supported by in-house or outsourced information services and systems.

Data security is an important 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 to react to specific circumstances.

To ensure the effective implementation of the security system, organisational, technical and personal precautionary measures are applied. Linde pays particular attention to access protection, the management of data traffic, the prevention of incidents and protection against potential attacks. In addition to providing reliable protection of all major server systems (e-mail, the Web, file and application servers, databases) and PCs from possible threats in the form of constantly updated anti-virus software, 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 and ISO 27005. Industry-specific standards are also used to enhance IT security, process maturity and cover: for example, protecting patient data in the course of the Group's healthcare activities (which expanded in 2012 due to the acquisitions made in the course of the year).

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 regulations, as well as on industry standards.

To ensure that security measures are implemented with a high degree of efficiency, analyses of threats, weaknesses and risks are conducted. These include a review of the appropriateness of the IT systems and corresponding control mechanisms used. The relevance, stage of maturity and current state of the security measures adopted are monitored via self-assessments and reviewed 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, based on a long-term programme of consolidation. So, for example, high-risk systems are identified, and updated or replaced with new systems. Targeted outsourcing activities during the reporting period have enabled Linde to achieve significant improvements in its capacity for data recovery, data production and data protection.

Therefore, the Group is better equipped to deal with any outages or malicious attacks. Working parties regularly analyse process risks which might arise from the outsourcing of IT resources and these are reduced, if necessary, by implementing organisational or technical measures.

New challenges are arising in the areas of IT security and IT risk management, particularly as a result of the increasing virtualisation of server, storage and network components, the ever wider application of cloud computing services, and above all from the rapid rise in mobile solutions. Consequently, Linde is developing appropriate security concepts and implementation opportunities and integrating these into current or proposed risk minimisation strategies (cyber security).

Linde Template is a major initiative within the nro programme. The aim of this IT project is to achieve synergies in The Linde Group as a result of worldwide standardisation of business processes and related SAP applications. Due to the size of the project and the fact that some of the applications are business-critical and will be affected when the project is implemented, the realisation of the project is associated not only with project risks, but also with specific IT security risks and IT downtime risks. Appropriate measures will therefore be included in the project management so that any risks may be identified more promptly and reduced.

Risk transfer

The Linde Group has taken out appropriate insurance against 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.

Executive Board summary of the risk situation of The Linde Group

Based on the risks and future prospects of the Group outlined in this report and given the risk management procedures in place, the Executive Board has not identified any risks in the 2012 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 circumstances, risks which are currently unknown or deemed to be immaterial might have a negative impact on business operations.

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

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Capital subscribed

The company has capital subscribed at the balance sheet date of EUR 474,176,962.56 which is fully paid up. This is divided into 185,225,376 shares at a notional par value of EUR 2.56 per share. The shares are bearer shares. Each share, with the exclusion of 36,408 own shares held by the company at 31 December 2012 (§ 71b of the German Stock Corporation Law (AktG)), 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. To date, under this share option scheme, shares have been issued in each of the years 2007 to 2011.

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. According 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 is 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 with a notional par value of EUR 2.56 (Authorised Capital I).

The Executive Board is further authorised, with the approval of the Supervisory Board, to increase capital subscribed by up to EUR 37,119,265.28 until 3 May 2017 against cash or non-cash contributions by issuing, on one or more occasions, up to 14,499,713 new bearer shares with a notional par value of EUR 2.56 (Authorised Capital II).

The issued share capital can be increased by up to EUR 2,221,189.12, divided into 867,652 new shares, if certain conditions are met (2002 conditionally authorised 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, exercise 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 6,142,215.68 by the issue of up to 2,399,303 new bearer shares with a notional par value of EUR 2.56, if certain conditions are met (2007 conditionally authorised 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 executives 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 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 notional par value of EUR 2.56, if certain conditions are met (2010 conditionally authorised capital). The increase in share capital will only take place if (i) 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 and 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.

The issued share capital can be increased by up to EUR 10,240,000 by the issue of up to 4,000,000 new bearer shares with a notional par value of EUR 2.56 if certain conditions are met (2012 conditionally authorised capital). The conditionally authorised increase in capital is approved solely for the purpose of granting subscription (share options) to members of the Executive Board of the company, members of the executive bodies of affiliated companies within Germany and outside Germany and to selected executives in the company and in affiliated companies within Germany and outside Germany in accordance with the provisions set out in the authorisation agreed at the Annual General Meeting on 4 May 2012. 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 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 Executive Board is authorised until 3 May 2017 by a resolution passed at the Annual General Meeting on 4 May 2012 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,
- with the approval of the Supervisory Board, also be sold otherwise,
- with 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 on the formation of business combinations,
- 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),
- 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 4 May 2012 (agenda item 8),
- be issued to members of the Executive Board and to persons currently or formerly employed by the company, and to members of executive bodies of Linde's affiliated companies, or be used to service rights or obligations to purchase own shares attributable to the persons named heretofore or
- be redeemed, with the approval of the Supervisory Board.

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 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 the years 2007 to 2011 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.

Under the terms and conditions of the Linde Long Term Incentive Plan (LTIP 2012) for management boards and lower tiers of management, in the event of a change of control, special rules may be adopted. The special rules which apply to the share options issued in 2012 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 on change of control as they affect the members of the Executive Board can be found in the Remuneration report.

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 each of the financial years 2007 to 2012, Linde issued benchmark bonds under its Debt Issuance Programme via Linde Finance B. v. Under the terms and conditions of the issue, in the event of a change of control, the bond debtor may demand immediate repayment if the change of control leads to a withdrawal of the rating or to a deduction in the rating to or below certain rating levels for unsubordinated unsecured liabilities.

There are also significant financing agreements in place, each of which includes specific rules which apply in the event of a change of control. These rules set out,

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The Executive Board and Supervisory Board of Linde AG have issued a declaration of compliance with the recommendations of the German Corporate Governance Code in accordance with § 161 of the German Stock Corporation Law (AktG) and made it permanently available to shareholders. The declaration of compliance is available on the Internet at WWW.LINDE.COM/DECLARATIONOFCOMPLIANCE.

The declaration on corporate governance is available on the Internet WWW.LINDE.COM/CORPORATEGOVERNANCE.

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There were no significant events for Linde AG between the balance sheet date and 21 February 2013.

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The Executive Board recommends that, when the annual financial statements are approved at the meeting of the Supervisory Board on 6 March 2013, the Supervisory Board proposes that the appropriation of profit of EUR 500,010,213.60 (2011: EUR 427,653,502.50) be voted on at the Annual General Meeting on 29 May 2013:

- payment of a dividend of EUR 2.70 (2011: EUR 2.50) per no-par value share entitled to dividend. The total dividend payout for 185,188,968 (2011: 171,061.401) no-par value shares entitled to a dividend amounts to EUR 500,010,213.60 (2011: EUR 427,653,502.50)

The 36,408 treasury shares held by the Company without any dividend entitlement at the time of the proposal are not included in the calculation of the amount distributed.

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.

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Macroeconomic trends

Global economy

Economists are expecting general economic growth to be only slightly higher in 2013 than in 2012. In their view, the global sovereign debt crisis continues to pose the greatest risk to macroeconomic trends. The global economy could also be adversely affected by the unresolved fiscal cliff problem in the United States. Other factors which might have a negative impact are a potential tailing-off of the economy in China and the uncertain political situation in some countries in the Arab world.

Against this background, the international forecasting institute The Economist Intelligence Unit (EIU) is predicting growth in global gross domestic product (GDP) for 2013 of 2.4 percent, following a rise of 2.2 percent in 2012. Global industrial production (IP) is forecast to increase in 2013 by 2.7 percent. In 2012, IP rose by only 1.5 percent.

It is expected that there will continue to be considerable variations in economic trends in different regions of the world in 2013. In the EMEA region (Europe, Middle East, Africa), economists are expecting a modest increase in economic output of 0.7 percent. The actual figure achieved in 2012 was 0.4 percent. A slight increase in industrial production of 0.2 percent is being forecast for 2013. In 2012, the EMEA region had to deal with a decline in IP of 1.3 percent.

In Western Europe and the eurozone, the impact of the debt crisis was still being felt in many countries. As a result, economists are predicting that economic output in the eurozone will shrink by 0.2 percent in 2013. In 2012, GDP in the eurozone fell by 0.5 percent. The experts are forecasting virtual stagnation for Western Europe (GDP growth of 0.1 percent in 2013, compared with a decline in GDP in 2012 of 0.1 percent), while in Germany a slight increase in GDP of 0.8 percent is expected, compared with actual GDP growth in 2012 of 0.9 percent.

The economy in the Middle East and Eastern Europe should see much more robust trends. Economists are forecasting GDP growth of 4.0 percent in the Middle East (compared with actual GDP growth in 2012 of 4.7 percent), while in Eastern Europe GDP is expected to increase by 2.5 percent (2012: 2.2 percent). The forecasting institute is also expecting the economic environment in South Africa to be relatively favourable and is predicting GDP growth of 3.1 percent (2012: 2.6 percent).

In the view of the EIU, economic prospects in the US are stable. The institute is forecasting growth in GDP here

of 2.1 percent in 2013 (2012: 2.2 percent), while industrial production is expected to increase by 2.7 percent (2012: 3.7 percent).

In South America, dynamic growth this year is being forecast by the economists, with GDP expected to rise by 3.6 percent (2012: 2.5 percent). IP here is expected to rise by 2.9 percent (2012: 0.9 percent).

As in previous years, the strongest growth rates in 2013 are expected to be seen in the Asia/Pacific region. The EIU is predicting that economic output will rise here by 6.2 percent (2012: 5.5 percent). An increase in industrial production of 7.6 percent is expected, compared with the actual rise in 2012 of 5.9 percent. Within the Asia/Pacific region, it is anticipated that China will have the fastest rate of growth. Economists are predicting that economic output here will be up 8.5 percent in 2013 (2012: 7.7 percent). The EIU is forecasting an increase in Chinese industrial production of 11.8 percent in 2013 (2012: 10.1 percent).

Outlook for Linde AG

Leading economic research institutes are forecasting a slight economic recovery in 2013. They expect increases slightly above those seen in 2012 in both global gross domestic product (GDP) and global industrial production (IP). Uncertainty remains, however, as to the sustainability and pace of economic growth. The main factors which might impede robust global economic growth include high levels of public debt worldwide, monetary instability and the prevailing uncertain political situation in some countries in the Arab world. In addition, the global economy is becoming increasingly dependent on economic trends in China.

Despite the uncertain market climate, Linde assumes that it will be able to achieve earnings growth in 2013. Positive earnings trends are also expected in 2014. Investment income development is a major component of this forecast. Revenue on the other hand is expected to decline in 2013. This is due to plant construction being dependent on when project billing takes place.

Gases industry

In the Linde Gas Division, growth in revenue and earnings in 2013 is expected to be only slight due to the uncertain market climate in Germany.

Engineering business

Due to the timing of billings, revenue in 2013 will be significantly lower than in 2012. Whereas major projects were billed in 2012, this is not expected to be the case in 2013.

Capital expenditure

In Germany too, Linde AG will continue to pursue its investment strategy which is geared towards continuity and sustainability. The company will invest in areas which offer above-average growth prospects and will enhance the company's profitability and competitiveness. Capital expenditure is expected to remain at the same level as in 2012. As in previous years, most of this investment will focus in the current year on expanding capacity in the gases business.

Dividends

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

Statements relating to the future

The management 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.

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11 BALANCE SHEET OF LINDE AG – ASSETS

<i>in € million</i>	Notes	31.12.2012	31.12.2011
Intangible assets		92	76
Tangible assets		358	335
Financial assets		17,439	13,661
NON-CURRENT ASSETS	[1]	17,889	14,072
Inventories	[2]	1,468	2,232
Less advance payments received from customers		-1,468	-2,232
		-	-
Receivables and other assets	[3]	1,411	1,018
Securities	[4]	801	1,050
Liquid assets	[5]	587	499
CURRENT ASSETS		2,799	2,567
PREPAID EXPENSES AND DEFERRED CHARGES	[6]	17	11
TOTAL ASSETS		20,705	16,650

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<i>in € million</i>	Notes	31.12.2012	31.12.2011
Capital subscribed		474	438
Conditionally authorised capital of € 104 million (2011: € 97 million)			
Nominal value of own shares		-	-
Issued share capital		474	438
Capital reserve		6,561	5,141
Revenue reserves		2,073	2,017
Unappropriated profit		500	428
EQUITY	[7]	9,608	8,024
Provisions for pensions and similar obligations	[8]	471	455
Other provisions	[9]	898	886
PROVISIONS		1,369	1,341
LIABILITIES	[10]	9,728	7,285
TOTAL EQUITY AND LIABILITIES		20,705	16,650

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13 INCOME STATEMENT OF LINDE AG

<i>in € million</i>	<i>Notes</i>	<i>2012</i>	<i>2011</i>
SALES	[11]	3,153	2,028
Cost of sales		2,264	1,204
GROSS PROFIT ON SALES		889	824
Marketing and selling expenses		298	292
Research and development costs		140	135
General administration expenses		352	329
Other operating income	[12]	404	328
Other operating expense	[13]	237	198
Investment income	[14]	467	422
Other interest and similar income	[15]	279	201
of which from affiliated companies € 250 million (2011: € 170 million)			
Amortisation of financial assets and securities held as current assets		23	3
Interest and similar charges	[15]	403	297
of which to affiliated companies € 292 million (2011: € 247 million)			
PROFIT ON ORDINARY ACTIVITIES		586	521
Extraordinary result	[16]	15	-
Taxes on income	[17]	40	50
NET INCOME		561	471
TRANSFER TO REVENUE RESERVES		-61	-43
UNAPPROPRIATED PROFIT		500	428

SUMMARY OF NON-CURRENT ASSET MOVEMENTS IN LINDE AG

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Acquisition/manufacturing cost

<i>in € million</i>	<i>01.01.2012</i>	<i>Additions</i>	<i>Mergers</i>	<i>Disposals</i>	<i>Transfers</i>	<i>31.12.2012</i>
Acquired concessions, industrial property rights and similar rights and assets, including licences on such rights and assets	149	12	1	9	15	168
Payments in advance	47	46	-	11	-15	67
INTANGIBLE ASSETS	196	58	1	20	-	235
Land, land rights and buildings, including buildings on land owned by others	437	4	45	1	2	487
Technical equipment and machinery	513	5	207	16	11	720
Fixtures, furniture and equipment	349	11	143	17	7	493
Payments in advance and plants under construction	40	57	-	-	-20	77
TANGIBLE ASSETS	1,339	77	395	34	-	1,777
Investments in affiliated companies	12,820	4,543	7	151	-	17,219
Loans to affiliated companies	265	-	-	-	-	265
Investments in related companies	87	5	-	-	-	92
Loans to related companies	21	-	-	3	-	18
Non-current securities	600	-	-	600	-	-
Other loans	1	-	-	-	-	1
FINANCIAL ASSETS	13,794	4,548	7	754	-	17,595
NON-CURRENT ASSETS	15,329	4,683	403	808	-	19,607

15 SUMMARY OF NON-CURRENT ASSET MOVEMENTS IN LINDE AG

in € million	Amortisation and depreciation					Net book value		
	Accumulated amortisation/ depreciation at 01.01.2012	Additions	Disposals	Merger	Transfers	Accumulated amortisation/ depreciation at 31.12.2012	31.12.2012	31.12.2011
Acquired concessions, industrial property rights and similar rights and assets, including licences on such rights and assets	120	23	1	1	-	143	25	29
Payments in advance	-	-	-	-	-	-	67	47
INTANGIBLE ASSETS	120	23	1	1	-	143	92	76
Land, land rights and buildings, including buildings on land owned by others	289	9	1	40	-	337	150	148
Technical equipment and machinery	428	18	14	206	-	638	82	85
Fixtures, furniture and equipment	287	23	18	143	-	435	58	62
Payments in advance and plants under construction	-	9	-	-	-	9	68	40
TANGIBLE ASSETS	1,004	59	33	389	-	1,419	358	335
Investments in affiliated companies	102	23	-	-	-	125	17,094	12,718
Loans to affiliated companies	-	-	-	-	-	-	265	265
Investments in related companies	31	-	-	-	-	31	61	56
Loans to related companies	-	-	-	-	-	-	18	21
Non-current securities	-	-	-	-	-	-	-	600
Other loans	-	-	-	-	-	-	1	1
FINANCIAL ASSETS	133	23	-	-	-	156	17,439	13,661
NON-CURRENT ASSETS	1,257	105	34	390	-	1,718	17,889	14,072

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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 Law (AktG).

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 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 cost 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 prospective 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 less accumulated depreciation.

Shares in affiliated companies, related companies and securities 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 non-current 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 arising 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.

Securities held as current assets are stated at cost. If there is a diminution in value of the securities, they are written down to their fair value. If the reasons for an impairment loss recognised previously no longer apply, the carrying amount is increased to a figure up to but not exceeding cost.

Liabilities are stated at their settlement 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.

Pensions and similar obligations are calculated in accordance with the rules set out in the German Accounting Law Modernisation Act (BilMoG), 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. The 2005G mortality tables produced by Heubeck AG were used.

To meet the pension obligations and the commitments arising from deferred compensation (Linde Vorsorgeplan), 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 underlying pension obligations.

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 the Deutsche Bundesbank over the remaining period of the provision.

Since 1 January 2010, deferred tax has been 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 this 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.

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 STATEMENT

[1] Non-current assets

Movements in non-current assets are shown on the preceding pages. In 2012, impairment losses of EUR 23 m were recognised in respect of investments in affiliated companies and other investments (2011: EUR 4 m).

In 2012, an impairment loss of EUR 21 m was recognised which related to tangible assets as a result of a permanent diminution in value of those assets. In 2011, no such impairment losses were recognised. No impairment losses were reversed in 2012, while in 2011 an impairment loss of EUR 2 m was reversed, restoring the asset to its net book value.

Land, land rights and buildings of EUR 41 m (2011: EUR 41 m) were pledged as security for other personnel obligations as required by law.

Linde AG holds 100 percent of the shares in a special fund. In 2011, EUR 600 m was disclosed in securities held as non-current assets. At the date of this report, all securities should be regarded as short-term. More information on this subject is provided in [NOTE \[4\]](#).

During the 2012 financial year, two subsidiaries were merged into Linde AG. The net assets of AGA Holding GmbH and Spectra Gases (Germany) GmbH were transferred to Linde AG at their carrying amounts.

[2] Inventories

16 INVENTORIES

<i>in € million</i>	31.12.2012	31.12.2011
Raw materials, consumables and supplies	29	29
Work in progress	1,044	1,800
Finished goods and merchandise	20	17
Prepayments	375	386
	1,468	2,232

[3] Receivables and other assets

17 RECEIVABLES AND OTHER ASSETS

<i>in € million</i>	<i>Of which due within 1 year</i>	<i>Of which due in more than 1 year</i>	<i>Total 31.12.2012</i>	<i>Total 31.12.2011</i>
Trade receivables	135	-	135	118
Amounts due from affiliated companies	346	785	1,131	778
of which relating to trade receivables	60	-	60	91
Amounts due from related companies	5	-	5	4
of which relating to trade receivables	2	-	2	2
Other assets	94	46	140	118
	580	831	1,411	1,018

Included in Receivables and other assets are financial receivables of EUR 942 m (2011: EUR 645 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 in Other assets since the agreements came into force in 2010. The amount currently included in financial receivables which relates to these agreements is EUR 18 m (2011: EUR 41 m).

[4] Securities

Linde AG holds 100 percent of the shares in a special fund. The shares may be liquidated at any time. The market value of the shares at the balance sheet date was EUR 804 m, while their carrying amount was EUR 801 m. The difference between the market value and carrying amount of the shares was EUR 3 m. The distribution made in the 2012 financial year was EUR 1 m (2011: EUR 3 m).

[5] Liquid assets

Liquid assets comprise cheques in hand, cash in hand and cash at banks. It also includes money market funds which may fall due at any time.

[6] Prepaid expenses and deferred charges

Prepaid expenses and deferred charges comprises mainly discounts of EUR 12 m (2011: EUR 5 m) on financial debt. Also included here are the prepaid fees for the agreed EUR 2.5 bn syndicated credit line.

[7] Equity

€ 18 EQUITY

in €	31.12.2012	31.12.2011
Capital subscribed	474,176,962.56	437,917,186.56
Nominal value of own shares	93,204.48	-
ISSUED SHARE CAPITAL	474,083,758.08	437,917,186.56
AUTHORISED CAPITAL (TOTAL)	57,119,265.28	100,000,000.00
Authorised Capital I	20,000,000.00	20,000,000.00
Authorised Capital II	37,119,265.28	80,000,000.00 ¹
CONDITIONALLY AUTHORISED CAPITAL (TOTAL)	103,603,404.80	96,742,446.08
Conditionally authorised capital 2002	2,221,189.12	3,988,958.72
Conditionally authorised capital 2007	6,142,215.68	7,753,487.36
Conditionally authorised capital 2010	85,000,000.00	85,000,000.00
Conditionally authorised capital 2012	10,240,000.00	-

¹ At the Annual General Meeting on 4 May 2012, Authorised Capital II of EUR 80,000,000 was abolished and it was resolved to create a new Authorised Capital II of EUR 70,000,000.

Capital subscribed, authorised and conditionally authorised capital, subscription rights

The company's subscribed capital at the balance sheet date amounts to EUR 474,176,962.56 and is fully paid up. It is divided into 185,225,376 shares at a notional par value of EUR 2.56 per share. The shares are bearer shares. Each share, with the exclusion of 36,408 own shares held by the company at 31 December 2012 (§ 71b of the German Stock Corporation Law (AktG)), 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 2012 financial year, 690,535 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 1,767,769.60.

As a result of the issue of 629,403 new shares out of 2007 conditionally authorised capital to service the Long Term Incentive Plan, share capital increased by EUR 1,611,271.68.

The company increased its share capital in the 2012 financial year against cash contributions, using part of Authorised Capital II, with exclusion of the subscription rights of shareholders. 12,844,037 new shares were issued. Share capital increased by EUR 32,880,734.72. The capital increase became effective when it was recorded in the commercial register on 12 July 2012.

Overall, share capital in the 2012 financial year increased by EUR 36,259,776.00 from EUR 437,917,186.56 to EUR 474,176,962.56 divided into 185,225,376 shares.

E 19 NUMBER OF SHARES

	2012	2011
NUMBER OF SHARES AT 1 JAN.	171,061,401	170,296,941
Exercise of Management Incentive Programme (MIP 2002)	690,535	412,015
Exercise of Long Term Incentive Programme (LTIP 2007)	629,403	352,445
Capital increase	12,844,037	-
NUMBER OF SHARES AT 31 DEC.	185,225,376	171,061,401
Own shares	36,408	-
NUMBER OF SHARES OUTSTANDING AT 31 DEC.	185,188,968	171,061,401

Authorised capital

At 31 December 2012, the authorised capital comprised the following:

Authorised Capital I

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 20,000,000.00 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 notional par value of EUR 2.56. The shareholders are granted subscription rights as a result. 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 options or convertible 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 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 the capital subscribed which relates to those shares which are used to service 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 or investments in companies, or on the formation of business combinations. The Executive Board is further authorised, with the approval of the Supervisory Board, to exclude subscription rights for an amount of up to EUR 3,500,000.00 to the extent necessary to issue shares to the employees of Linde AG 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

At the Annual General Meeting held on 4 May 2012, the authorisation provided to the Executive Board, with the approval of the Supervisory Board, at the Annual General Meeting on 5 June 2007 to increase the capital subscribed of the company by up to EUR 80,000,000 until 4 June 2012 was revoked, and Authorised Capital II which was based on a resolution passed at the Annual General Meeting on 5 June 2007 in accordance with Article 3.7 of the articles of association was abolished.

As a result of a resolution passed at the Annual General Meeting on 4 May 2012, the Executive Board was authorised, with the approval of the Supervisory Board, to increase capital subscribed by up to EUR 70,000,000 until 3 May 2017 by issuing, on one or more occasions, up to 27,343,750 new bearer shares at a notional par value of EUR 2.56.

After effecting the ordinary capital increase in the 2012 financial year out of Authorised Capital II, the Executive Board was also authorised, with the approval of the Supervisory Board, to increase capital subscribed by up to EUR 37,119,265.28 until 4 June 2012 against cash or non-cash contributions by issuing, on one or more occasions, up to 14,499,713 new bearer shares at a notional par value of EUR 2.56. 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 options or convertible 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 conver-

sion 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 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 or investments in companies, or on the formation of business combinations. 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 2012 comprised the following:

2002 conditionally authorised capital

The issued share capital can be increased by up to EUR 2,221,189.12, divided into 867,652 new shares with a notional 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 15,360,000.00, 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, exercise 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 2012 financial year, options under the Management Incentive Programme were exercised. As a result, 2002 conditionally authorised capital was reduced by EUR 1,767,769.60, from EUR 3,988,958.72 to EUR 2,221,189.12, divided into 867,652 shares. The issued share capital increased in 2012 as a result.

2007 conditionally authorised capital

The issued share capital can be increased by up to EUR 6,142,215.68 by the issue of up to 2,399,303 new bearer shares with a notional 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 executives 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 2012 financial year, options from the Long Term Incentive Plan were exercised. As a result, the 2007 conditionally authorised share capital was reduced by EUR 1,611,271.68, from EUR 7,753,487.36 to EUR 6,142,215.68, divided into 2,399,303 shares. The issued share capital increased in 2012 as a result.

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 notional par value of EUR 2.56 if certain conditions are met (2010 conditionally authorised capital). The increase in share capital will only take place if (i) the holders and obligors of the convertible bonds or 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 and 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, settle their conversion obligation, 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.

2012 conditionally authorised capital

The issued share capital can be increased by up to EUR 10,240,000 by the issue of up to 4,000,000 new bearer shares with a notional par value of EUR 2.56 if certain conditions are met (2012 conditionally authorised 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, members of the executive bodies of affiliated companies within Germany and outside Germany and to selected executives in the company and in affiliated companies within Germany and outside Germany in accordance with the provisions set out in the authorisation agreed at the Annual General Meeting on 4 May 2012 (Long Term Incentive Plan 2012). 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 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.

Authorisation to purchase own shares

The Executive Board is authorised until 3 May 2017 by a resolution passed at the Annual General Meeting on 4 May 2012 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,
- with the approval of the Supervisory Board, also be sold otherwise,
- with 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 on the formation of business combinations,
- 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, with the approval of the Supervisory Board,
- 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 4 May 2012 (agenda item 8),
- be issued to members of the Executive Board and to persons currently or formerly employed by the company, and to members of executive bodies of Linde's affiliated companies, or be used to service the rights or obligations to purchase own shares attributable to the persons named heretofore or
- be redeemed, with the approval of the Supervisory Board.

On 14 December 2012, the company purchased 36,408 shares at an average price of EUR 134.0481, on the basis of the resolution passed at the Annual General Meeting on 4 May 2012. The total price was EUR 4,880,423.22. Own shares comprised EUR 93,204.48 (or 0.02 percent) of capital subscribed. The shares are being used to fulfill the rights to transfer shares of the company under the Matching Share Plan to all participants in the plan, including the members of the Executive Board.

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. BlackRock, Inc., New York, USA

BlackRock, Inc., New York, USA, informed us in writing on 20 May 2011 in accordance with § 21 (1) WpHG that the share of voting rights in Linde AG held by BlackRock, Inc. exceeded the 5 percent threshold on 16 May 2011 and on that day reached 5.02 percent (8,548,805 voting rights). The voting rights are attributable to BlackRock, Inc. in accordance with §22 (1), sentence 1, No. 6 and sentence 2 WpHG.

BlackRock International Holdings, Inc., New York, NY, USA, informed us in writing on 30 October 2012 in accordance with § 21 (1) WpHG that the share of voting rights in Linde AG held by BlackRock International Holdings, Inc. fell below the 5 percent threshold on 22 October 2012 and on that day stood at 4.96 percent (9,188,626 voting rights). The voting rights are attributable to BlackRock International Holdings, Inc. in accordance with §22 (1), sentence 1, No. 6 and sentence 2 WpHG.

BR Jersey International Holdings, L.P., St. Helier, Jersey, Channel Islands, informed us in writing on 30 October 2012 in accordance with § 21 (1) WpHG that the share of voting rights in Linde AG held by BR Jersey International Holdings, L.P. fell below the 5 percent threshold on 22 October 2012 and on that day stood at 4.96 percent (9,188,626 voting rights). The voting rights are attributable to BR Jersey International Holdings, L.P. in accordance with §22 (1), sentence 1, No. 6 and sentence 2 WpHG.

BlackRock Holdco 2, Inc., Wilmington, DE, USA, informed us in writing on 23 October 2012 in accordance with § 21 (1) WpHG that the share of voting rights in Linde AG held by BlackRock Holdco 2, Inc. exceeded the 5 percent threshold on 24 June 2011 and on that day stood at 5.03 percent (8,568,114 voting rights). The voting rights are attributable to BlackRock Holdco 2, Inc. in accordance with §22 (1), sentence 1, No. 6 and sentence 2 WpHG.

BlackRock Financial Management, Inc., New York, NY, USA, informed us in writing on 23 October 2012 in accordance with § 21 (1) WpHG that the share of voting rights in Linde AG held by BlackRock Financial Management, Inc. exceeded the 5 percent threshold on 24 June 2011 and on

that day stood at 5.03 percent (8,568,114 voting rights). The voting rights are attributable to BlackRock Financial Management, Inc. in accordance with §22 (1), sentence 1, No. 6 and sentence 2 WpHG.

BlackRock Advisors Holdings, Inc., New York, NY, USA, informed us in writing on 26 July 2012 in accordance with § 21 (1) WpHG that the share of voting rights in Linde AG held by BlackRock Advisors Holdings, Inc. exceeded the 5 percent threshold on 13 July 2012 and on that day stood at 5.26 percent (9,729,887 voting rights). The voting rights are attributable to BlackRock Advisors Holdings, Inc. in accordance with §22 (1), sentence 1, No. 6 and sentence 2 WpHG.

BlackRock Group Limited, London, U.K., informed us in writing on 22 March 2012 in accordance with § 21 (1) WpHG that the share of voting rights in Linde AG held by BlackRock Group Limited exceeded the 3 percent threshold on 16 March 2012 and on that day stood at 4.33 percent (7,403,182 voting rights). The voting rights are attributable to BlackRock Group Limited in accordance with §22 (1), sentence 1, No. 6 and sentence 2 WpHG.

BlackRock Advisors Holdings, Inc., New York, NY, USA, informed us in writing on 18 January 2013 in accordance with § 21 (1) WpHG that the share of voting rights in Linde AG held by BlackRock Advisors Holdings, Inc. fell below the 5 percent threshold on 14 January 2013 and on that day stood at 4.996 percent (9,252,936 voting rights). The voting rights are attributable to BlackRock Advisors Holdings, Inc. in accordance with § 22 (1), sentence 1, No. 6 and sentence 2 WpHG.

2. 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 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 and sentence 2 WpHG.

3. Deutsche Bank

Deutsche Bank AG, Frankfurt am Main, Germany, informed us in writing on 23 July 2012 in accordance with § 21 (1) WpHG that the share of voting rights in Linde AG held by Deutsche Bank AG exceeded the 3 percent and 5 percent thresholds on 12 July 2012 and on that day stood at 7.73 percent. This corresponded to 14,298,180 no-par-value bearer shares. Of these voting rights, 0.02 percent (31,259 voting rights) are attributable to Deutsche Bank AG in accordance with § 22 (1), sentence 1, No. 2 in conjunction with sentence 2 WpHG. At the same time, Deutsche Bank AG informed us in accordance with § 21 (1) WpHG that Deutsche Bank AG fell below the 3 percent and 5 per-

cent thresholds of voting rights in Linde AG on 13 July 2012 and holds a share of voting rights of 0.02 percent (31,259 voting rights). These voting rights are attributable to Deutsche Bank AG in accordance with § 22 (1), sentence 1, No. 2 in conjunction with sentence 2 WpHG. The requirement to disclose information in accordance with § 21 (1) WpHG arose as a result of Deutsche Bank acting as the joint lead manager of the consortium dealing with Linde's capital increase (entered in the commercial register on 12 July 2012).

4. 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 stood at 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 stood at 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 stood at 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 stood at 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 stood at 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 stood at 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 stood at 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. None of the attributed voting rights reach the 3 percent threshold of voting rights in Linde AG on their own.

5. Warburg Invest Kapitalanlagegesellschaft mbH

Warburg Invest Kapitalanlagegesellschaft mbH, Hamburg, Germany, informed us in writing on 10 May 2012 in accordance with §§ 21 (1), 22 (1), sentence 1, No. 1 WpHG that the share of voting rights in Linde AG held by Warburg Invest Kapitalanlagegesellschaft mbH exceeded the 3 percent threshold on 4 May 2012 and on that day stood at 3.17 percent (5,422,960 voting rights). 0.01 percent of the voting rights (10,180 voting rights) are attributable to Warburg Invest Kapitalanlagegesellschaft mbH in accordance with § 22 (1), sentence 1, No. 1 WpHG. In addition, Warburg Invest Kapitalanlagegesellschaft mbH informed us in writing on 10 May 2012 in accordance with §§ 21 (1), 22 (1), sentence 1, No. 1 WpHG that the share of voting rights in Linde AG held by Warburg Invest Kapitalanlagegesellschaft mbH fell below the 3 percent threshold on 9 May 2012 and on that day stood at 2.08 percent (3,556,960 voting rights). 0.01 percent of voting rights

(10,180 voting rights) are attributable to Warburg Invest Kapitalanlagegesellschaft mbH in accordance with § 22 (1), sentence 1, No. 1 WpHG.

6. The Capital Group Companies, Inc.

The Capital Group Companies, Inc., Los Angeles, USA, informed us in writing on 6 September 2012 in accordance with § 21 (1) WpHG that the share of voting rights in Linde AG held by The Capital Group Companies, Inc. exceeded the 3 percent threshold on 1 September 2012. On that day, The Capital Group Companies, Inc. held 4.25 per-

cent of the voting rights in Linde AG (7,868,634 shares). 4.25 percent of the voting rights (7,868,634 shares) were attributable to The Capital Group Companies, Inc. in accordance with § 22 (1) No. 6 WpHG in conjunction with § 22 (1), sentence 2 and 3 WpHG. This attribution of voting rights to The Capital Group Companies, Inc. is based solely on internal restructuring within The Capital Group Companies, Inc. and its group companies. Notifications of voting rights made by Capital Research and Management Company are not affected by this notification.

20 STATEMENT OF CHANGES IN EQUITY OF LINDE AG

<i>in € million</i>	<i>Capital subscribed</i>	<i>Capital reserve</i>	<i>Other retained earnings</i>	<i>Un- appropri- ated profit</i>	<i>Total equity</i>
AT 1 JANUARY 2011	436	5,112	1,917	432	7,897
Dividend payments	-	-	-	-375	-375
Transfer to retained earnings	-	-	100	-100	-
Changes as a result of share option schemes	2	29	-	-	31
Net income	-	-	-	471	471
AT 31 DECEMBER 2011 / 01. JANUARY 2012	438	5,141	2,017	428	8,024
Dividend payments	-	-	-	-428	-428
Transfer to retained earnings	-	-	61	-61	-
Changes as a result of share option schemes	3	53	-	-	56
Capital increase	33	1,367	-	-	1,400
Own shares	-	-	-5	-	-5
Net income	-	-	-	561	561
AT 31 DECEMBER 2012	474	6,561	2,073	500	9,608

The amount transferred to Other retained earnings in accordance with §58 (2) of the German Stock Corporation Law (AktG) was EUR 61 m (2011: EUR 43 m).

[8] Provisions for pensions and similar obligations

Based on the rules set out in the German Accounting Law Modernisation Act (BilMoG), the pension obligation at 31 December 2012 was EUR 816 m (2011: EUR 764 m).

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 Vorsorgeplan or Linde Pension 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 Pension 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.

€21 PROVISION FOR PENSIONS

<i>in € million</i>	31.12.2012	31.12.2011
Pension obligation	816	764
Fair value of plan assets	346	310
NET PENSION PROVISION	470	454
Historical cost of plan assets	215	214

€22 OBLIGATION FROM LINDE PENSION PLAN

<i>in € million</i>	31.12.2012	31.12.2011
Settlement amount arising from Linde Pension Plan	64	51
Fair value of plan assets	64	51
NET OBLIGATION FROM LINDE PENSION PLAN	-	-
Historical cost of plan assets	53	45

[9] Other provisions

€23 OTHER PROVISIONS

<i>in € million</i>	31.12.2012	31.12.2011
Tax provisions	436	412
Sundry provisions	462	474
	898	886

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 completed and the recognition of current tax in the 2012 financial year.

Under the rules set out in the German Accounting Law Modernisation Act (BilMoG), 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 AG 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 39 m, whereas the amount actually recognised under the old rules was EUR 40 m.

[10] Liabilities

E 24 LIABILITIES

<i>in € million</i>	<i>Due within 1 year 31.12.2012</i>	<i>Due in 1 to 5 years 31.12.2012</i>	<i>Due in more than 5 years 31.12.2012</i>	<i>Total 31.12.2012</i>	<i>Total 31.12.2011</i>
Advance payments received from customers	-	402	102	504	752
Bank loans and overdrafts	37	1,385	1,000	2,422	-
Trade payables	151	1	-	152	121
Amounts due to affiliated companies	2,640	2,867	1,074	6,581	6,369
of which relating to goods and services	35	-	-	35	30
Amounts due to related companies	1	-	-	1	1
of which relating to goods and services	1	-	-	1	1
Other liabilities	60	6	2	68	42
Including taxes of	24	-	-	24	18
Including social security of	-	-	-	-	-
LIABILITIES	2,889	4,661	2,178	9,728	7,285

Liabilities include financial liabilities of EUR 8.877 bn (2011: EUR 6.270 bn). Of these, EUR 5.214 bn (2011: EUR 5.271 bn) relates to the subsidiary Linde Finance B. V., while bank loans and overdrafts comprise EUR 2.422 bn. The amount due to Linde Finance B.v. includes the subordinated bond issued in 2006 in two tranches and two other bonds issued in 2011.

External financial debt includes the syndicated loan to finance the Lincare acquisition and the two bonds issued in September 2012, a NOK 2 bn bond (equivalent to EUR 271 m) and a EUR 1 bn bond.

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 in bank loans and overdrafts since the agreements came into force in 2010. The amount currently included in liabilities which relates to these agreements is EUR 13 m (2011: EUR 0 m).

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[11] Sales

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

€ 25 REVENUE – ANALYSIS BY DIVISION

<i>in € million</i>	2012	2011
Linde Gas	1,300	1,252
Linde Engineering	1,879	800
Consolidation	-26	-24
	3,153	2,028

€ 26 REVENUE – ANALYSIS BY GEOGRAPHICAL REGION

<i>in € million</i>	2012	2011
Germany	1,088	1,016
Other Europe	336	511
Americas	323	120
Asia	1,307	254
Africa	51	48
Australia	48	79
	3,153	2,028

[12] Other operating income

€ 27 OTHER OPERATING INCOME

<i>in € million</i>	2012	2011
Profit on disposal of non-current and current assets	124	29
Exchange rate gains	94	66
Income from the release of provisions	54	101
Revenue from commercial business, rentals and leases	11	13
Charges to Group companies	93	89
Financial result from long-term construction contracts	6	6
Sundry income	22	24
	404	328

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.

Income from the release of provisions relates mainly to the Linde Engineering Division. In plant construction, it is often the case that there is a change in the evaluation of risk for the execution of major projects. The provisions established are reviewed and adjusted to take account of the most recent information available. The main item under the heading "Profit on disposal of non-current and current assets" relates to the sale of an investment in another group company.

[13] Other operating expenses

€ 28 OTHER OPERATING EXPENSES

<i>in € million</i>	2012	2011
Loss on disposals of non-current and current assets	-	1
Exchange rate losses	112	59
Charges by Group companies	23	6
Global cost	74	67
Cost of capital increase	9	-
Other taxes	3	1
Sundry expenses	16	64
	237	198

Included in the global cost figure are costs arising from the company's international operations. These costs are subsequently recharged to the group companies concerned.

[14] Investment income

E 29 INVESTMENT INCOME

<i>in € million</i>	2012	2011
Income from profit-sharing agreements	199	206
Investment income	268	216
of which from affiliated companies	268	216
	467	422

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

[15] Other interest and similar income and charges

E 30 OTHER INTEREST AND SIMILAR INCOME AND CHARGES

<i>in € million</i>	2012	2011
Sundry interest and similar income	279	201
OTHER INTEREST AND SIMILAR INCOME	279	201
Expense from pension obligations (net)	14	-
Interest cost from pension obligations	49	38
Valuation result from plan assets relating to pension obligations	35	38
Unwinding of discount of long-term provisions	17	18
Other interest and similar charges	372	279
INTEREST AND SIMILAR CHARGES	403	297

[16] Extraordinary result

The extraordinary result comprises the loss of EUR 7 m arising from the merger with Spectra Gases (Germany) GmbH and the profit of EUR 22 m arising from the merger with AGA Holding GmbH.

[17] Taxes on income

In the reporting period, an income tax expense of EUR 40 m was recognised (2011: EUR 50 m). 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 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. Deferred tax liabilities arising from the recognition of reserves allowable only for tax purposes in accordance with § 6b of the German Income Tax Law (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 German Accounting Law Modernisation Act (BilMoG) and in the reporting period, the review of differences resulted in a net deferred tax asset, calculated on the basis of a combined income tax rate of 27.38 percent (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).

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[18] Contingent liabilities and other financial commitments

€ 31 CONTINGENT LIABILITIES

<i>in € million</i>	2012	2011
Guarantees	29	32
Warranties	9,964	9,466
TOTAL	9,993	9,498
of which relating to affiliated companies	9,892	9,468

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. In addition, Linde AG has also assumed a guarantee for certain obligations of subsidiaries relating to UK pension plans.

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 2012 in Linde AG was EUR 137 m (2011: EUR 130 m). This comprises capital expenditure commitments of EUR 32 m (2011: EUR 29 m) and commitments arising from rental and lease agreements of EUR 105 m (2011: EUR 101 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 1.655 bn (2011: EUR 1.114 bn). 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:

€ 32 OBLIGATIONS UNDER NON-CANCELLABLE OPERATING LEASES

<i>in € million</i>	2012	2011
Total minimum lease payments		
Due within one year	23	24
Due in one to five years	47	42
Due in more than five years	35	35
	105	101

According to the provisions of the German Commercial Code HGB 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 principally to IT, bookkeeping, and transport and logistics services. These transactions do not have a significant financial impact on the financial statements of Linde AG.

[19] Auditors' fees and services

E 33 AUDITORS' FEES AND SERVICES

<i>in € million</i>	2012	2011
Audit	2	1
Other attestation services	1	1
Tax advisory services	-	1
Other services	2	-
	5	3

[20] Related party transactions

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

Related party transactions comprise mainly transactions with affiliated companies, joint ventures or associates. They relate principally to rental, service and financing transactions and the supply of goods. 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 16 m (2011: EUR 28 m). These are disclosed as contingent liabilities in [NOTE \[18\]](#).

For related party transactions, see also the information set out in [NOTE \[27\]](#).

[21] Cost of materials

E 34 COST OF MATERIALS

<i>in € million</i>	2012	2011
Cost of raw materials and supplies and goods purchased	1,128	1,020
Cost of external services	118	192
	1,246	1,212

[22] Personnel expenses

E 35 PERSONNEL EXPENSES

<i>in € million</i>	2012	2011
Wages and salaries	460	442
Social security contributions	63	60
Pension costs and staff welfare costs	21	14
of which from pension costs	21	13
	544	516

In accordance with the transitional arrangements set out in the German Accounting Law Modernisation Act (BilMoG), the measurement of the pension provision at 1 January 2010 was retained under the old rules, as the amount that would have been recognised under the BilMoG rules would have been lower than the pension provision recognised under the old rules and it was expected that this effect would reverse by 31 December 2024. The effect did reverse as at 31 December 2011. In 2011, the appropriate amount was recognised as an expense. The current earnings figure is no longer influenced by any transitional effects. The increase in wages and salaries was mainly due to the increase in the number of employees.

[23] Income and expenses relating to prior or future periods

There were no expenses relating to other accounting periods included in the income statement of Linde AG in the 2012 financial year (2011: expenses relating to other accounting periods of EUR 1 m). Income related to other accounting periods was EUR 178 m (2011: EUR 143 m). This relates mainly to income from the release of provisions and a profit on the disposal of an investment in a group company.

[24] Employees

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

E 36 AVERAGE NUMBER OF EMPLOYEES

	2012	2011
Linde Gas Division	2,738	2,618
Linde Engineering Division	2,669	2,648
Corporate Centre	249	247
LINDE AG	5,656	5,513

[25] Share option scheme

Linde Performance Share Programme 2012

It was resolved at the Annual General Meeting of Linde AG held on 4 May 2012 to introduce a performance share programme for management (Long Term Incentive Plan 2012), under which up to 4,000,000 options can be issued over a total period of five years. For this purpose, the issued share capital can be increased by up to EUR 10,240,000 by the issue of up to 4,000,000 bearer shares with a notional par value of EUR 2.56 if certain conditions are met (2012 conditionally authorised capital).

The aim of LTIP 2012 is to encourage continuing loyalty to The Linde Group of management personnel in Linde AG and its affiliated companies within and outside Germany by creating a variable remuneration component in the form of shares which will act as a long-term incentive and which entails an element of risk.

The options may be issued in annual tranches during the authorised period. 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 per share. Linde AG may decide, at its own discretion, at any time until the beginning of the exercise period 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. Each individual tranche may be issued within a period of 16 weeks after the Annual General Meeting of Linde AG. The options may not be exercised until a qualifying period has expired. The qualifying period begins on the issue date which has been determined and ends on the fourth anniversary of the issue date. If options are to be exercised, this must take place during a period of twelve months from the end of the relevant qualifying period (the exercise period).

Performance targets

Options may only be exercised if and to the extent that performance targets are reached. The performance targets for each individual tranche of options are based on movements in (i) earnings per share and (ii) relative total shareholder return. Within each individual tranche of options, equal weighting is given to the “earnings per share” performance target and the “relative total shareholder return” performance target. Within each of these performance targets, a minimum target must be reached if the options are to become exercisable, and there is also a stretch target. If the stretch target for one of these performance targets is reached, all the options relating to that performance target become exercisable.

“Earnings per share” performance target

The minimum target for the “earnings per share” performance target is reached if the diluted earnings per share of the company adjusted for non-recurring items for the financial year ending before the expiry of the qualifying period achieves a compound average growth rate (CAGR) of 6 percent when compared with the diluted earnings per share of the company adjusted for non-recurring items for the financial year ending before the issue of the options. The stretch target for the “earnings per share” performance target is reached if the diluted earnings per share of the company adjusted for non-recurring items for the financial year ending before the expiry of the qualifying period achieves a CAGR of 11 percent when compared with the diluted earnings per share of the company adjusted for non-recurring items for the financial year ending before the issue of the options. The calculation of the “earnings per share” performance target is derived from the diluted earnings per share of the company adjusted for non-recurring items disclosed in the audited Group financial statements of The Linde Group for the appropriate financial year. If no adjustment for non-recurring items has been made in the Group financial statements concerned, the relevant figure is the diluted earnings per share disclosed in the Group financial statements. Non-recurring items are items which, due to their nature, frequency and/or scope, might have a positive or negative impact on the extent to which the diluted earnings per share figure provides an informative picture of the ability of The Linde Group to sustain its profitability in the capital market. Adjusting diluted earnings per share for non-recurring items is designed to increase transparency in respect of the Group’s ability to sustain profitability. If the minimum target is reached, 12.5 percent of all the options in the relevant tranche may be exercised. If the stretch target is reached, 50 percent of all the options in the relevant tranche may be exercised: i. e. all the options dependent on this performance target. If the minimum target is exceeded, but the stretch target is not reached, the number of options that may be exercised is determined on a straight-line basis and will lie between 12.5 percent and 50 percent of all options issued on the same issue date, depending on the extent by which the minimum target is exceeded and the proximity of the figure to the stretch target. If this calculation does not result in a round figure, the percentage should be rounded to one decimal point.

“Relative total shareholder return” performance target

The minimum target for the “relative total shareholder return” performance target is reached if the total shareholder return of the Linde AG share exceeds the median of the values for total shareholder return in the control group (described below) in the period between the issue date and the beginning of the exercise period. If the control group contains an even number of values, the average of the two values lying in the middle is deemed to be the median. The stretch target for the “relative total shareholder return” performance target is reached if the total shareholder return of the Linde AG share is in the upper quartile of the values for total shareholder return in the control group in the period between the issue date and the beginning of the exercise period. The total shareholder return of the Linde AG share comprises (i) the absolute increase or decrease in the price of a Linde AG share when compared to its initial value and (ii) the dividend per share paid plus the value of any statutory subscription rights attributable to one Linde AG share (as a result of capital increases). In each case, the calculation relates to the period between (and inclusive of) the issue date and the third last stock exchange trading day in the Xetra trading system (or a comparable successor system) of the Frankfurt Stock Exchange before the exercise period. The absolute increase or decrease in price of the Linde AG share corresponds to the difference between the average of the closing prices (or of equivalent successor prices) of Linde shares in the Xetra trading system (or a comparable successor system) of the Frankfurt Stock Exchange over the period between (and inclusive of) the 62nd stock exchange trading day to the third last stock exchange trading day before the exercise period (the final value) and the initial value. The initial value of the share for the determination of the total shareholder return is the average of the closing prices (or of equivalent successor prices) of Linde shares on the last 60 stock exchange trading days in the Xetra trading system (or a comparable successor system) of the Frankfurt Stock Exchange before the issue date of the subscription rights. For the purposes of the LTIP 2012, the value of one statutory subscription right is the volume-weighted average of the closing prices in that period in which the subscription rights are traded in the Xetra trading system (or a comparable successor system) of the Frankfurt Stock Exchange. The control group comprises companies in the DAX 30 at that time, with the exception of Linde itself. Companies which are excluded from or included in the DAX 30 during the period on which the calculation of the total shareholder return is based are ignored for the purposes of the calculation. When determining the total shareholder return for shares in the control group, Linde may have recourse to data supplied by a recognised independent provider of financial data. If a company in the control group trades different classes of shares or shares with differing profit entitlements on the stock exchange, only the shares which form the basis for the determina-

tion of the DAX 30 value are taken into consideration. If the minimum target is reached, 12.5 percent of all the options in that tranche may be exercised. If the stretch target is reached, 50 percent of all the options in that tranche may be exercised: i.e. all the options dependent on this performance target. If the minimum target is exceeded, but the stretch target is not reached, the number of options that may be exercised is determined on a straight-line basis and will lie between 12.5 percent and 50 percent of all options issued on the same issue date, depending on the extent by which the minimum target is exceeded and the proximity of the figure to the stretch target. If this calculation does not result in a round figure, the percentage should be rounded to one decimal point.

Movements during the financial year in share options outstanding are disclosed in the table below:

37 NUMBER OF OPTIONS – LONG TERM INCENTIVE PLAN 2012

	<i>Total</i>
AT 01.01.2012	-
Granted	410,154
Exercised	-
Forfeited	3,954
Expired	-
AT 31.12.2012	406,200
of which exercisable at 31.12.2012	-

The average remaining period in the LTIP 2012 is 43 months. The exercise price for the first tranche of LTIP 2012 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.

Personal investment, matching shares

A pre-condition of participation in the LTIP 2012 for plan participants in Band 5 or above in Linde’s internal management structure is compulsory personal investment in shares of the company at the beginning of the scheme. In the case of members of the Executive Board, the number of shares that each individual Board member must purchase is determined by the Supervisory Board. For other Linde executives in Band 5 or above, it is the Executive Board which determines the number of shares that must be purchased by each individual. For each share acquired by a scheme participant as a personal investment and held by the participant throughout the qualifying period for options, one matching share in Linde Aktiengesellschaft will be granted at the end of the qualifying period at no cost to the participant. However, Linde is permitted to pay an amount in cash to those entitled to options instead of granting them matching shares. Conditions which apply to the granting of matching shares include: a personal investment in Linde Aktiengesellschaft shares by the scheme participant at the appropriate time, the

unrestricted holding of such shares during the qualifying period and, except in the event of the termination of the service or employment contract of the scheme participant before the end of the qualifying period (special cases) when different rules shall apply, the existence of a service or employment contract with the scheme participant at the end of the qualifying period in respect of which no notice has been given. Plan participants in Band 4 of Linde's internal management structure may make a voluntary personal investment in Linde AG shares and will be granted matching shares accordingly, subject to the aforementioned conditions.

€ 38 MATCHING SHARES – LONG TERM INCENTIVE PLAN 2012

	<i>LTIP – Number of matching shares</i>
AT 01.01.2012	-
Granted	36,408
Expired	-
Forfeited	26
Allocated	-
AT 31.12.2012	36,382

The Long Term Incentive Plan 2012 is designed so that all matching shares are issued directly by Linde AG. In accordance with the German Commercial Code (HGB), an expense of EUR 0.3 m (2011: 0 m) was recognised in respect of matching shares for Linde AG employees. The value of the entitlement to one matching share at the balance sheet date is EUR 109.26.

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 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. Options relating to this scheme were granted for the last time in 2011.

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 its own discretion, at any time until the beginning of the exercise period, that the option entitlements of the option holders may be met by provid-

ing 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 in each case will be made by the appropriate executive bodies of the company. The company plans to meet option entitlements in future by issuing new shares, as in 2012.

Certain conditions apply to the exercise of options. First of all, the option conditions provide for a qualifying period (vesting period) of three years from their date of issue. At the end of the vesting period, the options may 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 three performance targets are minimum targets and stretch targets, the fulfilment of which results in a different number of exercisable options in the tranche.

**“Adjusted earnings per share”
performance target**

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.

**“Absolute total shareholder return”
performance target**

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 shares (e.g. as a result of increases in share capital).

**“Relative total shareholder return”
performance target**

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 Long Term Incentive Plan 2007 were as follows:

€ 39 NUMBER OF OPTIONS – LONG TERM INCENTIVE PLAN 2007

	<i>LTIP – Number of options</i>
AT 01.01.2011	1,649,518
Granted	416,320
Exercised	352,445
Forfeited	143,356
Expired	1,267
AT 31.12.2011/01.01.2012	1,568,770
of which exercisable at 31.12.2011	–
Granted	–
Exercised	629,403
Forfeited	72,776
Expired	–
AT 31.12.2012	866,591
of which exercisable at 31.12.2012	–

In 2012, 629,403 options in the 2009 tranche were exercised, which increased capital subscribed by EUR 1 m (2011: EUR 1 m).

The average remaining period in the LTIP 2007 is 11 months (2011: 15 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 – MIP 2002), under which up to six million subscription rights could be issued. The Linde Management Incentive Programme 2002 expired in the 2006 financial year. Options relating to this scheme were exercised for the last time in December 2012.

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 the 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, and 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 the company. As in previous years, the company plans to meet option entitlements in future 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 2012 and 2011 financial years.

Participation in the Linde Management Incentive Programme 2002 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 2002 were as follows:

40 OPTIONS - LINDE MANAGEMENT INCENTIVE PROGRAMME 2002

	<i>Total</i>	<i>Average exercise price in EUR</i>
AT 01.01.2011	1,173,050	76.58
Granted	-	-
Exercised	412,015	71.61
Forfeited	-	-
Expired	4,500	47.91
AT 31.12.2011/01.01.2012	756,535	79.45
of which exercisable at 31.12.2011	756,535	-
Granted	-	-
Exercised	690,535	79.68
Forfeited	-	-
Expired	66,000	77.03
AT 31.12.2012	-	-

As a result of the exercise of 690,535 options (2011: 412,015), capital subscribed increased by EUR 2 m (2011: EUR 1 m) and the capital reserve by EUR 53 m (2011: EUR 29 m).

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.

[26] 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:

€ 41 INTEREST CURVES

<i>in percent</i>	<i>EUR</i>	<i>USD</i>	<i>GBP</i>	<i>JPY</i>	<i>AUD</i>	<i>SEK</i>	<i>RUB</i>	<i>DKK</i>
2012								
Interest rate for six months	0.26	0.45	0.61	0.22	3.31	1.67	7.60	0.33
Interest rate for one year	0.32	0.34	0.55	0.24	2.78	1.19	7.39	0.51
Interest rate for five years	0.77	0.83	1.02	0.31	3.18	1.52	7.45	0.93
Interest rate for ten years	1.57	1.75	1.86	0.84	3.74	2.04	7.63	1.67
2011								
Interest rate for six months	1.56	0.75	1.31	0.27	4.65	2.67	7.46	1.19
Interest rate for one year	1.41	0.69	1.08	0.36	3.87	2.07	7.28	1.11
Interest rate for five years	1.72	1.27	1.55	0.48	4.29	1.95	7.49	1.58
Interest rate for ten years	2.36	2.05	2.26	0.98	4.46	2.25	7.49	2.22

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 the underlying transaction occur at the same time.

Provisions of EUR 6 m (2011: EUR 16 m) have been made for financial instruments with negative fair values. Of this amount, EUR 4 m (2011: EUR 13 m) related to swap transactions. In 2012, provisions of EUR 2 m were made in respect of forward exchange transactions (2011: EUR 3 m).

In 2012, advance payments for swap transactions of EUR 10 m (2011: EUR 12 m) were recognised in other liabilities and advance payments received of EUR 2 m (2011: EUR 2 m) in other receivables and then released to profit or loss over the life of the instrument.

Counterparty risk

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 the company's broad and 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 18 m (2011: EUR 41 m), while the amount included in liabilities is EUR 13 m (2011: EUR 0 m). The risk positions outstanding are subject to strict limits and are continually monitored.

Currency risks

Linde 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.

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. or by issuing its own bonds. 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.

€ 42 DERIVATIVES AND HEDGE RELATIONSHIPS – 2012

As of 31.12.2012	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 amount	
	Market value	Nominal amount	Market value	Nominal amount	Market value	Nominal amount			
<i>in € million</i>									
Forward exchange contracts									
HEDGE RELATIONSHIP WITH ASSETS AND LIABILITIES	-6	-139	-	-4	-	-	-6	-143	143
Thereof assets	1	32	-	1	-	-	1	33	33
Thereof liabilities	7	171	-	5	-	-	7	176	176
HEDGE RELATIONSHIP WITH FIRM COMMITMENTS AND HIGHLY PROBABLE FORECAST TRANSACTIONS	-	36	1	53	-	-	1	89	89
Thereof assets	69	3,394	20	732	-	-	89	4,126	4,126
Thereof liabilities	69	3,358	19	679	-	-	88	4,037	4,037
NO HEDGE RELATIONSHIP	-	40	2	63	-	-	2	103	
Thereof assets	2	169	2	131	-	-	4	300	
Thereof liabilities	2	129	-	68	-	-	2	197	
TOTAL	-6	-63	3	112	-	-	-3	49	
Thereof assets	72	3,595	22	864	-	-	94	4,459	
Thereof liabilities	78	3,658	19	752	-	-	97	4,410	
Swap transactions									
HEDGE RELATIONSHIP WITH ASSETS AND LIABILITIES	-57	-747	-44	-122	4	36	-97	-833	833
Thereof assets	6	339	16	774	7	99	29	1,212	1,212
Thereof liabilities	63	1,086	60	896	3	63	126	2,045	2,045
HEDGE RELATIONSHIP WITH FIRM COMMITMENTS	-	-	-	-170	-37	-777	-37	-947	947
Thereof assets	-	-	11	504	-	110	11	614	614
Thereof liabilities	-	-	11	674	37	887	48	1,561	1,561
NO HEDGE RELATIONSHIP	-	-	61	1,007	42	312	103	1,319	
Thereof assets	-	25	65	1,272	42	312	107	1,609	
Thereof liabilities	-	25	4	265	-	-	4	290	
TOTAL	-57	-747	17	715	9	-429	-31	-461	
Thereof assets	6	364	92	2,550	49	521	147	3,435	
Thereof liabilities	63	1,111	75	1,835	40	950	178	3,896	

43 DERIVATIVES AND HEDGE RELATIONSHIPS – 2011

As of 31.12.2011	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 amount	
	Market value	Nominal amount	Market value	Nominal amount	Market value	Nominal amount			
<i>in € million</i>									
Forward exchange contracts									
HEDGE RELATIONSHIP WITH ASSETS AND LIABILITIES	9	133	-	-	-	-	9	133	133
Thereof assets	9	138	-	-	-	-	9	138	138
Thereof liabilities	-	5	-	-	-	-	-	5	5
HEDGE RELATIONSHIP WITH FIRM COMMITMENTS AND HIGHLY PROBABLE FORECAST TRANSACTIONS	-1	-20	-	-2	-	-	-1	-22	22
Thereof assets	106	3,039	19	497	-	-	125	3,536	3,536
Thereof liabilities	107	3,059	19	499	-	-	126	3,558	3,558
NO HEDGE RELATIONSHIP	4	85	-	-5	-	-	4	80	
Thereof assets	7	144	-	1	-	-	7	145	
Thereof liabilities	3	59	-	6	-	-	3	65	
TOTAL	12	198	0	-7	-	-	12	191	
Thereof assets	122	3,321	19	498	-	-	141	3,819	
Thereof liabilities	110	3,123	19	505	-	-	129	3,628	
Swap transactions									
HEDGE RELATIONSHIP WITH ASSETS AND LIABILITIES	-	-	-54	-634	-12	-135	-66	-769	769
Thereof assets	-	-	1	78	-	-	1	78	78
Thereof liabilities	-	-	55	712	12	135	67	847	847
HEDGE RELATIONSHIP WITH FIRM COMMITMENTS	-	-	-	-	-	13	-	13	13
Thereof assets	-	-	12	222	-	13	12	235	235
Thereof liabilities	-	-	12	222	-	-	12	222	222
NO HEDGE RELATIONSHIP	5	320	44	1,165	16	-34	65	1,451	
Thereof assets	5	368	51	1,421	23	366	79	2,155	
Thereof liabilities	-	48	7	256	7	400	14	704	
TOTAL	5	320	-10	531	4	-156	-1	695	
Thereof assets	5	368	64	1,721	23	379	92	2,468	
Thereof liabilities	-	48	74	1,190	19	535	93	1,773	

[27] Additional information about the Supervisory Board and Executive Board

Supervisory Board

In the 2012 financial year, the total remuneration of members of the Supervisory Board for discharging their duties in the parent company and in the subsidiaries, including VAT, was EUR 2,706,027 (2011: EUR 2,730,447). Of this amount, EUR 1,017,711 (2011: EUR 1,023,107) related to fixed emoluments and EUR 1,632,386 (2011: EUR 1,656,764) to variable emoluments.

At 31 December 2012, there were no advances or loans to members of the Supervisory Board. This was also the case at 31 December 2011. Moreover, the members of the Supervisory Board received no emoluments or benefits for any personal services they provided, such as consultancy or mediation services.

Executive Board

EMOLUMENTS OF THE EXECUTIVE BOARD

in €	2012	2011
Fixed emoluments	3,858,540	4,266,645
Variable emoluments short-term	5,597,873	7,518,516
Variable emoluments long-term	3,731,916	-
TOTAL CASH EMOLUMENTS	13,188,329	11,785,161

In accordance with changes to the system of remuneration decided by the Supervisory Board which came into effect on 1 January 2012, 60 percent of the variable cash emoluments is paid in cash after the end of the relevant financial year, while 40 percent is converted into virtual shares and is not paid for at least another three years. These virtual shares are therefore a new long-term component of remuneration. The amount paid out depends on movements in the price of Linde shares.

In the 2012 financial year, under the 2012 Long Term Incentive Plan approved at the Annual General Meeting, a total of 58,934 options were granted to members of the Executive Board as part of their total emoluments. (In 2011, 68,573 options were granted to members of the Executive Board under the 2007 Performance Share Programme.) The options had a value on the grant date of EUR 47.51 (2011: EUR 51.04) per option. In addition, a total of 6,406 rights to matching shares (2011: 0) were granted as part of the total emoluments of the Executive Board. These had a value on the grant date of EUR 109.26 per matching share. The total cost of the rights to matching shares granted to the Executive Board in the 2012 financial year was EUR 87,506 (2011: EUR 0).

In 2012 and 2011, there were no advances or loans to members of the Executive Board.

The service cost of pension obligations in respect of members of the Executive Board in the 2012 financial year was EUR 1,330,199 (2011: 1,190,749). Total remuneration paid to former members of the Executive Board and their surviving dependants amounted to EUR 2,907,672 (2011: EUR 2,841,716). A provision of EUR 33,390,728 (2011: EUR 35,003,558) has been made in the financial statements 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 structure of the remuneration of the Executive Board and Supervisory Board. It has been included in the Linde AG management report.

[28] Declaration of Compliance with the German Corporate Governance Code and Declaration on Corporate Governance in accordance with § 289a 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 Internet at WWW.LINDE.COM/DECLARATIONOF COMPLIANCE.

The Declaration on Corporate Governance can be found on the Internet at WWW.LINDE.COM/CORPORATE GOVERNANCE.

[29] Other Board memberships

[Disclosures regarding other Board memberships are as at 31 December 2012]

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,
Chairman of the Supervisory Board of Bayer AG
(retired on 30 September 2012)

EXTERNAL OFFICES:

RWE AG (CHAIRMAN)

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 Asset Management AG (Chairman)
Allianz Deutschland AG

GROUP OFFICES:

Allianz France S.A.
(Vice-President of the Administrative Board)
Allianz S.p.A.

PROFESSOR DR ANN-KRISTIN ACHLEITNER

Professor at the Technical
University Munich (TUM)

EXTERNAL OFFICES:

METRO AG

EXTERNAL OFFICES:

GDF SUEZ SA, Paris, France
(Member of the Administrative Board)
Vontobel Holding AG, Zurich, Switzerland
(Member of the Administrative Board)
Bank Vontobel AG, Zurich, Switzerland
(Member of the Administrative Board)

DR CLEMENS BÖRSIG

Chairman of the Supervisory Board of Deutsche Bank AG
(retired on 31 May 2012)

EXTERNAL OFFICES:

Bayer AG
Daimler AG

EXTERNAL OFFICES:

Emerson Electric Company
(Member of the Board of Directors)

ANKE COUTURIER

(appointed on 6 December 2012)
Head of Global Pensions, Linde AG

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. MIAU

Chairman of MITAC-SYNNEX-Group, Taiwan

EXTERNAL OFFICES:

BOC LIENHWA INDUSTRIAL GASES CO., LTD.
(Member of the Board of Directors)
Winbond Electronics Corporation
(Member of the Board of Directors)

GROUP OFFICES:

Getac Technology Corporation
(Member of the Board of Directors)
Synnex Corporation
(Member of the Board of Directors)

KLAUS-PETER MÜLLER

Chairman of the Supervisory Board of Commerzbank AG

EXTERNAL OFFICES:

Commerzbank AG (Chairman)
Fresenius SE & Co. KGaA
Fresenius Management SE

EXTERNAL OFFICES:

Landwirtschaftliche Rentenbank
(Member of the Administrative Board)
Parker Hannifin Corporation
(Member of the Board of Directors)

MEMBERSHIP OF OTHER GERMAN SUPERVISORY BOARDS.

MEMBERSHIP OF COMPARABLE GERMAN AND FOREIGN BOARDS.

JENS RIEDEL

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

XAVER SCHMIDT

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

— EXTERNAL OFFICES:

Berufsgenossenschaftliches Universitätsklinikum
Bergmannsheil GmbH
(Alternate Chairman)

**The following member retired from the Supervisory Board in the 2012 financial year:
(The information provided relates to the date of retirement.)**

JOSEF SCHREGLE

(retired on 31 October 2012)
Director of Finance for EMEA (Europe, Middle East, Africa)
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)

— EXTERNAL OFFICES:

Holcim Ltd., Switzerland
(Member of the Administrative Board)

PROFESSOR DR ALDO BELLONI

Member of the Executive Board

THOMAS BLADES

Member of the Executive Board
(appointed on 8 March 2012)

GEORG DENOKE

Member of the Executive Board

SANJIV LAMBA

Member of the Executive Board

— GROUP OFFICES:

BOC INDIA LIMITED
(Chairman of the Board of Directors)

— MEMBERSHIP OF OTHER GERMAN SUPERVISORY BOARDS.

— MEMBERSHIP OF COMPARABLE GERMAN AND FOREIGN BOARDS.

[30] 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).

€ 45 AMOUNTS BARRED FROM DISTRIBUTION

<i>in € million</i>	2012	2011
Resulting from measurement of plan assets at fair value	131	96
NON-DISTRIBUTABLE AMOUNTS	131	96

As freely available reserves exceed the amount barred from distribution, there is no restriction on the distribution of unappropriated profit.

[31] List of shareholdings of
The Linde Group and Linde AG
at 31 December 2012 in accord-
ance with the provisions of
§ 285 No. 11 of the German
Commercial Code (HGB)

The results of companies acquired in 2012 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 2012 in accordance with IFRS, unless specifically disclosed in the notes below.

€ 46 COMPANIES INCLUDED IN THE GROUP FINANCIAL STATEMENTS (IN ACCORDANCE WITH IAS 27)

	Registered office	Country	Participating interest	Thereof Linde AG	Equity	Net income/net loss	Note
			in percent	in percent	in € million	in € million	
Gases Division							
EMEA							
AFROX – África Oxigénio, Limitada	Luanda	AGO	100		2.5	1.1	
LINDE GAS MIDDLE EAST LLC	Abu Dhabi	ARE	49	49	-5.8	-2.1	e
LINDE HELIUM M E FZCO	Jebel Ali	ARE	100		1.3	0.3	
Linde Electronics GmbH	Stadl-Paura	AUT	100		7.7	0.9	
Linde Gas GmbH	Stadl-Paura	AUT	100		179.5	5.0	
PROVISIS Gase & Service GmbH	Bad Wimsbach-Neydharting	AUT	100		0.2	0.0	
Chemogas n.v.	Grimbergen	BEL	100		5.5	1.6	
Linde Gas Belgium NV	Grimbergen	BEL	100		1.8	-2.4	
Linde Homecare Belgium SPRL	Sombreffe	BEL	100	100	6.0	-0.1	
Bossot Trade EOOD	Stara Zagora	BGR	100	100	-0.1	0.0	
Linde Gas Bulgaria EOOD	Stara Zagora	BGR	100		8.4	-0.4	
Linde Gas BH d.o.o.	Zenica	BIH	85	85	11.0	-0.3	
"Linde Gaz Bel" FLCC	Telmy	BLR	100	99	1.0	0.3	
AFROX GAS & ENGINEERING SUPPLIES (BOTSWANA) (PTY) LIMITED	Gaborone	BWA	100		0.0	0.0	
BOTSWANA OXYGEN COMPANY (PTY) LIMITED	Gaborone	BWA	100		1.6	1.6	
BOTSWANA STEEL ENGINEERING (PTY) LIMITED	Gaborone	BWA	100		0.0	0.0	c, d
HANDIGAS (BOTSWANA) (PTY) LIMITED	Gaborone	BWA	100		0.0	0.0	
HEAT GAS (PTY) LIMITED	Gaborone	BWA	100		0.0	0.0	
KIDDO INVESTMENTS (PTY) LIMITED	Gaborone	BWA	100		-0.5	0.0	
PanGas AG	Dagmersellen	CHE	100		83.7	33.1	
RDC GASES & WELDING (DRL) LIMITED	Lubumbashi	COD	100		0.0	0.0	c, d
LINDE HADJIKYRIAKOS GAS LIMITED	Nicosia	CYP	51	51	8.7	0.9	
Linde Gas a.s.	Prague	CZE	100		210.9	59.6	
Linde Sokolovská s.r.o.	Prague	CZE	100		62.4	7.0	
Heins & Co. GmbH	Bremen	DEU	100		0.1	-	a
Hydromotive GmbH & Co. KG	Leuna	DEU	100	100	2.0	0.3	
Hydromotive Verwaltungs-GmbH	Leuna	DEU	100	100	0.1	0.0	
Linde Electronics GmbH & Co. KG	Pullach	DEU	100	100	25.0	0.3	
Linde Electronics Verwaltungs GmbH	Pullach	DEU	100	100	3.7	0.2	

46 COMPANIES INCLUDED IN THE GROUP FINANCIAL STATEMENTS (IN ACCORDANCE WITH IAS 27)

	Registered office	Country	Participating interest	Thereof Linde AG	Equity	Net income/net loss	Note
			in percent	in percent	in € million	in € million	
Linde Gas Produktionsgesellschaft mbH & Co. KG	Pullach	DEU	100	100	345.0	-0.2	
Linde Gas Therapeutics GmbH	Unterschleißheim	DEU	100		24.9	-	a
Linde Gas Verwaltungs GmbH	Pullach	DEU	100	100	0.1	0.0	
Linde Medical GmbH	Bochum	DEU	100		22.0	-	a
Linde Remeo Deutschland GmbH	Mahlow	DEU	100		3.7	-	a
Linde Welding GmbH	Pullach	DEU	100		0.3	-	a
Martens Schweißtechnik GmbH	Rastede	DEU	100		1.2	-	a
MTA GmbH Medizin-Technischer Anlagenbau	Sailauf	DEU	100		0.1	-	a
Tega-Technische Gase und Gasetechnik Gesellschaft mit beschränkter Haftung	Würzburg	DEU	100	100	3.1	-	a
Unterbichler Gase GmbH	Munich	DEU	100	100	0.9	-	a
AGA A/s	Copenhagen	DNK	100		11.3	5.7	
Linde Gas Algerie S.p.A.	Algiers	DZA	66	66	66.9	14.5	
Abelló Linde, s. A.	Barcelona	ESP	100	100	113.9	-3.6	
LINDE ELECTRONICS, S.L.	Barcelona	ESP	100		-1.5	-1.1	
Linde Médica, S.L.	Barcelona	ESP	100		206.5	9.9	
LINDE MEDICINAL, S.L.	Córdoba	ESP	100		340.2	4.7	
AS Eesti AGA	Tallinn	EST	100		17.7	4.2	
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		56.4	41.7	c
Teollisuuskaatus Suomi Oy	Espoo	FIN	100		2.4	0.0	c
TK-Teollisuuskaatus Oy	Espoo	FIN	100		-0.2	-0.1	c
Henno Oxygene sas	Paris	FRA	100		1.4	0.2	
Hold'Air sas	Paris	FRA	100		0.2	0.0	
LINDE ELECTRONICS SAS	Saint-Priest	FRA	100		2.8	0.4	
Linde France S.A.	Saint-Priest	FRA	100		164.7	20.3	
Linde Médical Domicile s.A.	Amiens	FRA	100		0.2	-0.2	
Linde Homecare France sas	Saint-Priest	FRA	100		25.1	0.3	
ALLWELD INDUSTRIAL AND WELDING SUPPLIES LIMITED	Nottingham	GBR	100		-0.2	-0.1	c, d
BOC HEALTHCARE LIMITED	Guildford	GBR	100		0.5	0.1	
BOC HELEX	Guildford	GBR	100		3,764.1	79.3	
COTSWOLD INDUSTRIAL & WELDING SUPPLIES LIMITED	Nottingham	GBR	100		-0.3	0.0	c, d
EXPRESS INDUSTRIAL & WELDING SUPPLIES LIMITED	Nottingham	GBR	100		1.0	0.2	c, d
FLUOROGAS LIMITED	Guildford	GBR	100		0.1	0.0	
FUTURE INDUSTRIAL AND WELDING SUPPLIES LTD.	Nottingham	GBR	100		0.7	0.3	c, d
GAFFNEY INDUSTRIAL & WELDING SUPPLIES LTD	Nottingham	GBR	80		1.3	0.3	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		-0.2	-0.1	c, d
INDUSTRIAL & WELDING SUPPLIES (NORTH WEST) LIMITED	Nottingham	GBR	100		-2.0	-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	0.0	c, d

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	Registered office	Country	Participating interest	Thereof Linde AG	Equity	Net income/net loss	Note
			in percent	in percent	in € million	in € million	
INDUSTRIAL SUPPLIES & SERVICES LIMITED	Nottingham	GBR	100		1.8	-1.7	c, d
LEEN GATE INDUSTRIAL & WELDING SUPPLIES (SCOTLAND) LIMITED	Nottingham	GBR	100		1.3	0.1	c, d
LEENGATE HIRE & SERVICES LIMITED	Nottingham	GBR	100		0.0	0.0	c, d
LEENGATE INDUSTRIAL & WELDING SUPPLIES (CANNOCK) LIMITED	Nottingham	GBR	100		-1.0	-0.1	c, d
LEENGATE INDUSTRIAL & WELDING SUPPLIES (LINCOLN) LIMITED	Nottingham	GBR	100		0.3	0.0	c, d
LEENGATE INDUSTRIAL & WELDING SUPPLIES (NORTH EAST) LIMITED	Nottingham	GBR	100		2.0	0.3	c, d
LEENGATE INDUSTRIAL & WELDING SUPPLIES (NOTTINGHAM) LIMITED	Nottingham	GBR	100		-0.1	-0.3	c, d
LEENGATE INDUSTRIAL & WELDING SUPPLIES LIMITED	Nottingham	GBR	100		0.3	0.0	c, d
LEENGATE VALVES LIMITED	Nottingham	GBR	94		2.3	0.8	c, d
LEENGATE WELDING LIMITED	Nottingham	GBR	100		0.0	0.0	c, d
LINDE GAS HOLDINGS LIMITED	Guildford	GBR	100	100	0.0	0.0	
LINDE HELIUM HOLDINGS LIMITED	Guildford	GBR	100		0.0	0.0	
PENNINE INDUSTRIAL & WELDING SUPPLIES LIMITED	Nottingham	GBR	100		0.0	0.0	c, d
ROCK INDUSTRIAL & WELDING SUPPLIES LIMITED	Nottingham	GBR	88		1.2	0.0	c, d
SEABROOK INDUSTRIAL & WELDING SUPPLIES LIMITED	Nottingham	GBR	100		-0.2	0.0	c, d
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		-0.4	-0.1	c, d
AEROSCOPIO HELLAS S.A.	Piraeus	GRC	71	71	0.0	0.0	
Linde Hellas E.P.E.	Mandra	GRC	100	100	39.6	-0.3	
LINDE PLIN d.o.o.	Karlovac	HRV	100	100	4.5	0.3	
Linde Gáz Magyarország Zrt.	Répcelak	HUN	100		178.6	35.7	
BOC (TRADING) LIMITED	Dublin	IRL	100		7.3	0.0	c, d
BOC GASES IRELAND HOLDINGS LIMITED	Dublin	IRL	100		7.1	25.0	
Boc Gases Ireland Limited	Dublin	IRL	100		47.1	28.8	c, d
COOPER CRYOSERVICE LIMITED	Dublin	IRL	100		1.7	0.0	
ISAGA ehf.	Reykjavík	ISL	100		3.8	1.2	
Linde Gas Italia s.r.l.	Arluno	ITA	100		144.1	1.2	
LINDE MEDICALE Srl	Arluno	ITA	100		35.6	-0.2	
TOO Linde Gaz Kazakhstan	Almaty	KAZ	100	100	21.4	-1.6	
Boc Kenya Limited	Nairobi	KEN	65		11.9	1.8	
AFROX LESOTHO (PTY) LIMITED	Maseru	LSO	100		1.5	0.3	
LESOTHO OXYGEN COMPANY (PTY) LIMITED	Maseru	LSO	100		0.0	0.0	c, d
AGA UAB	Vilnius	LTU	100		5.2	1.0	
AGA SIA	Riga	LVA	100		15.3	2.1	
LINDE GAS BITOLA DOOEL Skopje	Skopje	MKD	100		0.7	0.0	
Afrox Moçambique, Limitada	Maputo	MOZ	100		-1.0	0.2	
BOC GASES MOZAMBIQUE LIMITED	Maputo	MOZ	100		1.1	0.0	
AFROX INTERNATIONAL LIMITED	Port Louis	MUS	100		0.0	0.0	d
Afrox Malawi Limited	Blantyre	MWI	79		2.2	1.2	
GAS & WELDING PRODUCTS (PTY) LTD	Windhoek	NAM	100		0.0	0.0	
IGL (PTY) LIMITED	Windhoek	NAM	100		5.3	2.8	
IGL PROPERTIES (PTY) LIMITED	Windhoek	NAM	100		0.5	0.2	

46 COMPANIES INCLUDED IN THE GROUP FINANCIAL STATEMENTS (IN ACCORDANCE WITH IAS 27)

	Registered office	Country	Participating interest	Thereof Linde AG	Equity	Net income/net loss	Note
			in percent	in percent	in € million	in € million	
NAMOX Namibia (PTY) LIMITED	Windhoek	NAM	100		1.0	0.1	
REPTILE INVESTMENT NINE (PTY) LIMITED	Windhoek	NAM	100		0.0	0.0	
REPTILE INVESTMENT TEN (PTY) LIMITED	Windhoek	NAM	100		0.0	0.0	
BOC Gases Nigeria Plc	Lagos	NGA	60		8.2	1.6	
AGA International B.V.	Schiedam	NLD	100		221.2	4.3	
Beheermaatschappij De Econoom B.V.	Schiedam	NLD	100		1.7	-0.2	
Linde Electronics B.V.	Schiedam	NLD	100		5.0	1.3	
Linde Gas Benelux B.V.	Schiedam	NLD	100		162.9	25.4	
Linde Gas Cryoservices B.V.	Eindhoven	NLD	100		5.5	1.3	
Linde Gas Therapeutics Benelux B.V.	Eindhoven	NLD	100		58.5	6.7	
Linde Homecare Benelux B.V.	Nuland	NLD	100		9.9	-2.8	
Mecomfa SPC B.V.	Schiedam	NLD	100		-4.4	0.8	
Mecomfa SPC2 B.V.	Schiedam	NLD	100		1.0	0.0	
Naamloze Vennootschap Linde Gas Benelux	Schiedam	NLD	100		274.8	19.9	
AGA AS	Oslo	NOR	100		44.7	33.9	
Eurogaz-Gdynia Sp. z o.o.	Gdynia	POL	99		5.2	1.0	
LINDE GAZ POLSKA Spółka z o.o.	Krakow	POL	100	100	124.4	12.4	
Linde Saúde, Sociedade Unipessoal, Lda.	Maia	PRT	100		41.9	5.2	
LINDE SOGÁS, LDA	Lisbon	PRT	100		30.3	0.3	
LINDE GAZ ROMANIA S.R.L.	Timisoara	ROU	100		131.4	17.2	
OXIGEN PLUS S.R.L.	Bucharest	ROU	100		1.0	0.3	
OAo "Linde Uraltehgaz"	Yekaterinburg	RUS	74	74	11.3	0.6	
OJSC "Linde Gas Rus"	Balashikha	RUS	100	100	68.9	-0.6	
Linde Jubail Industrial Gases Factory LLC	Al-Khobar	SAU	100	84	5.9	-0.2	
Saudi Industrial Gas Company	Al-Khobar	SAU	51		57.4	-0.2	
LINDE GAS SRBIJA Industrija gasova a.d. Bečej	Bečej	SRB	87	87	9.3	0.4	
Aries 94 s.r.o.	Bratislava	SVK	100		2.0	0.5	
Linde Gas k.s.	Bratislava	SVK	100		29.7	4.2	
LINDE PLIN d.o.o.	Celje	SVN	100	100	8.5	1.1	
AB Held	Lidingö	SWE	100		0.0	0.0	
AGA Fastighet Göteborg AB	Lidingö	SWE	100		-0.1	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 International Investment Aktiebolag	Lidingö	SWE	100		0.0	0.0	
AGA Medical Aktiebolag	Lidingö	SWE	100		0.0	0.0	
Agatronic AB	Lidingö	SWE	100		0.1	0.0	
CRYO Aktiebolag	Gothenburg	SWE	100		0.0	0.0	
Flaskgascentralen i Malmö Aktiebolag	Svedala	SWE	100		0.0	0.0	
Linde Healthcare AB	Lidingö	SWE	100		10.5	3.4	
Svenska Aktiebolaget Gasaccumulator	Lidingö	SWE	100		0.1	0.0	
Svets Gas Aktiebolag	Lidingö	SWE	100		0.0	0.0	
HANDIGAS SWAZILAND (PTY) LIMITED	Mbabane	SWZ	100		0.0	0.0	
SWAZI OXYGEN (PTY) LIMITED	Mbabane	SWZ	100		1.4	1.4	
Linde Gas Tunisie S.A.	Ben Arous	TUN	60	60	5.4	-0.2	
Linde Gaz A.S.	Istanbul	TUR	100	100	55.8	0.2	
BOC Tanzania Limited	Dar es Salaam	TZA	100		0.7	-0.1	

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	Registered office	Country	Participating interest	Thereof Linde AG	Equity	Net income/net loss	Note
			in percent	in percent	in € million	in € million	
BOC Uganda Limited	Kampala	UGA	100		0.7	0.0	
PJSC "Linde Gaz Ukraine"	Dnipropetrovsk	UKR	100	96	29.4	0.9	
African Oxygen Limited	Johannesburg	ZAF	56		212.0	25.2	
AFROX (PROPRIETARY) LIMITED	Johannesburg	ZAF	100		0.0	0.0	
AFROX AFRICAN INVESTMENTS (PTY) LIMITED	Johannesburg	ZAF	100		5.9	1.0	c, d
AFROX EDUCATIONAL SERVICES (PROPRIETARY) LTD	Johannesburg	ZAF	100		0.0	0.0	
AFROX PROPERTIES (PTY) LIMITED	Johannesburg	ZAF	100		2.7	0.3	
AFROX SAFETY (PTY) LIMITED	Johannesburg	ZAF	100		3.9	1.5	
AMALGAMATED GAS AND WELDING (PTY) LIMITED	Johannesburg	ZAF	100		0.0	0.0	
AMALGAMATED WELDING AND CUTTING (PROPRIETARY) LIMITED	Johannesburg	ZAF	100		0.2	0.0	
AMALGAMATED WELDING AND CUTTING HOLDINGS (PROPRIETARY) LIMITED	Johannesburg	ZAF	100		0.0	0.0	
AWCE (PROPRIETARY) LIMITED	Johannesburg	ZAF	100		0.0	0.0	
HUMAN PERFORMANCE SYSTEMS (PTY) LIMITED	Johannesburg	ZAF	100		0.0	0.0	
INDUSTRIAL RESEARCH AND DEVELOPMENT (PTY) LIMITED	Johannesburg	ZAF	100		0.5	0.1	
ISAS TRUST	Johannesburg	ZAF	100		0.5	0.0	
NASIONALE SWEISWARE (PTY) LTD	Johannesburg	ZAF	100		0.0	0.0	
NICOWELD (PTY) LIMITED	Sandton	ZAF	100		0.0	0.0	
PPE-ISIZO (PTY) LIMITED	Johannesburg	ZAF	100		0.0	0.0	
SAFETY GAS (PROPRIETARY) LIMITED	Johannesburg	ZAF	100		0.0	0.0	
AFROX ZAMBIA LIMITED	Ndola	ZMB	70		0.0	0.0	
BOC Zimbabwe (Private) Limited	Harare	ZWE	100		18.6	2.9	
<i>Asia/Pacific</i>							
AUSCOM HOLDINGS PTY LIMITED	North Ryde	AUS	100		101.1	0.0	
BOC CUSTOMER ENGINEERING PTY LTD	North Ryde	AUS	100		9.8	1.7	
BOC GASES FINANCE LIMITED	North Ryde	AUS	100		-0.6	72.5	
BOC GROUP PTY LIMITED	North Ryde	AUS	100		0.0	0.0	
BOC Limited	North Ryde	AUS	100		68.3	227.6	
BOGGY CREEK PTY LIMITED	North Ryde	AUS	100		3.5	0.6	
CIG PRODUCTS PTY LIMITED	North Ryde	AUS	100		0.0	0.0	
ELGAS AUTOGAS PTY LIMITED	North Ryde	AUS	100		5.2	0.0	
ELGAS LIMITED	North Ryde	AUS	100		18.3	40.8	
ELGAS RETICULATION PTY LIMITED	North Ryde	AUS	100		3.4	0.5	
FLEXIHIRE PTY LIMITED	Rockhampton	AUS	100		28.7	6.8	
PACIFIC ENGINEERING SUPPLIES PTY LIMITED	North Ryde	AUS	100		-1.7	0.0	
SOUTH PACIFIC WELDING GROUP PTY LIMITED	North Ryde	AUS	100		19.2	3.5	
THE COMMONWEALTH INDUSTRIAL GASES PTY. LIMITED	North Ryde	AUS	100		0.0	0.0	
TIAMONT PTY LIMITED	North Ryde	AUS	100		3.0	0.6	
UNIGAS JOINT VENTURE PARTNERSHIP	Mulgrave	AUS	100		20.7	1.0	
UNIGAS TRANSPORT FUELS PTY LTD	North Ryde	AUS	100		7.9	0.0	
Linde Bangladesh Limited	Dhaka	BGD	60		20.8	4.6	
Anhui JuLan Industrial Gases Co., Ltd.	Lu'an	CHN	100		2.2	0.0	
ASIA UNION (SHANGHAI) ELECTRONIC CHEMICAL COMPANY LIMITED	Shanghai	CHN	100		0.0	0.0	

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	Registered office	Country	Participating interest	Thereof Linde AG	Equity	Net income/net loss	Note
			in percent	in percent	in € million	in € million	
AUECC Shanghai Co. Ltd.	Shanghai	CHN	100		12.4	-0.2	
Boc (China) Holdings Co., Ltd.	Shanghai	CHN	100		136.6	9.3	
Boc Gases (Nanjing) Company Limited	Nanjing	CHN	100		8.3	0.9	
Boc Gases (Suzhou) Co., Ltd.	Suzhou	CHN	100		32.4	6.3	
Boc Gases (Tianjin) Company Limited	Tianjin	CHN	100		16.2	0.1	
Boc Gases (Wuhan) Co., Ltd.	Wuhan	CHN	100		6.6	0.3	
BOCLH Industrial Gases (Chengdu) Co., Ltd	Chengdu	CHN	100		13.7	-0.1	
BOCLH Industrial Gases (DaLian) Co., Ltd.	Dalian	CHN	100		13.1	0.4	
BOCLH Industrial Gases (Shanghai) Co., Ltd.	Shanghai	CHN	100		11.7	1.3	
BOCLH Industrial Gases (Songjiang) Co., Ltd.	Shanghai	CHN	100		-4.5	-3.3	
BOCLH Industrial Gases (Suzhou) Co., Ltd.	Suzhou	CHN	100		23.9	0.3	
BOCLH Industrial Gases (Xiamen) Co., Ltd.	Xiamen	CHN	100		2.8	-0.2	
CONFEDERATE TRADING (SHANGHAI) CO., LTD.	Shanghai	CHN	100		-0.3	-0.3	
Hefei Juwang Industrial Gas Co., Ltd.	Hefei	CHN	99		7.5	0.4	
Jianyang Linde Medical Gases Company Limited	Jianyang	CHN	100		1.0	0.2	
Linde Carbonic (Wuhu) Company Ltd.	Wuhu city	CHN	60		4.3	0.0	
Linde Carbonic Company Ltd., Shanghai	Shanghai	CHN	60	46	11.3	0.7	
Linde Dahua (Dalian) Gases Co., Ltd	Dalian	CHN	50		27.7	-0.4	e
Linde Electronics & Specialty Gases (Suzhou) Co Ltd.	Suzhou	CHN	100	100	8.8	-2.1	
Linde Gas Ningbo Ltd.	Ningbo	CHN	100		95.3	-2.9	
Linde Gas Shenzhen Ltd.	Shenzhen	CHN	100		6.6	2.6	
Linde Gas Southeast (Xiamen) Ltd.	Xiamen	CHN	100		3.0	0.9	
Linde Gas Xiamen Ltd.	Xiamen	CHN	100	100	32.8	2.4	
Linde Gas Zhenhai Ltd.	Ningbo	CHN	100		2.9	-1.2	
Linde Gases (Changzhou) Company Limited	Changzhou	CHN	100		17.3	-0.2	
Linde Gases (Chengdu) Co., Ltd.	Chengdu	CHN	100		8.9	-0.2	
Linde Gases (Fushun) Co., Ltd.	Fushun	CHN	100		4.6	-0.7	
Linde Gases (Jilin) Co., Ltd.	Jilin	CHN	100		3.0	0.2	
Linde Gases (Meishan) Co., Ltd.	Meishan	CHN	100		6.8	0.1	
Linde Gases (Nanjing) Company Limited	Nanjing	CHN	100		1.6	0.8	
LINDE GASES (SHANGHAI) CO., LTD.	Shanghai	CHN	100		14.7	1.9	
Linde Gases (Suzhou) Company Limited	Suzhou	CHN	100		8.0	0.2	
Linde Gases (Wuan) Co., Ltd.	Wu'an	CHN	100		33.8	-5.2	
Linde Gases (Xuzhou) Company Limited	Xuzhou	CHN	100		14.5	-3.6	
Linde Gases (Yantai) Co., Ltd.	Yantai	CHN	90		31.6	1.0	
Linde Gases (Zhangzhou) Co., Ltd.	Zhangzhou	CHN	100		10.4	0.4	
Linde Gases Daxie Company Limited	Ningbo	CHN	100		8.7	0.9	
Linde Huachang (Zhangjiagang) Gas Co. Ltd.	Zhangjiagang	CHN	75		5.7	1.0	
Linde Lienhwa Gases (Beijing) Co., Ltd.	Beijing	CHN	100		13.2	-1.1	
Linde Nanjing Chemical Industrial Park Gases Co., Ltd.	Nanjing	CHN	100		10.4	0.9	
Linde-Huayi (Chongqing) Gases Co., Ltd	Chongqing	CHN	60		42.6	0.9	
Shanghai Boc Huayang Carbon Dioxide Co., Ltd.	Shanghai	CHN	80		0.3	-0.4	

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Shanghai Boc Industrial Gases Company Limited	Shanghai	CHN	100		10.3	1.4	
Shanghai Linhua Gas Transportation Co., Ltd.	Shanghai	CHN	100		0.7	0.0	
Shenzhen Feiying Industrial Gases Company Limited	Shenzhen	CHN	90		0.7	-0.6	
Wuxi Boc Gases Co., Limited	Wuxi	CHN	100		1.0	0.0	
BOC (FIJI) LIMITED	Lami Suva	FJI	90		2.8	1.3	
HKO DEVELOPMENT COMPANY LIMITED	Kowloon	HKG	100		0.0	0.0	
LIEN HWA INDUSTRIAL GASES (HK) LIMITED	Wan Chai	HKG	100		-1.0	0.0	c
Linde Gas (H.K.) Limited	Hong Kong	HKG	100	100	316.6	-0.7	
Linde HKO Limited	Kowloon	HKG	100		40.5	10.5	
NEW SINO GASES COMPANY LIMITED	Tai Po	HKG	100		1.0	0.6	
P.T. Gresik Gases Indonesia	Jakarta	IDN	97		13.6	-0.8	
P.T. Gresik Power Indonesia	Jakarta	IDN	97		8.9	-0.3	
P.T. Townsville Welding Supplies	Jakarta	IDN	100		-0.7	0.1	
PT. LINDE INDONESIA	Jakarta	IDN	100		14.9	0.6	
BOC INDIA LIMITED	Kolkata	IND	89		178.2	12.3	
Linde Japan Ltd.	Yokohama	JPN	100	100	0.4	0.0	
Linde Korea Co., Ltd.	Pohang	KOR	100		215.0	11.6	
ps Chem Co., Ltd.	Gyeongsang-nam-do	KOR	100		5.8	0.1	
PSG Co., Ltd.	Busan	KOR	51		15.4	0.0	
Sam Kwang Gas Tech Co., Ltd.	Seoul	KOR	100		4.4	0.1	
Ceylon Oxygen Ltd.	Colombo	LKA	100	100	19.5	3.8	
DAYAMOX SDN BHD	Petaling Jaya	MYS	100		0.0	0.0	
Linde Eox Sdn. Bhd.	Petaling Jaya	MYS	100		26.3	2.0	
Linde Gas Products Malaysia Sdn. Bhd.	Petaling Jaya	MYS	100	100	19.6	3.2	
LINDE INDUSTRIAL GASES (MALAYSIA) SDN. BHD.	Petaling Jaya	MYS	80	80	9.2	0.0	
LINDE MALAYSIA HOLDINGS BERHAD	Petaling Jaya	MYS	100		74.8	20.0	
LINDE MALAYSIA SDN. BHD.	Petaling Jaya	MYS	100		176.7	42.2	
LINDE WELDING PRODUCTS SDN. BHD.	Petaling Jaya	MYS	100		0.6	-0.2	
BOC LIMITED	Auckland	NZL	100		32.0	25.3	
BOC NEW ZEALAND HOLDINGS LIMITED	Auckland	NZL	100		35.9	28.3	
ELGAS LIMITED	Auckland	NZL	100		21.2	1.6	
SOUTH PACIFIC WELDING GROUP (NZ) LIMITED	Auckland	NZL	100		0.2	0.0	
Linde Pakistan Limited	Karachi	PAK	60		13.1	2.3	
BATAAN INDUSTRIAL GASES INC	Pasig City	PHL	100		0.5	0.2	
BOC (PHILS.) HOLDINGS, INC.	Pasig City	PHL	100		20.9	0.0	
CHATSWOOD INC	Makati City	PHL	62		-0.5	0.0	
CIGC CORPORATION	Pasig City	PHL	100		0.8	0.1	
CRYO INDUSTRIAL GASES, INC	Pasig City	PHL	100		0.3	0.1	
GRANDPLAINS PROPERTIES, INC	Pasig City	PHL	40		2.0	0.4	e
LINDE PHILIPPINES (SOUTH), INC.	Mandaue City	PHL	100		18.3	1.1	
LINDE PHILIPPINES, INC.	Pasig City	PHL	100		23.0	1.4	
ROYAL SOUTHMEADOWS, INC	Mandaue City	PHL	40		0.7	0.0	e
BOC Papua New Guinea Limited	Lae	PNG	74		29.9	11.4	
Linde Gas Asia Pte Ltd	Singapore	SGP	100		-0.6	-1.1	
Linde Gas Singapore Pte. Ltd.	Singapore	SGP	100	100	79.6	-7.0	

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	Registered office	Country	Participating interest	Thereof Linde AG	Equity	Net income/net loss	Note
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LINDE TREASURY ASIA PACIFIC PTE.LTD.	Singapore	SGP	100		0.3	0.1	
BOC GASES SOLOMON ISLANDS LIMITED	Honiara	SLB	100		1.8	0.9	
KTPV (THAILAND) LIMITED	Bangpakong	THA	100		12.9	0.0	
Linde (Thailand) Public Company Limited	Samut Prakan	THA	100		172.8	18.4	
Linde Air Chemicals Limited	Samut Prakan	THA	99		32.9	7.7	
Linde Carbonic Ltd.	Samut Prakan	THA	100	100	2.0	0.3	
Linde Gas (Thailand) Ltd.	Samut Prakan	THA	100		1.2	-0.1	
Linde HyCO Limited	Samut Prakan	THA	100		25.8	1.9	
mIG Production Company Limited	Samut Prakan	THA	54		66.9	12.0	
RAYONG ACETYLENE LIMITED	Samut Prakan	THA	87		2.4	0.1	
SKTY (Thailand) Limited	Bangpakong	THA	100		44.7	-0.1	
TIG TRADING LIMITED	Samut Prakan	THA	100		5.9	0.1	
BOC (TONGA) LIMITED	Nuku'alofa	TON	100		0.1	0.0	
ASIA UNION ELECTRONIC CHEMICAL CORPORATION	Taipei	TWN	100		0.0	0.0	
BOC LIENHWA INDUSTRIAL GASES CO., LTD.	Taipei	TWN	50		206.3	35.4	c
CONFEDERATE TECHNOLOGY COMPANY LIMITED	Wuchi Town	TWN	89		8.7	1.3	c
FAR EASTERN INDUSTRIAL GASES COMPANY LIMITED	Kaohsiung	TWN	55		9.3	1.8	c
LIEN CHIA INDUSTRIAL GASES COMPANY LIMITED	Chiayi City	TWN	100		0.1	0.0	c
LIEN CHUAN INDUSTRIAL GASES COMPANY LIMITED	Zhongli	TWN	100		0.1	0.0	c
LIEN FUNG PRECISION TECHNOLOGY DEVELOPMENT CO., LTD	Taichung Hsien	TWN	100		3.7	0.7	c
LIEN HWA COMMONWEALTH CORPORATION	Taipei	TWN	100		2.4	1.4	c
LIEN HWA LOX CRYOGENIC EQUIPMENT CORPORATION	Taipei	TWN	89		2.6	0.5	c, d
LIEN SHENG INDUSTRIAL GASES COMPANY LIMITED	Hsinchu	TWN	100		0.6	0.6	c
LIEN TONG GASES COMPANY LIMITED	Kaohsiung	TWN	55		0.2	0.0	c
LIEN YANG INDUSTRIAL GASES COMPANY LIMITED	Yilan	TWN	100		0.3	0.0	c
LIEN YI LPG COMPANY LIMITED	Taoyuan City	TWN	60		1.8	0.0	c, d
LIENHWA UNITED LPG COMPANY LIMITED	Taipei	TWN	56		8.0	0.4	c
UNITED INDUSTRIAL GASES COMPANY LIMITED	Hsinchu	TWN	55		104.6	24.2	c
YUAN RONG INDUSTRIAL GASES COMPANY LIMITED	Taipei	TWN	60		11.7	1.8	c
AUECC (BVI) HOLDINGS LIMITED	Tortola	VGB	100		15.6	-0.2	
BOC LIENHWA (BVI) HOLDING Co., Ltd.	Tortola	VGB	100		98.9	0.4	
PURE QUALITY TECHNOLOGY LIMITED	Tortola	VGB	100		0.0	0.0	
SHINE SKY INTERNATIONAL COMPANY LIMITED	Tortola	VGB	100		15.6	-0.2	
SKY WALKER GROUP LIMITED	Tortola	VGB	100		0.4	0.1	c
Linde Gas Vietnam Limited	Ho Chi Minh City	VNM	100	100	2.5	0.0	
Linde Vietnam Limited Company	Ba Ria	VNM	100		12.5	0.0	
Boc Samoa Limited	Apia	WSM	96		1.1	0.2	
<i>Americas</i>							
BOC GASES ARUBA N.V.	Santa Cruz	ABW	100		2.5	-0.3	
Grupo Linde Gas Argentina s.A.	Buenos Aires	ARG	100	65	33.0	2.9	
Linde Salud s.A.	Buenos Aires	ARG	100	90	-0.1	-0.1	

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	Registered office	Country	Participating interest	Thereof Linde AG	Equity	Net income/net loss	Note
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The Hydrogen Company of Paraguana Ltd.	Hamilton	BMU	100		44.8	9.6	
Linde Gases Ltda.	Barueri	BRA	100		226.2	-62.7	
LINDE-BOC GASES LIMITADA	Sao Paulo	BRA	100		12.1	0.6	
1142091 Ontario Inc.	London	CAN	100		0.0	0.0	c
Contact Welding Supplies Ltd.	London	CAN	100		1.5	0.3	c
BOC de Chile S.A.	Providencia	CHL	100		9.0	0.0	
Linde Gas Chile S.A.	Santiago	CHL	100		122.1	8.5	
Spectra Gases (Shanghai) Trading Co., LTD.	Shanghai	CHN	100		3.7	1.3	
Linde Colombia S.A.	Bogotá	COL	100		102.5	4.9	
Linde Gas Curaçao N.V.	Willemstad	CUW	100		2.9	0.4	
LINDE GAS DOMINICANA, S.R.L.	Santo Domingo	DOM	100		4.3	0.8	
Agua y Gas de Sillunchi S.A.	Quito	ECU	100		0.9	0.0	
Linde Ecuador S.A.	Quito	ECU	100		31.1	3.6	
Spectra Gases Limited	Guildford	GBR	100		1.1	-0.1	
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		6.9	2.8	c
SERVICIOS DE OPERACIONES DE NITROGENO, S.A. DE C.V.	Santa Fe	MEX	100		1.2	0.1	c
Linde Gas Perú S.A.	Callao	PER	100		13.3	1.7	
Linde Gas Puerto Rico, Inc.	Cataño	PRI	100		3.2	-0.5	
AGA S.A.	Montevideo	URY	100		11.9	2.5	
Holox Inc.	Murray Hill	USA	100		0.0	0.0	
LAG Methanol LLC	Wilmington	USA	100		0.0	0.0	
Lincare (consolidated financial statements) including:					418.4	73.0	
1536502 Ontario Inc.	Hamilton	USA	100				h
ACRO PHARMACEUTICAL SERVICES LLC	Harrisburg	USA	100				h
ALPHA RESPIRATORY INC.	Wilmington	USA	100				h
CARING RESPONDERS LLC	Wilmington	USA	100				h
COMMUNITY PHARMACY SERVICES, LLC	Wilmington	USA	100				h
Complete Infusion Services, LLC	Bingham Farms	USA	100				h
CONVACARE SERVICES, INC.	Indianapolis	USA	100				h
CPAP SUPPLY USA LLC	Wilmington	USA	100				h
Gamma Acquisition Inc.	Wilmington	USA	100				h
HCS Lancaster LLC	Clearwater	USA	100				h
HEALTH CARE SOLUTIONS AT HOME INC.	Clearwater	USA	100				h
HEALTHLINK MEDICAL EQUIPMENT LLC	Clearwater	USA	100				h
HOME-CARE EQUIPMENT NETWORK INC.	Plantation	USA	100				h
LINCARE EQUIPMENT LLC	Clearwater	USA	100				h
LINCARE HOLDINGS INC.	Wilmington	USA	100				h
LINCARE INC.	Wilmington	USA	100				h
LINCARE LEASING LLC	Clearwater	USA	100				h
LINCARE LICENSING INC.	Dover	USA	100				h
LINCARE OF CANADA ACQUISITIONS INC.	Wilmington	USA	100				h
LINCARE OF CANADA INC.	Toronto	USA	100				h
LINCARE OF NEW YORK, INC.	New York	USA	100				h
LINCARE ONLINE LLC	Wilmington	USA	100				h
LINCARE PHARMACY SERVICES INC.	Clearwater	USA	100				h

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LINCARE PROCUREMENT INC.	Wilmington	USA	100				h
LINCARE PULMONARY REHAB MANAGEMENT, LLC	Wilmington	USA	100				h
Lincare Pulmonary Rehab Services of Missouri, LLC	Clayton	USA	100				h
LINCARE PULMONARY REHAB SERVICES OF OHIO, LLC	Clearwater	USA	100				h
mdINR, LLC	Wilmington	USA	100				h
MED 4 HOME INC.	Dover	USA	100				h
MEDIMATICS LLC	Wilmington	USA	100				h
MMOC, LLC	Bingham Farms	USA	100				h
MRB ACQUISITION CORP.	Fort Lauderdale	USA	100				h
OCT Pharmacy, L.L.C.	Bingham Farms	USA	100				h
OPTIGEN, INC.	Plantation	USA	100				h
PULMOREHAB LLC	Wilmington	USA	100				h
Sleepcair, Inc.	Topeka	USA	100				h
SPECTRUM MEDICAL EQUIPMENT INC.	Topeka	USA	100				h
Valley Medical Corporation	Cincinnati	USA	100				h
w & F High Tech Systems, LLC	Bingham Farms	USA	100				h
Linde Canada Investments LLC	Wilmington	USA	100		14.9	1.0	
Linde Delaware Investments Inc.	Wilmington	USA	100		125.2	101.0	
Linde Energy Services, Inc	Wilmington	USA	100		-0.3	0.0	
Linde Gas North America LLC	Wilmington	USA	100		686.1	105.5	
Linde Merchant Production, Inc	Wilmington	USA	100		16.3	-2.0	
Linde North America, Inc.	Wilmington	USA	100	<0.1	630.8	330.8	
Linde RSS LLC	Wilmington	USA	100		-1.4	-2.0	
Linde Transport, Inc.	Nashville	USA	100		0.0	0.0	
TMG Co. LLC	Wilmington	USA	100		19.5	1.8	
AGA Gas C.A.	Caracas	VEN	100		102.7	16.1	g
BOC GASES DE VENEZUELA, C.A.	Caracas	VEN	100		5.0	2.5	
PRODUCTORA DE GAS CARBONICO SA	Caracas	VEN	100		-1.2	-0.6	
Spectra Gases (BVI) Inc.	Tortola	VGB	100		N/A	N/A	
General Gases of the Virgin Islands, Inc.	Saint Croix	VIR	100		4.4	0.1	
<i>Engineering Division</i>							
Linde Engineering Middle East LLC	Abu Dhabi	ARE	49	29	20.3	19.7	
Linde (Australia) Pty. Ltd.	North Ryde	AUS	100	100	1.1	0.0	
Linde Process Plants Canada Inc.	Calgary	CAN	100		-0.5	0.0	
Arboliana Holding AG	Pfunggen	CHE	100		4.0	0.0	
Bertrams Heatec AG	Pratteln	CHE	100		14.9	1.6	
BOC AG	Basle	CHE	98		1.9	0.0	
Linde Kryotechnik AG	Pfunggen	CHE	100		13.3	5.3	
Cryostar Cryogenic Equipments (Hangzhou) Co. Ltd.	Hangzhou	CHN	100	100	6.4	2.5	
Hangzhou Linde International Trading Co., Ltd.	Hangzhou	CHN	100		0.2	0.0	
Linde Engineering (Dalian) Co. Ltd.	Dalian	CHN	56	56	46.3	5.6	
Linde Engineering (Hangzhou) Co. Ltd.	Hangzhou	CHN	75	75	24.5	15.4	
Linde Engineering Dresden GmbH	Dresden	DEU	100	6	59.2	-	a
Selas-Linde GmbH	Pullach	DEU	100	100	23.4	-	a
CRYOSTAR SAS	Hésingue	FRA	100		69.5	21.6	
LINDE CRYOPLANTS LIMITED	Guildford	GBR	100		3.2	1.5	

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Linde Engineering India Private Limited	New Delhi	IND	100	100	7.1	0.1	
Linde Impianti Italia S.p.A.	Fiumicino	ITA	100	100	3.0	2.0	
LPM, s.A. de c.v.	Mexico City	MEX	100	90	7.5	-0.2	
Linde Engineering (Malaysia) Sdn. Bhd.	Kuala Lumpur	MYS	100	100	0.2	0.0	
Linde Arabian Contracting Company Ltd.	Riyadh	SAU	100	90	15.7	-3.2	
Cryostar Singapore Pte Ltd	Singapore	SGP	100	100	19.2	5.9	
Linde Engineering North America Inc.	Wilmington	USA	100		4.6	-1.5	
Linde Process Plants, Inc.	Tulsa	USA	100		77.1	22.7	
vn Corporation	Wilmington	USA	100		42.0	8.5	
Linde Process Plants (Pty.) Ltd.	Johannesburg	ZAF	100	100	8.5	4.2	
<i>Other Activities</i>							
BOC AIP Limited Partnership	North Ryde	AUS	100		895.7	156.1	
BOC Australia Pty Limited	North Ryde	AUS	100		66.0	31.4	
Linde Österreich Holding GmbH	Stadl-Paura	AUT	100	62	818.3	88.4	
Van Dongen & Van Bergeijk GmbH	Wallern an der Trattnach	AUT	100		0.1	0.0	c
Van Dongen Belgium BVBA	Lochristi	BEL	100		-0.3	0.0	
PRIESTLEY COMPANY LIMITED	Hamilton	BMU	100		23.5	0.0	
Linde Canada Limited	Mississauga	CAN	100		215.8	32.6	
Linde Holding AG	Dagmersellen	CHE	100	100	23.6	3.9	
GISTRANS Czech Republic s.r.o.	Olomouc	CZE	100		2.4	0.2	
Cleaning Enterprises GmbH	Munich	DEU	100		7.8	-	a
Commercium Immobilien- und Beteiligungs-GmbH	Munich	DEU	100	100	2,372.0	-	a
Linde us Beteiligungs GmbH	Munich	DEU	100		391.2	29.3	
Fred Butler Denmark ApS i Likvidation	Copenhagen	DNK	100		-2.3	-0.1	
LOGISTICA DOTRA, SL	Seville	ESP	100		0.2	0.0	c
LOGISTICA VAN TRANS S.L.	Burgos	ESP	100		0.6	0.2	c
LINDE INVESTMENTS FINLAND OY	Espoo	FIN	100		1.0	0.0	
Linde Holdings SAS	Saint-Priest	FRA	100		107.3	38.0	
The Boc Group s.A.s.	Hésingue	FRA	100		31.8	0.3	
AIRCO COATING TECHNOLOGY LIMITED	Guildford	GBR	100		1,138.5	19.0	
APPLIED VISION LIMITED	Guildford	GBR	100		0.0	0.0	
BOC CHILE HOLDINGS LIMITED	Guildford	GBR	100		99.2	0.8	
BOC DISTRIBUTION SERVICES LIMITED	Guildford	GBR	100		0.1	0.0	
BOC DUTCH FINANCE	Guildford	GBR	100		0.6	4.4	
BOC HOLDINGS	Guildford	GBR	100		4,724.9	530.2	
BOC HOLLAND FINANCE	Guildford	GBR	100		68.5	0.0	
BOC INVESTMENT HOLDINGS LIMITED	Guildford	GBR	100		711.9	125.7	
BOC INVESTMENTS (LUXEMBOURG) LIMITED	Guildford	GBR	100		0.4	3.3	
BOC INVESTMENTS NO.1 LIMITED	Guildford	GBR	100		178.2	31.6	
BOC INVESTMENTS NO.5	Guildford	GBR	100		381.6	9.0	
BOC INVESTMENTS NO.7	Guildford	GBR	100		339.3	5.0	
BOC IRELAND FINANCE	Guildford	GBR	100		1.2	6.5	
BOC JAPAN	Guildford	GBR	100		0.2	1.8	
BOC JAPAN HOLDINGS LIMITED	Guildford	GBR	100		39.0	20.3	
BOC KOREA HOLDINGS LIMITED	Guildford	GBR	100		111.6	1.2	
BOC LIMITED	Guildford	GBR	100		972.1	202.1	
BOC LUXEMBOURG FINANCE	Guildford	GBR	100		0.0	0.3	

46 COMPANIES INCLUDED IN THE GROUP FINANCIAL STATEMENTS (IN ACCORDANCE WITH IAS 27)

	Registered office	Country	Participating interest	Thereof Linde AG	Equity	Net income/net loss	Note
			in percent	in percent	in € million	in € million	
BOC NETHERLANDS FINANCE	Guildford	GBR	100		0.0	0.0	
BOC NETHERLANDS HOLDINGS LIMITED	Guildford	GBR	100		817.7	302.9	
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		6.8	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 TRUSTEES NO. 4 LIMITED	Guildford	GBR	100		0.0	0.0	
BRITISH INDUSTRIAL GASES LIMITED	Guildford	GBR	100		0.0	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		251.2	10.8	
GIST LIMITED	Guildford	GBR	100		195.6	40.1	
GIST PEOPLE SERVICES LIMITED	Guildford	GBR	100		2.1	0.2	
HANDIGAS LIMITED	Guildford	GBR	100		44.9	0.2	
HICK, HARGREAVES AND COMPANY LIMITED	Guildford	GBR	100		0.0	0.0	
INDONESIA POWER HOLDINGS LIMITED	Guildford	GBR	100		37.6	0.1	
LANSING GROUP LIMITED	Guildford	GBR	100	100	10.5	0.0	
LINDE CANADA HOLDINGS LIMITED	Guildford	GBR	100		-5.3	18.1	
LINDE CRYOGENICS LIMITED	Guildford	GBR	100		283.0	0.0	
LINDE FINANCE	Guildford	GBR	100		242.4	10.3	
LINDE NORTH AMERICA HOLDINGS LIMITED	Guildford	GBR	100		1,871.1	-32.5	
LINDE UK HOLDINGS LIMITED	Guildford	GBR	100	85	13,343.5	266.0	
MEDISHIELD	Guildford	GBR	100		0.4	0.0	
MEDISPEED	Guildford	GBR	100		318.3	19.4	
RRS (FEBRUARY 2004) LIMITED	Guildford	GBR	100		-0.5	0.0	
SPALDING HAULAGE LIMITED	Guildford	GBR	100		365.4	8.2	
STORESHIELD LIMITED	Guildford	GBR	100		326.9	37.1	
THE BOC GROUP LIMITED	Guildford	GBR	100		8,029.2	1,815.7	
THE BRITISH OXYGEN COMPANY LIMITED	Guildford	GBR	100		0.1	0.0	
TRANSHIELD	Guildford	GBR	100		16.3	0.1	
WELDING PRODUCTS HOLDINGS LIMITED	Guildford	GBR	100		10.2	0.0	
BOC NO. 1 LIMITED	Saint Peter Port	GGY	100		1.3	0.4	
BOC NO. 2 LIMITED	Saint Peter Port	GGY	100		0.4	0.0	
BRITISH OXYGEN (HONG KONG) LIMITED	Hong Kong	HKG	100		7.9	0.0	
Linde Global Support Services Private Limited	Calcutta	IND	100		1.7	0.7	
BOC INVESTMENT HOLDING COMPANY (IRELAND) LIMITED	Dublin	IRL	100		15.0	0.0	
BOC Investments Ireland	Dublin	IRL	100		2.7	107.6	
Gist Distribution Limited	Dublin	IRL	100		9.4	3.5	
PRIESTLEY DUBLIN REINSURANCE COMPANY LIMITED	Dublin	IRL	100		20.5	-1.0	
ALBOC (JERSEY) LIMITED	Saint Helier	JEY	100		1.6	10.6	
BOC AUSTRALIAN FINANCE LIMITED	Saint Helier	JEY	100		335.1	0.0	
BOC PREFERENCE LIMITED	Saint Helier	JEY	100		64.9	0.0	
BOC Europe Holdings B.v.	Dongen	NLD	100		570.7	302.0	
BOC Investments B.v.	Dongen	NLD	100		9.8	0.1	
Fred Butler Netherlands B.v.	Amsterdam	NLD	100		21.7	0.1	

46 COMPANIES INCLUDED IN THE GROUP FINANCIAL STATEMENTS (IN ACCORDANCE WITH IAS 27)

	<i>Registered office</i>	<i>Country</i>	<i>Participating interest</i>	<i>Thereof Linde AG</i>	<i>Equity</i>	<i>Net income/net loss</i>	<i>Note</i>
			<i>in percent</i>	<i>in percent</i>	<i>in € million</i>	<i>in € million</i>	
G VAN DONGEN HOLDING B.V.	Dirksland	NLD	100		0.5	-0.2	
G VAN DONGEN TRANSPORTBEDRIJF DIRKSLAND B.V.	Dirksland	NLD	100		1.2	-0.7	
GIST BV	Bleiswijk	NLD	100		2.3	0.3	
Linde Finance B.v.	Amsterdam	NLD	100		148.8	6.7	
Linde Holdings Netherlands B.v.	Schiedam	NLD	100	100	1,927.2	93.1	
PEEMAN TRANSPORT B.V.	Dirksland	NLD	100		0.6	-0.3	
The BOC Group B.v.	Dongen	NLD	100		1,194.8	17.5	
VAN DONGEN AALSMEER B.V.	Dirksland	NLD	100		0.1	-0.1	
VAN DONGEN CHARTERING B.V.	Dirksland	NLD	100		0.4	-0.2	
VAN DONGEN EN MOSTERT B.V.	Dirksland	NLD	100		0.8	0.0	
VAN DONGEN FORWARDING B.V.	Dirksland	NLD	100		0.7	0.0	
VAN DONGEN MATERIEEL B.V.	Dirksland	NLD	100		4.4	0.9	
Van Dongen Repair B.v.	Dirksland	NLD	100		-1.0	-0.5	
VAN DONGEN WESTLAND B.V.	Dirksland	NLD	100		-0.2	-0.6	
Linde Holdings New Zealand Limited	Auckland	NZL	100		2.2	28.3	
BOC GIST INC	Makati City	PHL	100		0.1	0.0	
AGA Aktiebolag	Lidingö	SWE	100		1,056.0	127.9	
BOC Intressenter AB	Helsingborg	SWE	100		37.7	0.6	
Fred Butler Sweden Aktiebolag	Lidingö	SWE	100		2.3	0.0	
LindeGas Holding Sweden AB	Lidingö	SWE	100	100	3,588.5	0.1	
Linde Holdings, LLC	Wilmington	USA	100		148.4	7.7	
Linde LLC	Wilmington	USA	100		706.9	169.6	

47 INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (IN ACCORDANCE WITH IAS 28 AND IAS 31)

	Registered office	Country	Participating interest	Thereof Linde AG	Equity	Net income/net loss	Note
			in percent	in percent	in € million	in € million	
Gases Division							
EMEA							
Adnoc Linde Industrial Gases Co. Limited (Elixier)	Abu Dhabi	ARE	49	49	189.2	60.7	b
Krakovská s.r.o.	Nový Malín	CZE	37		0.4	0.0	c, d
Plyny Jehlár s.r.o.	Brest	CZE	34		0.1	0.0	c, d
HELISON PRODUCTION S.p.A.	Skikda	DZA	51	51	27.6	-1.9	b, e
Messer Algeria SPA	Algiers	DZA	40		3.9	1.9	b, c, d
Oxígeno de Sagunto, s.L.	Barcelona	ESP	50		12.9	0.0	b, c
Oy Innogas Ab	Kulloo	FIN	50		1.4	0.0	b, c
Parhaat Yhdessä koulutusyhdistys ry	Vantaa	FIN	25		0.2	0.0	c, d
LIDA S.A.S.	Saint-Quentin-Fallavier	FRA	22		0.3	0.2	b, d
LIMES SAS	Saint-Herblain	FRA	50		4.3	0.0	b, d
Helison Marketing Limited	Saint Helier	GBR	51		8.6	0.7	b, e
Company for Production of Carbon Dioxide Geli doo Skopje	Skopje	MKD	50	50	0.7	0.0	b
LES GAZ INDUSTRIELS LIMITED	Port Louis	MUS	38		5.5	0.3	
ENERGY SOLUTIONS (PTY) LIMITED	Windhoek	NAM	26		0.0	0.0	d
B.V. Nederlandse Pijpleidingmaatschappij	Papendrecht	NLD	50		0.0	0.0	b, c
Bio Facility B.V.	Papendrecht	NLD	50		0.1	0.1	b
Bio Supply c.v.	Papendrecht	NLD	45		1.9	0.2	
OCAP CO2 v.o.f.	Schiedam	NLD	50		-9.7	0.9	b
Tjeldbergodden Luftgassfabrikk DA	Aure	NOR	38		28.0	2.8	b, c, d
Asia/Pacific							
Beijing Fudong Gas Products Co., Ltd.	Beijing	CHN	60		2.1	0.3	b, c, d, e
BOC-SPC Gases Co., Ltd.	Shanghai	CHN	50		41.1	5.8	b
BOC-TISCO GASES CO., Ltd	Taiyuan	CHN	50		148.7	20.6	b
Chongqing Linde-svw Gas Co., Ltd.	Chongqing	CHN	50		18.6	0.6	b
Dalian BOC Carbon Dioxide Co. Ltd.	Dalian	CHN	50		2.2	-0.2	b
Fujian Linde-FPCL Gases Co., Ltd.	Quanzhou	CHN	50		40.4	4.5	b
Guangkong Industrial Gases Company Limited	Guangzhou	CHN	50		33.2	4.8	b
Guangzhou GISE Gases Co., Ltd.	Guangzhou	CHN	50		23.7	2.1	b
Guangzhou Linde GISE Gases Company Limited	Guangzhou	CHN	50		0.1	0.0	b, c, d
Guangzhou Pearl River Industrial Gases Company Limited	Guangzhou	CHN	50		19.3	-0.4	b
Linde Carbonic Co. Ltd., Tangshan	Qian'an	CHN	80		1.3	-0.1	b, e
Linde GISE Gas (Shenzhen) Co., Ltd	Shenzhen	CHN	50		9.6	-0.1	b
Ma'anshan BOC-Ma Steel Gases Company Limited	City of Maanshan	CHN	50		83.9	17.9	b
Maoming Coolants Carbon Dioxide Company Limited	Maoming City	CHN	50		0.7	0.0	b
Nanjing BOC-YPC Gases Co., LTD.	Nanjing	CHN	50		59.3	10.7	b
Shanghai HuaLin Industrial Gases Co. Ltd.	Shanghai	CHN	50		80.8	13.8	b
Shenzhen South China Industrial Gases Co. Ltd.	Shenzhen	CHN	50		6.4	0.5	b
Zibo BOC-QILU Gases Co., Ltd.	Zibo	CHN	50		54.2	-1.1	b
BELLARY OXYGEN COMPANY PRIVATE LIMITED	Bangalore	IND	50		10.3	1.9	b

47 INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (IN ACCORDANCE WITH IAS 28 AND IAS 31)

	<i>Registered office</i>	<i>Country</i>	<i>Participating interest</i>	<i>Thereof Linde AG</i>	<i>Equity</i>	<i>Net income/net loss</i>	<i>Note</i>
			<i>in percent</i>	<i>in percent</i>	<i>in € million</i>	<i>in € million</i>	
Yeongnam Industrial Gas Co., Ltd.	Gyeongsang-nam-do	KOR	50		0.3	0.0	
INDUSTRIAL GASES SOLUTIONS SDN BHD	Petaling Jaya	MYS	50		3.4	1.2	b
Kulim Industrial Gases Sdn. Bhd.	Petaling Jaya	MYS	50		27.3	1.8	b, c
BACNOTAN AIR GASES, INCORPORATED	Taguig City	PHL	50		-0.3	0.0	b, c, d
Map Ta Phut Industrial Gases Company Limited	Bangkok	THA	40		8.7	0.9	b, c
Blue Ocean Industrial Gases Co., Ltd.	Taipei	TWN	50		19.8	-0.3	b, c
<i>Americas</i>							
Compania de Nitrogeno de Cantarell, S.A. de c.v.	Santa Fe	MEX	65		6.7	3.0	b, c, e
CLIFFSIDE HELIUM, L.L.C.	Wilmington	USA	26		0.1	0.0	b
Cliffside Refiners, L.P.	Wilmington	USA	27		9.3	2.7	b
East Coast Oxygen Company	Bethlehem	USA	50		16.3	-3.5	b
High Mountain Fuels, LLC	Wilmington	USA	50		9.0	0.4	b
Hydrochlor LLC	Wilmington	USA	50		12.0	-0.3	b
Spectra Investors, LLC	Branchburg	USA	49		1.8	-0.1	b
<i>Other Activities</i>							
Caravell Kühlgerätevertriebs GmbH i.L.	Ratingen	DEU	50	50	-0.1	0.0	b, c, d
Majakka Voima Oy	Helsinki	FIN	23		3.2	0.0	c, d
LOGI-FRANCE SARL	Antony	FRA	50		-0.5	-0.3	b
VAN DONGEN & VAN DER KWAAK B.V.	Dirksland	NLD	50		-2.6	-1.6	b

48 NON-CONSOLIDATED SUBSIDIARIES

	Registered office	Country	Participating interest	Thereof Linde AG	Equity	Net income/net loss	Note
			in percent	in percent	in € million	in € million	
Gases Division							
EMEA							
LINDE PLIN d.o.o. Sarajevo	Sarajevo	BIH	100	100	0.0	0.0	c
AUTOGAS (BOTSWANA) (PROPRIETARY) LIMITED	Gaborone	BWA	100		N/A	N/A	
CUULSTICK VENTURES (PTY) LIMITED	Gaborone	BWA	100		N/A	N/A	
Linde Schweiz AG	Dagmersellen	CHE	100		0.1	0.0	c, d
GAS AND EQUIPMENT WILLEMSTAD N.V.	Willemstad	CUW	100		0.0	0.0	c, d
GI/LINDE ALGERIE	Algiers	DZA	100	40	7.3	0.7	c, d
ELECTROCHEM LIMITED	Guildford	GBR	100	100	3.8	0.0	c, d
GAS & EQUIPMENT LIMITED	Guildford	GBR	100		-1.9	0.0	c, d
HYDROGEN SUPPLIES LIMITED	Guildford	GBR	100	100	0.9	0.0	c, d
INTELLEMETRICS LIMITED	Glasgow	GBR	100		0.0	0.0	c, d
KINGSTON MEDICAL GASES LIMITED	Guildford	GBR	100		0.2	0.0	c, d
REMEO HEALTHCARE LIMITED	Guildford	GBR	100		0.0	0.0	
Tech Gas Amajis Company (TGA)	Tehran	IRN	100	100	-0.1	-0.5	c, d
Linde Gas Jordan Ltd	Zarqa	JOR	100		0.0	-0.1	c
EAST AFRICAN OXYGEN LIMITED	Nairobi	KEN	100		0.0	0.0	c, d
KS Luftgassproduksjon	Oslo	NOR	100		0.1	0.0	c
Norgas AS	Oslo	NOR	100		0.0	0.0	c
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 Plyny spol. s r.o.	Bratislava	SVK	100		0.1	0.0	c, d
Nynäshamns Gasterminal AB	Lidingö	SWE	100		0.0	0.0	c, d
Asia/Pacific							
BOC SOLUTIONS PTY LIMITED	North Ryde	AUS	100		0.0	0.0	c
ELGAS SUPERANNUATION PTY. LTD.	North Ryde	AUS	100		0.0	0.0	c
BANGLADESH OXYGEN LIMITED	Dhaka	BGD	100		0.0	0.0	
BOC Bangladesh Limited	Dhaka	BGD	100		0.0	0.0	
Guangzhou GNIG Industrial Gases Company Limited	Guangzhou	CHN	60		1.7	0.0	c, d
ZHENJIANG XINHUA INDUSTRIAL GASES CO., LTD.	Zhenjiang	CHN	100		0.4	-0.3	c, d
BOC NOUVELLE-CALEDONIE SAS	Nouméa	NCL	100		0.0	0.0	c
BOC PAKISTAN (PVT.) LIMITED	Karachi	PAK	100		0.0	0.0	
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
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
Chia Chi Industrial Company Limited	Taipei	TWN	100		0.4	0.0	c, d
LUCK STREAM Co., Ltd.	Kaohsiung	TWN	100	100	3.0	0.2	c, d
KEY PROOF INVESTMENTS LIMITED	Tortola	VGB	100		0.0	0.0	c, d

48 NON-CONSOLIDATED SUBSIDIARIES

	Registered office	Country	Participating interest	Thereof Linde AG	Equity	Net income/net loss	Note
			in percent	in percent	in € million	in € million	
Americas							
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
Advanced Lifeline Respiratory Services LLC	Wilmington	USA	100		N/A	N/A	f
Engineering Division							
Cryostar do Brasil Equipamentos Rotativos & Criogenicos Ltda.	Sao Paulo	BRA	100	90	0.0	-0.1	c, d
Linde Engenharia Do Brasil Ltda.	Barueri	BRA	100	90	1.2	0.0	c, d
Linde Engineering Far East, Ltd.	Seoul	KOR	100	100	0.6	0.1	c, d
ooo "Linde Engineering Rus"	Samara	RUS	100	100	0.3	-0.5	c
Linde Engineering Taiwan Ltd.	Taipei	TWN	100		0.0	0.1	c, d
Other Activities							
Linde Australia Holdings Pty. Ltd.	North Ryde	AUS	100	100	0.0	0.0	c
Cunduacan Invest GmbH	Munich	DEU	100		0.0	0.0	c, d
CRIOBANC FRANCE S.A.R.L.	Trappes	FRA	100		0.0	0.0	d
GLPS TRUSTEES LIMITED	Guildford	GBR	100		0.0	0.0	c, d
The Boc Group Limited	Kowloon	HKG	100		0.3	0.0	c, d
Gist Italy S.r.l.	Milan	ITA	100		0.0	0.0	c
BOC B.V.	Dongen	NLD	100		0.0	0.0	c
AIRCO PROPERTIES INC	Wilmington	USA	100		N/A	N/A	
SELOX, INC	Nashville	USA	100		N/A	N/A	

49 OTHER PARTICIPATIONS (NOT CONSOLIDATED)

	Registered office	Country	Participating interest	Thereof Linde AG	Equity	Net income/net loss	Note
			in percent	in percent	in € million	in € million	
Gases Division							
EMEA							
Linde Vřtkovice a.s.	Ostrava	CZE	50		15.9	0.5	c, d
Bomin Linde LNG Beteiligungs-GmbH	Hamburg	DEU	50	50	0.0	0.0	b, c
Bomin Linde LNG GmbH & Co. KG	Hamburg	DEU	50	50	0.5	-0.2	b, c
TKD TrockenEis und Kohlensäure Distribution GmbH	Fraunberg	DEU	50	50	0.3	0.1	c, d
AGA Føroyar Sp/f	Tórshavn	DNK	50		0.4	0.0	c, d
AGA HiQ Center Aps	Hillerød	DNK	50		0.3	0.1	c, d
Carbuero del Cinca S.A.	Monzón	ESP	20		6.3	0.6	c, d
Oxígeno de Andalucía, S.L.	San Roque	ESP	49		0.1	0.0	b, c, d
QUÍMICA BÁSICA, S. A.	Barcelona	ESP	33		1.4	0.0	b, c, d
NAMGAS (PTY) LIMITED	Windhoek	NAM	44		0.0	0.0	c, d
Bio Supply B.V.	Papendrecht	NLD	50		0.0	0.0	c
Fuel Cell Boat B.V.	Amsterdam	NLD	20		0.0	0.0	c
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
Asia/Pacific							
Guangzhou GNC Carbon Dioxide Company Ltd.	Guangzhou	CHN	50		N/A	N/A	b
HON CHEN Enterprise Co., Ltd.	Kaohsiung	TWN	50		0.8	0.1	c
SUN HSIN LPG COMPANY LIMITED	Yunlin	TWN	50		0.3	0.1	c, d
Americas							
HERA, HYDROGEN STORAGE SYSTEMS INC	Longueuil	CAN	20		0.0	0.0	c, d
RECUPERADORA INTEGRAL DE NITRÓGENO, SAPI DE C. V.	Mexico City	MEX	50		0.0	0.0	b, c
TOMOE TRANSTECH SPECIALTY GASES PTE LTD	Singapore	SGP	25		1.8	0.3	b, c, d
Other Activities							
InfraLeuna GmbH	Leuna	DEU	25	25	417.6	15.1	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 2012.

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

f Incorporation in 2012.

g The distribution of the dividend for 2009 is subject to foreign exchange restrictions.

h No statutory financial statements are prepared.

N/A = No financial data available.

[32] Events after the balance sheet date

There were no significant events for Linde AG between the balance sheet date and 21 February 2013.

On 21 February 2013, the Executive Board of Linde AG released the financial statements for submission to the Supervisory Board. It is the responsibility of the Supervisory Board to examine the financial statements and to state whether it approves them. If the Supervisory Board approves the financial statements they are adopted. The statutory financial statements of Linde AG are published on the day after they have been approved respectively adopted at the Supervisory Board meeting on 6 March 2013.

[33] Proposed appropriation of profits of Linde AG

The Executive Board recommends that, when the annual financial statements are approved at the meeting of Supervisory Board on 6 March 2013, the Supervisory Board proposes that the appropriation of profit of EUR 500,010,213.60 (2011: EUR 427,653,502.50) be voted on at the Annual General Meeting on 29 May 2013:

payment of a dividend of EUR 2.70 (2011: EUR 2.50) per no-par value share entitled to dividend.

The total dividend payout for 185,188,968 (2011: 171,061.401) no-par value shares entitled to a dividend amounts to EUR 500,010,213.60 (2011: EUR 427,653,502.50)

The 36,408 treasury shares held by the Company without any dividend entitlement at the time of the proposal are not included in the calculation of the amount distributed.

M U N I C H , 2 1 F E B R U A R Y 2 0 1 3

P R O F E S S O R D R W O L F G A N G R E I T Z L E
[C H I E F E X E C U T I V E O F F I C E R
O F L I N D E A G]

P R O F E S S O R D R A L D O B E L L O N I
[M E M B E R O F T H E E X E C U T I V E B O A R D
O F L I N D E A G]

T H O M A S B L A D E S
[M E M B E R O F T H E E X E C U T I V E B O A R D
O F L I N D E A G]

G E O R G D E N O K E
[M E M B E R O F T H E E X E C U T I V E B O A R D
O F L I N D E A G]

S A N J I V L A M B A
[M E M B E R O F T H E E X E C U T I V E B O A R D
O F L I N D E A G]

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vides a suitable view of the Company's position and suitably presents the opportunities and risks of future development.

M U N I C H , 2 1 F E B R U A R Y 2 0 1 3

K P M G A G
 [W I R T S C H A F T S P R Ü F U N G S G E S E L L S C H A F T]

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 2012. 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.

P R O F E S S O R D R N O N N E N M A C H E R
 [W I R T S C H A F T S P R Ü F E R
 G E R M A N P U B L I C A U D I T O R]

S C H E N K
 [W I R T S C H A F T S P R Ü F E R
 G E R M A N P U B L I C A U D I T O R]

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 pro-

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RESPONSIBILITY STATEMENT

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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, 21 FEBRUARY 2013

PROFESSOR DR WOLFGANG REITZLE
[CHIEF EXECUTIVE OFFICER
OF LINDE AG]

PROFESSOR DR ALDO BELLONI
[MEMBER OF THE EXECUTIVE BOARD
OF LINDE AG]

THOMAS BLADES
[MEMBER OF THE EXECUTIVE BOARD
OF LINDE AG]

GEORG DENOKE
[MEMBER OF THE EXECUTIVE BOARD
OF LINDE AG]

SANJIV LAMBA
[MEMBER OF THE EXECUTIVE BOARD
OF LINDE AG]

FINANCIAL CALENDAR

[1]
P R E S S C O N F E R E N C E O N
A N N U A L R E S U L T S
7 March 2013
Carl von Linde Haus, Munich

[2]
I N T E R I M R E P O R T
January to March 2013
6 May 2013

[3]
A N N U A L G E N E R A L M E E T I N G 2 0 1 3
29 May 2013, 10 a.m.
International Congress Centre,
Munich

[4]
D I V I D E N D P A Y M E N T
31 May 2013

[5]
I N T E R I M R E P O R T
January to June 2013
30 July 2013

[6]
A U T U M N P R E S S C O N F E R E N C E
29 October 2013
Carl von Linde Haus, Munich

[7]
I N T E R I M R E P O R T
January to September 2013
29 October 2013

[8]
A N N U A L G E N E R A L M E E T I N G 2 0 1 4
20 May 2014, 10 a.m.
International Congress Centre,
Munich

S T A T E M E N T S R E L A T I N G T O T H E F U T U R E

The annual report contains statements relating to the future which are based on management's current estimates about future developments. 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.

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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. 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 Linde can be obtained from us free of charge.

