

# Linde AG.

Financial Statements for the year ended  
31 December 2009.



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## Executive Board

### Professor Dr Wolfgang Reitzle

Born 1949

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

Chief Executive Officer

Responsible for the following global and central functions:  
Communications & Investor Relations, Corporate Strategy, Group  
Human Resources, Group Information Services, Group Legal,  
Innovation Management, Internal Audit, SHEQ (Safety, Health,  
Environment, Quality)

Gist

Member of the Executive Board since 2002

### Dr Aldo Belloni

Born 1950

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

Member of the Executive Board since 2000

### J. Kent Masters

Born 1960

BS Chemical Engineering,  
MBA Finance

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

Member of the Executive Board since 2006

### Georg Denoke

Born 1965

Degree in Information Science,  
Degree in Business Administration (BA)

Responsible for the following global and central functions:  
Capital Expenditure, Financial Control, Group Accounting &  
Reporting, Group Treasury, Growth & Performance,  
Mergers & Acquisitions,  
Procurement, Risk Management, Tax  
Human Resources Director

Member of the Executive Board since 2006



From left to right: J. Kent Masters, Georg Denoke, Professor Dr Wolfgang Reitzle, Dr Aldo Belloni.

# Supervisory Board

## Members of the Supervisory Board

### Dr Manfred Schneider

Chairman  
 Chairman of the Supervisory Board  
 of Bayer AG

### Hans-Dieter Katte<sup>1</sup>

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

### Michael Diekmann

Second Deputy Chairman  
 Chairman of the Board of Management  
 of Allianz SE

### Dr Gerhard Beiten

Lawyer

### Dr Clemens Börsig

Chairman of the Supervisory Board  
 of Deutsche Bank AG

### Gernot Hahl<sup>1</sup>

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

### Thilo Kämmerer<sup>1</sup>

Trade Union Secretary on the Executive  
 Board of IG Metall Frankfurt

### Matthew F. C. Miao

Chairman of the MITAC-SYNNEX-Group,  
 Taiwan

### Klaus-Peter Müller

Chairman of the Supervisory Board  
 of Commerzbank AG

### Jens Riedel<sup>1</sup>

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

### Xaver Schmidt<sup>1</sup>

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

### Josef Schregle<sup>1</sup>

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

## Supervisory Board committees Members as at 1 January 2010

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

Dr Manfred Schneider  
 (Chairman)

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

### Standing Committee

Dr Manfred Schneider  
 (Chairman)

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

### Audit Committee

Dr Clemens Börsig  
 (Chairman)

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

### Nomination Committee

Dr Manfred Schneider  
 (Chairman)

Michael Diekmann  
 Klaus-Peter Müller

<sup>1</sup> Employee representative.

Memberships of other German supervisory boards and comparable German and foreign boards are shown in Note [24].



## Report of the Supervisory Board

*Dear shareholders,*

During the 2009 financial year, the Supervisory Board conducted detailed reviews of the company's situation, its prospects and its strategic development, as well as the future long-term positioning of The Linde Group. It also concerned itself with significant individual issues. We have performed our duties in accordance with legal provisions and the articles of association and company bylaws. These duties involve advising the Executive Board on the running of the company and monitoring the activities of executive management. The Executive Board provided us with regular, comprehensive updates at our meetings and in written reports on the state of the business and the economic situation of the company and its subsidiaries, as well as with forecasts. We reviewed all the documents presented and submitted to us for reasonableness. We questioned the Executive Board on a regular basis on significant matters. The Supervisory Board was involved in all the major decisions of the company. These include transactions to be carried out and measures to be taken by the Executive Board which require the approval of the Supervisory Board, in particular the annual capital expenditure programme, major acquisitions, divestments and financial measures. The Chairman of the Supervisory Board was also kept up to date with the current business situation, significant transactions and decisions taken by the Executive Board, partly as a result of being provided with minutes of Executive Board meetings. The Chairmen of the Supervisory and Executive Boards shared information and ideas with one another throughout the year and held regular consultations on the Group's strategic direction, risk position and risk management. 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) on the basis of reports submitted by the Executive Board and a report on the risk monitoring system prepared by the auditors. At no time did the Supervisory Board raise any objections about the proper conduct or efficiency of the executive management of the Group.

### Meetings and resolutions of the Supervisory Board

Four ordinary meetings of the Supervisory Board were held in the 2009 financial year. All members of the Supervisory Board attended more than half the meetings. There were no conflicts of interest for Supervisory Board members in 2009.

2009 was a year of great challenges, especially as a result of the global financial and economic crisis. We were briefed in detail by the Executive Board at all our meetings about the effects of the crisis on the economic situation of The Linde Group. We paid particular attention here to the potential consequences for the risk situation of the Group and its liquidity provision and indebtedness. The advisory and monitoring activities of the Supervisory Board focused above all on the prospects for the development of the Group, the individual divisions and the operating segments. In particular, we had in-depth discussions with the Executive Board about the following issues: the corporate and strategic targets set and the extent to which these could be achieved, their economic significance and the expected impact on the financial situation of our Group. Verbal reports from the Executive Board on these subjects have satisfied us that the Group's structures and processes are constantly being monitored and streamlined to improve and secure the competitiveness of all divisions in the Group in the long term. The Executive Board also informed us in detail about the status of the programme launched in 2008 to optimise processes and improve productivity in the long term, the implementation of which was accelerated in 2009. We concluded that the Executive Board had reacted swiftly to the first signs of the crisis by introducing these measures at an early stage and had done its best to limit any adverse impact on our Group by ensuring the rigorous implementation of the optimisation programme.

At our meetings, in addition to reviewing current business developments, we also dealt with the risk position of the company, compliance with legal regulations and internal guidelines and those individual business transactions of fundamental importance for which the Executive Board requires our approval.





After a thorough review of the documents submitted and detailed discussions about each of the proposals of the Executive Board, the Supervisory Board granted all the necessary approvals. Due to time pressure, one decision was made on the basis of documents provided outside the Supervisory Board meetings in written form. This related to the EUR 1.6 bn two-year revolving credit line which is designed to continue to safeguard the liquidity of the Group and which will be available from March 2011.

At our meeting to approve the financial statements on 13 March 2009, we reviewed in detail and approved the annual financial statements of Linde AG and the Group financial statements for the year ended 31 December 2008 and agreed the proposed appropriation of earnings. At this meeting, we also approved the remuneration structure of the Executive Board including the significant contractual elements based on the proposal submitted by the standing committee and made the declaration of compliance with the German Corporate Governance Code. Furthermore, we approved the agenda for the Annual General Meeting, including the proposed resolutions. On the recommendation of the standing committee, we also renewed the appointment of those Executive Board members whose terms of office expired in the 2009 financial year, Dr Aldo Belloni, Georg Denoke and J. Kent Masters, for a further term of five years in each case. Moreover, we were informed in detail in a verbal report from the Executive Board about the structure and organisation of the Group's risk management and internal control systems. In addition to its regular reports on the business performance and situation of The Linde Group, the Executive Board also presented us with planning scenarios for the 2009 financial year given the potential impact of the global financial and economic crisis. The Executive Board explained these planning scenarios in depth. In particular, the members of the Board provided us with details about selected key data and with information about the financial and strategic effects on the Group and about possible proposed measures.

Immediately before the Annual General Meeting on 15 May 2009, the Executive Board presented a report on the current situation of the Group. Moreover, we discussed the 2009 forecast for the Group with the Executive Board on the basis of the quarterly financial statements for the quarter ended 31 March 2009. The forecast took into account a number of different scenarios. The Executive Board also provided us with further details about a draft resolution presented in advance which related to a transaction requiring the approval of the Supervisory

Board. After reviewing the documents and putting questions to the Executive Board, we gave our approval. The meeting also served to prepare for the subsequent Annual General Meeting.

At our meeting on 22 September 2009, the Executive Board gave us a detailed report about the economic situation of The Linde Group and its divisions. We were also presented with the outlook for the whole of 2009. The Executive Board member with responsibility for Africa presented an in-depth report on the situation and development prospects in this region. In addition, the meeting focused on the status of the implementation and development of the Group's strategies. Topics of discussion included issues such as the strategic positioning and orientation of the Group and its divisions. The Executive Board explained in detail the opportunities and risks associated with the global competitive environment given the current general economic situation and the significance in this context of the process optimisation and productivity improvement programme and further measures that would be taken in this area.

On 4 December 2009, the Executive Board presented us not only with a report on current business developments and the performance of the Group in comparison with its competitors, but also with a preview of the 2009 financial statements, the budget for the 2010 financial year and the medium-term corporate plan, including financial, capital expenditure and personnel plans. The Executive Board supplied reasons where there were discrepancies between corporate plans or targets set and actual performance. We questioned the Executive Board in depth about the assumptions they had made, focusing particularly on issues relating to financing planning, liquidity and debt repayment. We satisfied ourselves that the Executive Board is continuing to conduct thorough reviews of any risks to the Group that might arise as a result of the difficult prevailing economic circumstances and is taking appropriate action as a result, and we approved the 2010 capital expenditure programme of The Linde Group. At this meeting, we were also presented with a comprehensive special report on the South and East Asia region. Furthermore, the Supervisory Board dealt with new legal regulations and new provisions in the German Corporate Governance Code and made the corresponding amendments to its bylaws. The Chairman of the Supervisory Board also reported on the preliminary results of a review of the existing system of remuneration for the Executive Board by an independent external expert on executive pay. Moreover, we passed a resolution to adjust the retention associated with the D&O insurance for the members of the Executive Board in accordance with the German Law on the Appropriateness of Executive Board Remuneration (VorstAG) and for the members of the Supervisory Board in accordance with the German Corporate Governance Code when the insurance contract comes up for renewal on 1 January 2010.

## Corporate governance and declaration of compliance

We continually monitor the implementation of the provisions of the German Corporate Governance Code. Linde AG has also complied with all the recommendations of the German Corporate Governance Code as amended on 18 June 2009. In March 2010, the Executive Board and the Supervisory Board issued an updated declaration of compliance with § 161 of the German Stock Corporation Law (AktG) and made it available to shareholders on a permanent basis on the company's website ([www.linde.com](http://www.linde.com)). Further information about corporate governance in Linde is given in the corporate governance section on pages 012 to 027.

## Committees and committee meetings

The Supervisory Board continues to have four committees: the mediation committee, formed under § 27 (3) of the German Codetermination Law (MitbestG), the standing committee, the audit committee and the nomination committee. The Chairman of the Supervisory Board is Chairman of all the committees except the audit committee. The current composition of the committees is given on page 004. Information about the responsibilities of the committees is given in the corporate governance report on pages 013 to 017.

The standing committee of the Supervisory Board held one meeting in 2009. Several decisions were also made in writing or by telephone. The standing committee dealt mainly with matters relating to the Executive Board. In particular, in the context of the remuneration structure approved by the full Supervisory Board, it determined the amount of remuneration payable to each member of the Executive Board and the individual components of their remuneration. It also devoted its attention to the recommendations in the German Corporate Governance Code to limit severance pay on the early termination of the employment of a member of the Executive Board and advised that the Supervisory Board implemented the recommendations. The standing committee prepared the resolutions regarding the remuneration system for the Executive Board including the main contractual elements for the March meeting of the Supervisory Board and the renewals of the appointments to the Executive Board. The standing committee also decided on adjustments required to the articles of association, concerning only the form of words to be used. It also gave the Chief Executive Officer permission to sit on the supervisory board of another German listed company, or to assume the chairmanship of such a supervisory board.

The audit committee held five meetings in 2009. In the presence of the auditors, the Chief Executive Officer and the Chief Financial Officer, it discussed and reviewed 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 key audit issue and the presentation by the auditors of the main results of the audit. The audit committee raised no objections as a result of its reviews. The auditors did not report any significant weaknesses in the internal control and risk management systems relating to the accounting process. The audit committee also discussed the interim financial reports and quarterly financial statements prior to their publication based on reports presented by the Executive Board and the auditors. In addition, the committee prepared the proposal of the Supervisory Board on the appointment of the auditors at the Annual General Meeting, issued the audit mandate to the auditors, determined the key audit issue and agreed the audit fees. Moreover, the committee monitored the independence, qualifications, rotation and efficiency of the auditors and the services provided by the auditors in addition to the audit. The audit committee also entered into an agreement with the auditors in accordance with the Group's internal rules about the provision of services not related to the audit and the auditors informed the committee at each of its meetings about the fees it had charged in relation to such services. Furthermore, it was provided with information on a regular basis about improvements in the risk management system and compliance structures, about compliance issues, any legal or regulatory risks, the risk position and the identification and monitoring of risk within the Group. The audit committee also considered the internal control system, based on a presentation by the Executive Board. The head of Internal Audit presented a report on the structure, roles and responsibilities in that department and on their audit work and the audit plan for 2009. The audit committee also had detailed discussions on a regular basis about the impact of the financial and economic crisis. In addition, the audit committee discussed with the Executive Board and the auditors fundamental issues regarding the preparation and audit of the 2009 financial statements and the consequences for Group accounting of the German Accounting Law Reform Act (BilMoG), which came into force in May 2009. The Executive Board also regularly provided the committee with information about the status of various activities relating to the external financing of the Group and the safeguarding of its liquidity.

The nomination and mediation committees had no cause to meet during the year.

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

## Annual financial statements and Group financial statements

KPMG AG Wirtschaftsprüfungsgesellschaft, Berlin, (KPMG) audited the annual financial statements of Linde AG for the year ended 31 December 2009 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 2009 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 § 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 half-yearly report and the two other interim financial reports in the 2009 financial year. At no time did these reviews give rise to any objections. KPMG also confirmed that the risk management system complies with legal requirements. No risks that might affect the viability of the company as a going concern were identified. The auditors did not report any significant weaknesses in the internal control system. In the 2009 financial year, the auditors focused in particular on the audit of long-term construction contracts in the Engineering Division.

The documents relating to the financial statements and the audit reports were issued to all members of the Supervisory Board in good time. They were the subject of extensive deliberations at the audit committee meeting on 4 March 2010 and the meeting of the Supervisory Board to approve the financial statements on 16 March 2010. The auditors took part in the discussions both at the audit committee meeting and at the meeting of the full Supervisory Board. The auditors presented the main results of their audit and were able to provide supplementary information and to answer questions. The audit committee also presented the results of its review to the Supervisory Board. We conducted our own examination of all the documents submitted and 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 of The Linde Group for the year ended 31 December 2009 as drawn up by the Executive Board; the annual financial statements of Linde AG are hereby final. We also approve the Executive Board's proposal for the appropriation of profits.

### Changes in the composition of the Supervisory Board, Supervisory Board committees and Executive Board

There were no changes in the composition of the Supervisory Board or Executive Board in the 2009 financial year.

On 31 December 2009, Mr Klaus-Peter Müller resigned from the audit committee of the Supervisory Board due to other commitments on his time. At the meeting on 4 December 2009, the Supervisory Board elected Dr Gerhard Beiten as the new member of the audit committee with effect from 1 January 2010. We thanked Mr Müller for his valuable contribution to the Supervisory Board audit committee.

The Supervisory Board would like to thank the Executive Board and all Linde employees for their great personal commitment and dedicated hard work in the 2009 financial year.

Munich, 16 March 2010

For the Supervisory Board



Dr Manfred Schneider  
Chairman



# Corporate Governance

The Supervisory Board and Executive Board recognise the importance of good corporate governance. Their actions have always been based on the principles of responsible corporate management and supervision. Linde sees corporate governance as an ongoing process and will continue to follow future developments closely.

# Declaration on corporate governance and Corporate governance report

(Part of the management report)

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

Linde AG follows the German Corporate Governance Code produced by the Government Commission in 2002 and last updated in 2009. The Executive Board and Supervisory Board make the annual declaration of compliance with § 161 of the German Stock Corporation Law (AktG):

“The Executive Board and Supervisory Board of Linde AG declare in accordance with § 161 of the German Stock Corporation Law: Linde AG has complied and will in future comply with all the recommendations of the Government Commission on the German Corporate Governance Code as amended on 18 June 2009. Since it made its last declaration of compliance on 13 March 2009, Linde AG has complied with all the recommendations of the Code as amended on 6 June 2008.”

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

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

- The Code suggests that the Annual General Meeting is transmitted on the Internet. We transmit the opening remarks of the Chairman of the Supervisory Board and the speech of the Chief Executive Officer, 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, as far as the verbal contributions of the shareholders are concerned, we do not wish to encroach on the right to privacy of individual speakers. Nevertheless, we will continue to follow developments closely.
- In addition, there is a suggestion in the Code that variable emoluments paid to members of the Supervisory Board should also be linked to the long-term performance of the company. When revised arrangements for the remuneration of the Supervisory Board were agreed at the Annual General Meeting in June 2007, it was decided not to introduce a long-term component.

## II. Corporate governance practices

The corporate goals of good responsible management and supervision and the achievement of sustainable value added have traditionally been seen as important in Linde AG. Our success has always been based on close and effective cooperation between the Executive and Supervisory Boards, consideration of the interests of our shareholders, an open style of corporate communication, proper accounting and audit procedures and a responsible approach to risk and to legal and internal Group rules.

Linde maintains a high standard of ethical principles. In 2007, the Executive Board developed a corporate philosophy entitled Linde Spirit and devised a new code of conduct known as the Code of Ethics and launched both throughout the Group. Linde Spirit describes the corporate culture which is manifested in the Linde vision and the values and principles underlying our daily actions. The Code of Ethics sets out the commitment made by all employees of The Linde Group to comply with legal regulations and to preserve and protect the ethical and moral values of the Group. It is based on our corporate culture and is in line with our global values and fundamental principles. An important feature of the compliance guidelines of The Linde Group is the notification system we have installed, which is known as the Integrity Line. The Integrity Line provides both internal and external stakeholders with the opportunity to express doubts and notify the Group of any suspicious circumstances. The Executive Board has also adopted its own guidelines in the following areas: occupational safety, health and environmental protection, quality and purchasing. Like the Code of Ethics, these apply to all the employees in The Linde Group.

To reinforce compliance with legal regulations as well as with voluntary rules, we have established a global compliance organisation. The Executive Board has set up a compliance office in the centralised legal department. Compliance officers have been appointed in the divisions, business units and operating segments to support the Group-wide observance of the compliance programme. The global compliance manager coordinates and implements compliance measures. The Executive Board and the audit committee of the Supervisory Board are regularly informed about the current status of the ongoing development of the compliance organisation, including the associated measures relating to communications, training and revisions to existing rules of conduct. Training is provided for our employees worldwide. Courses attended by employees are supplemented by a Group-wide e-learning programme. All the guidelines on our core values and on compliance are available at [www.linde.com/guidelinescorevalues](http://www.linde.com/guidelinescorevalues) and [www.linde.com/corporategovernance](http://www.linde.com/corporategovernance).

## III. Corporate governance report

### 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 allocated to them. They cooperate closely in the interests of the Group to ensure the continued existence of the Group 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 the management of the company and conducts its business. The current four-member Executive Board reflects the global nature of The Linde Group in its international composition. Its actions and decisions are geared towards the interests of the Group and it must seek to achieve a sustainable increase in corporate value. The Executive Board decides on the strategic direction of the Group, obtains the Supervisory Board's approval of this and ensures that the overall strategy is implemented. It is also responsible for annual and multi-year corporate budgets and for the preparation of the quarterly, half-yearly, annual and Group financial statements. It also ensures that appropriate risk management and risk control systems are in place and provides regular up-to-date detailed reports to the Supervisory Board on all the strategic issues affecting the Group, medium-term corporate plans, business trends, the risk situation, risk management and the compliance of Group companies with legal regulations and internal Group guidelines. Actions and transactions of the Executive Board which are of fundamental importance require the approval of the Supervisory Board. These include, in particular, the annual capital expenditure programme, major acquisitions, divestments 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 their fellow Board members. The procedural rules of the Executive Board govern the work it performs, the departmental responsibilities of each member of the Executive Board, 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 the members of the Executive Board, the members of the Executive Board have individual responsibility for the functions allocated 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 allocated to him, but also to coordinate properly all the functions of the Executive Board. He is the leading member of the Executive Board who cooperates with 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. Information about the members of the Exec-

utive Board and their memberships of other German supervisory boards or comparable German and foreign boards of business entities is given in Note [24] of the Notes to the financial statements.

The Executive Board has no committees.

The responsibilities and functions of the members of the Executive Board are shown in the summary on page 002.

## 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, that number of members which is specified as the minimum number in the relevant regulations. Currently, the minimum number of Supervisory Board members specified 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 members of the Supervisory Board ends with the completion of the Annual General Meeting in 2013. When individuals are being considered for election to the Supervisory Board, the deciding factors in the composition of the Board are the abilities and professional experience of those individuals and the knowledge that they possess which would enable them to discharge their duties, and diversity. These factors are then weighed up, taking the interests of the Group into account. No former members of the Executive Board are currently members of the Supervisory Board.

The Supervisory Board appoints the Executive Board, advises it on the running of the company and monitors its executive management. The Chairman of the Supervisory Board coordinates the work of the full Supervisory Board and chairs the meetings. The chairmen of the Supervisory and Executive Boards share information and ideas with one another throughout the year.

The procedural rules of the Supervisory Board include provisions regarding its independence. Some of the members of the Supervisory Board have in the past financial year been and are currently on the executive boards of companies with which Linde has business relationships. Transactions with these companies take place under the same conditions as for non-related third parties. These transactions do not affect the independence of the Supervisory Board members concerned. The Supervisory Board has a sufficient number of members with an adequate level of independence.

The members of the Supervisory Board disclose any conflicts of interest arising as a result of consultancy work performed for other companies or memberships of the executive bodies of other companies to the Supervisory Board. Any significant con-



flicts of interest arising which are not temporary will lead to the removal of the member from the Supervisory Board. The Supervisory Board informs shareholders in its report at the Annual General Meeting of any conflicts of interest which have arisen and the measures which have been taken as a result.

During the reporting period, there were no consultancy contracts or other service or company agreements between members of the Supervisory Board and the company. No conflicts of interest arose for the members of the Supervisory Board. Where such conflicts of interest do occur, they must be disclosed immediately to the Supervisory Board.

Supervisory Board members who are members of the executive board of a listed company do not sit on more than three supervisory boards of listed companies which do not belong to the group of the company for which they perform their executive board duties. Information about the members of the Supervisory Board and their memberships of other German supervisory boards or comparable German and foreign boards of business entities is given in Note [24] of the Notes to the financial statements.

### Supervisory Board committees

The Supervisory Board has four committees, each of which comprises some of its members. The committees do the groundwork for the full Supervisory Board. If it is permitted by law and laid down in the procedural rules of the Supervisory Board, decision-making powers may in individual cases be delegated by the Supervisory Board to these committees. The Chairman of the Supervisory Board is the Chairman of all the committees except the audit committee.

The Standing Committee, which comprises three shareholder representatives and two employee representatives, advises the Supervisory Board in particular on the appointment and removal of members of the Executive Board and on decisions regarding the remuneration system for the Executive Board including the terms and conditions of employment contracts, pension contracts and any other contracts pertinent to the remuneration of Executive Board members. It also provides advice about long-term succession planning for the Executive Board and reviews the effectiveness of the work of the Supervisory Board.

The Audit Committee also 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 discharge of its supervisory function. In this context, it monitors in particular the effectiveness of the internal control system, the internal audit system and the risk management system. It supervises the accounting process and the audit and also deals with com-

pliance issues. Moreover, it discusses the interim reports with the Executive Board prior to their publication. The audit committee also makes a recommendation to the full Supervisory Board regarding the proposal for the election of the company's auditors. The Chairman of the audit committee, Dr Clemens Börsig, is an independent financial expert and has specialist knowledge of accounting principles and internal control systems and many years of experience in the field.

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

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

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 004 of this Report or can be viewed at any time at [www.linde.com/supervisoryboard](http://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 2009 financial year is given in the Report of the Supervisory Board on pages 006 to 011.

### Annual General Meeting

The shareholders protect their rights at the Annual General Meeting by exercising their right to vote. Each share entitles the shareholder to one vote. Entitlement to vote at the meeting is based on holding shares at the internationally recognised record date. The beginning of the 21st day before the Annual General Meeting is used as the cut-off date for the identification of shareholders.

The Annual General Meeting takes place within the first six months of each financial year. The agenda for the meeting, including the reports and documents required for the meeting, is also published on the company's website in German and English. The notice of the Annual General Meeting and the associated documents can be transmitted electronically to shareholders if they so wish.

Shareholders who cannot attend the Annual General Meeting or who leave the meeting before voting has commenced have the option to exercise their vote using a proxy of their choice or a proxy appointed by the company voting in accordance with their

instructions. The proxy forms may be handed in at any time until the evening before the Annual General Meeting, and may also be in electronic form if so desired.

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 election of shareholder representatives to the Supervisory Board and the appointment of the auditors. Decisions are also made at the Annual General Meeting regarding changes to be made to the articles of association, capital measures and the authorisation to repurchase shares. The remarks of the Chairman of the Supervisory Board at the beginning of the Annual General Meeting and the speech of the Chief Executive Officer are transmitted live on the Internet. Once the Annual General Meeting has closed, the results of the votes on each agenda item are published on the company's website without delay.

#### Consequential loss and liability insurance

The company has taken out consequential loss and liability insurance (D & O insurance) for the members of the Executive Board and Supervisory Board with an appropriate retention. We have made an adjustment to comply with the provisions of the German Law on the Appropriateness of Executive Board Remuneration (VorstAG). From the 2010 calendar year, the retention will be 10 percent of the claim, up to a figure of one and a half times the fixed annual emoluments of the member of the Executive Board. An equivalent retention has been agreed for members of the Supervisory Board in accordance with a new recommendation of the German Corporate Governance Code.

#### Directors' dealings

Linde AG publishes without delay those transactions required to be notified under § 15a of the German Securities Trading Law (WpHG) which have been effected by the persons named therein, in particular officers of the company and related parties, in shares of the company or related financial instruments, in accordance with the provisions of the law. The notifications also appear on the Linde website at [www.linde.com/directorsdealings](http://www.linde.com/directorsdealings).

In the course of the year, members of the Executive Board and Supervisory Board informed BaFin (the German Federal Financial Supervisory Authority) about a total of four notifiable sale transactions involving between 1,000 and 40,000 Linde shares. All the sale transactions were in connection with the exercise of share options under the Linde Management Incentive Programme 2002. The price per share of the notifiable transactions was between EUR 62.31 and EUR 86.70 and the size of the individual transactions between EUR 86,699 and EUR 2,802,400. In the case of sales of shares which members of the Executive Board subscribed for by exercising share options under the Linde

Management Incentive Programme, the subscription rights were included at their value on the grant date in the disclosure of the remuneration of the Executive Board in the relevant financial year.

#### Interests in share capital

The total holdings of all the members of the Executive and Supervisory Boards in Linde AG shares or related financial instruments during the financial year did not exceed 1 percent of the shares issued by the company. Therefore, there were no interests required to be disclosed under section 6.6 of the German Corporate Governance Code.

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

The remuneration report, which also includes information about the share option schemes, is on pages 018 to 027 of this financial report.

#### Communications and stakeholder relations

Linde AG complies with the legal requirement to treat all its shareholders equally. Transparency plays an important role in our company and we always aim to provide shareholders and the public with comprehensive, consistent and up-to-date information.

We keep our shareholders and the general public informed about key dates for the Group and about our publications in a financial calendar which appears in our annual report and in our interim financial reports, as well as on the Linde AG website. Linde AG publishes ad-hoc announcements and press releases as well as notifiable securities transactions (directors' dealings) in the legally prescribed media and on its website. The articles of association are also on the website. Linde provides information to the capital market and to the public through analysts' conferences and press conferences or in the form of teleconferences which coincide with the publication of the quarterly, half-yearly or annual results. Regular events involving the CEO and CFO and 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.

In addition to considering the interests of its shareholders, Linde takes account of the concerns of other stakeholders who also contribute to the success of the company. As far as possible, we include all the stakeholders in our corporate communications. Linde's stakeholders include all its employees, its customers and suppliers, trade associations and government institutions.

### Accounting, audit and risk management

Linde AG prepares its Group financial statements and interim Group financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union. The preparation of the annual financial statements of Linde AG complies with German commercial law (the German Commercial Code or HGB). The annual financial 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 supplementary compliance with International Standards on Auditing. The audit procedures include a review of the system for the early identification of risks. The quarterly and half-yearly financial reports are discussed in detail by the audit committee with the Executive Board prior to publication.

In May 2009, 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 financial statements and Group financial statements for the year ended 31 December 2009 and had also been appointed to conduct audit reviews of the interim reports and half-yearly financial report for the 2009 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 Chairmen of the Supervisory Board and of the audit committee would be informed immediately during the audit of any potential reasons for the disqualification of the auditors or for their lack of impartiality, unless these could be eliminated without delay. The auditors were obliged to report immediately all the significant audit findings and events arising from the audit which have an impact on the duties of the Supervisory Board. The auditors have also undertaken to inform the Supervisory Board if they discover facts in the course of their audit which reveal any inaccuracies in the company's declaration of compliance with the Code.

Linde has reporting, monitoring and risk management systems which are continually being updated and adapted by the Executive Board to take account of changing circumstances. The effectiveness of these systems is reviewed by the auditors both in Germany and abroad. The audit committee also supports the Supervisory Board in monitoring the activities of executive management, concerning itself in this context also with risk management issues. It receives regular reports from the Executive Board and the auditors about risk management, the risk position, and the identification and monitoring of risks. It is also informed on a regular basis about existing risks and the evolution of those risks. Moreover, the audit committee has agreed with the audi-

tors that, if necessary, they will report to the committee any significant weaknesses they might identify in the internal control and risk management systems relating to the accounting process. More details about risk management in The Linde Group are given in the Risk report on pages 039 to 048. This includes the report required by the German Accounting Law Reform Act (BilMoG) on the accounting-related internal control and risk management systems.

# Remuneration report

(Part of the management report)

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

## 1. Remuneration of the Executive Board

In accordance with the German Law on the Appropriateness of Executive Board Remuneration (VorstAG) which came into force on 5 August 2009, the full Supervisory Board rather than the standing committee of the Supervisory Board is now 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.

At the beginning of 2009, in accordance with a recommendation of the German Corporate Governance Code made in June 2008, the Supervisory Board, on the suggestion of the standing committee, approved the remuneration system for the Executive Board, which had proved its worth over many years, including the main contractual elements. In the meantime, against the background of the changes in the German Stock Corporation Law (AktG) as a result of the German Law on the Appropriateness of Executive Board Remuneration, which does not require any action in respect of existing contracts, the existing remuneration system for the Executive Board was reviewed by an independent external expert on executive pay. In the view of this expert, the current system complies to a great extent with the objectives of the German Law on the Appropriateness of Executive Board Remuneration. According to existing contractual commitments, a review of the level of the remuneration, its redesign and the renewal of performance-related components in Linde was not due to take place until the 2012 financial year. Until then, it is the intention of the Supervisory Board to examine improvements to the remuneration system and, once the current contractual commitments have expired, to ensure total conformity with the new legal regulations. This includes the five-year performance share programme launched at the Annual General Meeting in 2007. In 2011, the last options will be issued under this scheme. In the short term, there will be no changes to the current employment contracts of the members of the Executive Board.

The amount and structure of the remuneration of the Executive Board are based not only on the extent of the international activity of the company and its size, its economic and financial situation, and its performance and prospects, but also on

customary practice regarding remuneration within the environment in which it operates and the remuneration structure which applies elsewhere in the company. To gauge what is customary in the environment in which it operates for the purposes of comparison, Linde looks at parallel cases in several external groups (DAX-30 companies, comparable German and international companies). The emoluments also depend on the duties of each individual member of the Executive Board, and on his or her personal performance and the performance of the Executive Board as a whole. The remuneration is calculated so that it is competitive in an international context and offers an incentive for sustainable corporate development and sustainable increases in the value of the company in a dynamic environment.

The remuneration system of the Executive Board consists of fixed components (which are not performance-related) and variable (performance-related) components. Elements which are not performance-related are fixed cash emoluments, benefits in kind or fringe benefits and pension commitments. The performance-related components are variable cash emoluments and share-based payments. The variable cash emoluments are determined on the basis of a one-year period, while the share-based payments are based on periods of several years. As a supplement to the remuneration components already mentioned, the employment contract of the Chief Executive Officer also provides for potential project-related bonuses which are determined on the basis of periods of several years. Assuming all performance targets are achieved in full, the value of the variable emoluments of the Executive Board in one year would comprise on average around 55 percent determined on the basis of a one-year period and around 45 percent determined on the basis of a period of several years.

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

### Fixed emoluments (excluding pension commitments)

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

Benefits in kind are also provided, which are taxed individually. They comprise mainly insurance benefits at normal market rates and company cars and, in one case, the provision of security arrangements.

### Variable emoluments

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

### Variable cash emoluments

Variable cash emoluments comprise a dividend-related bonus and performance-related bonuses.

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

The amount of the performance-related bonus is dependent on the achievement of certain objectives specified at the beginning of the financial year by the Supervisory Board for that financial year. The objectives are generally based on multi-year corporate budgets. The main performance criteria for this bonus are return on capital employed (ROCE) and operating profit (EBIT), which usually generate 70 percent of the bonus, and to a lesser extent individual targets, which usually generate 30 percent of the bonus. For the Chief Executive Officer and the Chief Financial Officer, financial targets are determined on the basis of key Group data. For those members of the Executive Board responsible for operations, the targets are determined on the basis of comparable figures in the divisions and regions for which they are responsible. The performance-related bonus has an upper limit. The portion based on key data will not exceed 200 percent of the bonus amount agreed, and that portion based on targets relating to the functions performed will not exceed 100 percent of the amount. The Chief Executive Officer has entitlements to bonus payments guaranteed by contract if he achieves certain demanding acquisition, divestment and integration targets. The amount of these bonuses is determined in each individual case. These bonuses also have an upper limit.

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

### Share-based emoluments

#### Linde Management Incentive Programme 2002

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

In the 2009 financial year, the five tranches in the scheme were sometimes valuable and exercisable. The exercise prices of the five tranches vary between EUR 32.38 and EUR 81.76. The Supervisory Board determined the options to be allocated to members of the Executive Board and, for other employees entitled to options, the Executive Board decided on the allocations, with the approval of the Supervisory Board. With effect from the 2004 tranche, the Supervisory Board can decide to restrict the exercise of options issued to members of the Executive Board if there are exceptional unforeseen movements in the Linde share price. In total, members of the Executive Board held 535,000 options at the balance sheet date (2008: 635,000), which were theoretically all exercisable as the qualifying period had expired. In the 2009 financial year, members of the Executive Board exercised 100,000 options (2008: 75,000).

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

### Options – Linde Management Incentive Programme 2002

		At 1 January		Exercised in the financial year			At 31 December			
		in units	Weighted average exercise price in €	in units	Weighted average exercise price in €	Weighted average share price at exercise date in €	in units	Range of exercise prices in €	Weighted average exercise price in €	Weighted average remaining life in years
Professor Dr Wolfgang Reitzle (Chairman)	2009	460,000	59.91	70,000	32.38	66.74	390,000	47.91–81.76	64.85	2.4
	2008	520,000	56.73	60,000	32.38	91.34	460,000	32.38–81.76	59.91	3.1
Dr Aldo Belloni	2009	150,000	58.36	30,000	32.38	84.92	120,000	47.91–81.76	64.85	2.4
	2008	165,000	58.22	15,000	56.90	89.28	150,000	32.38–81.76	58.36	3.0
Georg Denoke	2009	25,000	75.01	–	–	–	25,000	64.88–81.76	75.01	3.0
	2008	25,000	75.01	–	–	–	25,000	64.88–81.76	75.01	4.0
<b>Total</b>	<b>2009</b>	<b>635,000</b>		<b>100,000</b>			<b>535,000</b>			
	<b>2008</b>	<b>710,000</b>		<b>75,000</b>			<b>635,000</b>			

In the 2008 and 2009 financial years, none of the options held by the Executive Board expired or were forfeited. The Executive Board member J. Kent Masters is not a participant in this scheme as he joined The Linde Group after the last tranche had been issued.

Further information about the Linde Management Incentive Programme 2002 is given in Note [20] 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 include not only members of the Executive Board, but also selected executives (members of the management boards of Linde AG group companies, as well as selected executives of Linde AG and its group companies). The options may be issued in five annual tranches, in each case within a period of twelve weeks following the company's Annual General Meeting. The Supervisory Board determines the allocation of options to members of the Executive Board, while the Executive Board determines the allocation for lower tiers of management. Options are granted to members of the Executive Board for a particular value. The number of options to be issued to a member of the Executive Board is determined on the basis of the fair value per option according to an actuarial report at the grant date. The term of the options is calculated as three years, two months and two weeks from the issue date. The options in a tranche are to be exercised once a vesting period of three years from the date of issue has been completed, over a period of four weeks, if and to the extent that certain performance targets are met. Each option confers the right to purchase one share in Linde AG at the exercise price, which is equivalent in each case to the lowest issue price, currently EUR 2.56.

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

Board. At the Annual General Meeting, it was resolved that members of the Executive Board would be subject to a two-year holding period for 25 percent of the shares issued.

In the 2009 financial year, the third tranche of options was allocated. Options were granted to 862 (2008: 871) participants.

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

#### Options – Linde Performance Share Programme 2007

		At 1 January	Granted in the financial year	At 31 December	
		in units	in units	in units	Weighted average remaining life in years
Professor Dr Wolfgang Reitzle (Chairman)	2009	78,810	58,754	137,564	1.6
	2008	41,864	36,946	78,810	2.0
Dr Aldo Belloni	2009	26,269	19,585	45,854	1.6
	2008	13,954	12,315	26,269	2.0
Georg Denoke	2009	26,269	19,585	45,854	1.6
	2008	13,954	12,315	26,269	2.0
J. Kent Masters	2009	26,269	19,585	45,854	1.6
	2008	13,954	12,315	26,269	2.0
<b>Total</b>	<b>2009</b>	<b>157,617</b>	<b>117,509</b>	<b>275,126</b>	
	<b>2008</b>	<b>83,726</b>	<b>73,891</b>	<b>157,617</b>	

All the options held were not yet exercisable at 31 December 2009. The exercise price of all the options is currently EUR 2.56 each. During the 2008 and 2009 financial years, none of the options held by the Executive Board expired or were forfeited. Further information about the value of the options, and about the structure, conditions and, in particular, performance targets of the scheme are given in Note [20] of the Notes to the Group financial statements. Information about the rules which apply in the event of a change of control is given on page 051 in the Group 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 2009 was EUR 10 m (2008: EUR 12 m). During the financial year, the following cost was recognised in respect of share-based payment instruments held by members of the Executive Board:

Cost of share-based payments		
in €	2009	2008
Professor Wolfgang Reitzle (Chairman)	869,166	1,057,706
Dr Aldo Belloni	289,718	346,158
Georg Denoke	289,718	298,158
J. Kent Masters	289,718	269,358
<b>Total</b>	<b>1,738,320</b>	<b>1,971,380</b>

### Pension commitments

There are pension commitments in respect of the members of the Executive Board, which 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 by 2 percent for every year of service completed by the member of the Executive Board. The maximum percentage that can be achieved is 50 percent of the last fixed monthly emoluments paid. For contracts of employment 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 company and is eligible for his or her pension (old age pension from the age of 65, pension for medical disability or incapacity for work and surviving dependants' pension in the event of death). A widow or widower receives 60 percent of the pension of the deceased member of the Executive Board. The commitments also include benefits for any orphans or children who have lost one parent. Each child entitled to maintenance receives 10 percent (in the case of children who have lost one parent) up to a maximum of 25 percent (in the case of orphans) of the pension of the contracting party, generally until his or her 18th year, although maintenance may continue to be paid until the completion of his or her 27th year. If the deceased left several children, the amounts are reduced proportionately and limited in total to half of the pension to which the contracting party was entitled. The total maintenance payments to surviving dependants must not exceed the full amount of the pension of the contracting party. Current pensions are adjusted annually to take account of the change in the retail price index for private households based on information provided by the German Statistical Office. Once

the member of the Executive Board has completed his or her 55th year and ten years of service on the Executive Board, and if the employment contract was terminated early by the Supervisory Board or the term of office was not extended for reasons beyond the control of the member of the Executive Board, he or she would immediately receive the pension earned, taking into account other income.

### Emoluments of the Executive Board for 2009

The total cash remuneration of members of the Executive Board for performing their duties in Linde AG and its subsidiaries in 2009 was EUR 10,462,310 (2008: EUR 11,798,252). The decline in comparison with the prior year is mainly due to the fact that the variable cash emoluments fell from EUR 8,157,070 to EUR 6,431,873. This reflects lower performance-related bonus payments, partly as a result of the decline in key performance indicators and partly because in 2008 the Chief Executive Officer received bonus payments in respect of particularly ambitious acquisition and integration targets. The total remuneration was EUR 13,462,315 (2008: EUR 14,798,227), which includes options granted to members of the Executive Board under the Performance Share Programme 2007, which have a notional value of EUR 3,000,005 (2008: EUR 2,999,975). In the 2009 financial year, a total of 117,509 options (2008: 73,891) were granted to members of the Executive Board. The value of these options when they were granted was EUR 25.53 (2008: EUR 40.60) per option.

Provided that the annual financial statements of Linde AG for the year ended 31 December 2009 are approved and that the Supervisory Board accordingly comes to a decision on the variable cash remuneration of 2009, the emoluments for 2009 of the individual members of the Executive Board were as follows:



		Cash emoluments			Share options		Pensions		
		Fixed emoluments	Benefits in kind/Other benefits	Variable emoluments	Total cash emoluments	Value on the grant date	Total emoluments	Annual amount if pension were paid on balance sheet date	Allocated to pension provision in financial year
in €									
Professor Dr Wolfgang Reitzle (Chairman)	2009	1,960,000	39,352	2,721,250	4,720,602	1,499,990	6,220,592	518,400	2,046,780
	2008	1,816,000	24,308	4,688,750	6,529,058	1,500,008	8,029,066	424,320	367,647
Dr Aldo Belloni	2009	720,000	29,739	1,457,148	2,206,887	500,005	2,706,892	288,000	780,503
	2008	588,000	31,549	1,227,075	1,846,624	499,989	2,346,613	244,800	-19,645
Georg Denoke	2009	564,000	13,467	946,500	1,523,967	500,005	2,023,972	122,400	243,211
	2008	468,000	13,136	907,500	1,388,636	499,989	1,888,625	94,080	100,455
J. Kent Masters	2009	672,000	31,879	1,306,975	2,010,854	500,005	2,510,859	190,920	262,102
	2008	624,000	76,189	1,333,745 <sup>1</sup>	2,033,934	499,989	2,533,923	171,360	130,776
<b>Total 2009</b>		<b>3,916,000</b>	<b>114,437</b>	<b>6,431,873</b>	<b>10,462,310</b>	<b>3,000,005</b>	<b>13,462,315</b>	-	<b>3,332,596</b>
(%)		29	1	48	78	22	100	-	-
<b>Total 2008</b>		<b>3,496,000</b>	<b>145,182</b>	<b>8,157,070</b>	<b>11,798,252</b>	<b>2,999,975</b>	<b>14,798,227</b>	-	<b>579,233</b>
(%)		24	1	55	80	20	100	-	-

<sup>1</sup> The figure includes emoluments provided by Group companies in 2008 of EUR 215,245, based on his existing employment contract prior to his appointment to the Executive Board in 2006.

The increase in amounts allocated to pension provisions is due mainly to actuarial effects. At 31 December 2009, pension provisions relating to members of the Executive Board who were active members of the pension scheme were EUR 10,259,762 (2008: EUR 6,927,166) in The Linde Group and EUR 11,305,406 (2008: EUR 8,469,098) in the financial statements of Linde AG.

#### Benefits on the early termination of a contract

Members of the Executive Board who are not reappointed between their 55th and 63rd year for reasons beyond their control receive a lump sum severance payment of 50 percent of their annual cash remuneration (fixed monthly emoluments, dividend-related bonus and performance-related bonus) for the last full financial year before the termination of their employment. In existing contracts, which currently apply only to Professor Dr Wolfgang Reitzle, it is stipulated that the performance-related bonus is calculated on the basis of the average of the performance-related bonuses paid in the previous three years.

In 2009, when the Supervisory Board reappointed Dr Aldo Belloni, Georg Denoke and J. Kent Masters to the Executive Board, it incorporated the recommendations set out in Item 4.2.3 of the German Corporate Governance Code relating to severance pay caps into their new employment contracts. In compliance with the Code, all contracts with members of the Executive Board concluded or renewed in 2009 and new contracts which are concluded or renewed in the future (new contracts) will include the

following provision. If the contract of a member of the Executive Board is terminated early, without cause for the termination of employment, the severance pay would be capped at twice the annual cash emoluments (fixed monthly emoluments, dividend-related bonus and performance-related bonus). The calculation is based on the annual cash emoluments for the last full financial year prior to the removal of the member from the Executive Board. If the annual cash emoluments of the member of the Executive Board for the financial year in which his or her employment is terminated are likely to be significantly higher or lower than the annual cash emoluments for the last full financial year, the Supervisory Board may at its discretion decide to make an adjustment to the calculation of the annual cash emoluments. If the original remaining term of the employment contract was less than two years, the severance pay would be calculated pro rata. For the period on the basis of which the severance pay is determined, the members of the Executive Board receive no pension payments.

If Linde AG is acquired by another company and there is a change of control, and the employment contract is terminated within nine months of that date, either by mutual agreement, or as a result of the passage of time and the employment contract not being renewed, or by resignation of the member of the Executive Board due to a more than insignificant impairment of his or her position as a member of the Executive Board in consequence of the takeover, the members of the Executive Board have an

entitlement to benefits, based on their contractual cash emoluments and 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 impaired in a more than insignificant way.

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

When the contracts of the Executive Board members, Dr Aldo Belloni, Georg Denoke and J. Kent Masters, were renewed in the 2009 financial year, the recommendation set out in Item 4.2.3 of the German Corporate Governance Code relating to severance caps in the event of a change of control was implemented. In accordance with the Code, all Executive Board contracts which have been concluded or renewed in 2009 and contracts concluded or renewed in future provide, in the event of a member retiring early from the Board due to a change of control, for severance pay in the same amount as would have been paid in respect of any other early retirement from the Board without cause. Moreover, the Executive Board member would receive additional compensation equivalent to his or her annual cash emoluments (fixed monthly emoluments, dividend-related bonus and performance-related bonus). The additional compensation would not be paid if the member of the Executive Board had been a member for less than three years or if he or she had not yet completed his or her 52nd year or had already completed his or her 63rd year when the employment contract end.

For both forms of contract (existing contracts and new contracts), the same rule applies. If the member of the Executive Board receives benefits on the occasion of or in connection with the acquisition by a majority shareholder, a controlling company or another legal entity, these are taken into account when

the compensation and severance pay benefits are calculated. The pension commitment is determined in accordance with the rules for the early termination of an employment contract without cause.

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

#### Loans and advances

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

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

Former members of the Executive Board and their surviving dependants received total emoluments of EUR 2,667,115 in the 2009 financial year (2008: EUR 2,604,480).

A provision of EUR 35,054,097 (2008: EUR 33,942,066) has been made in the Group financial statements for current pensions and future pension benefits in respect of former members of the Executive Board and their surviving dependants. In the financial statements of Linde AG, a provision of EUR 36,836,129 (2008: EUR 37,716,446) was made. The differences in the amounts in each set of financial statements are the result of the different parameters used in the calculations in the Group financial statements and the annual financial statements.

## 2. Remuneration of the Supervisory Board

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

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

#### Fixed emoluments

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

### Variable emoluments

The first part of the variable remuneration for each member of the Supervisory Board is EUR 300 for each EUR 0.01 by which the dividend declared at the Annual General Meeting exceeds a dividend of EUR 0.50 per share with full dividend entitlement distributed to the shareholders. The second part of the variable remuneration is EUR 450 for each 0.1 percent by which the return on capital employed (ROCE) of The Linde Group exceeds the rate of 7 percent in the relevant financial year. ROCE is determined on the basis of the information in the relevant audited Group financial statements in accordance with IFRS and the articles of association. In 2009, ROCE calculated in this way was 10.4 percent (2008: 12.4 percent).

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

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

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

### Attendance fees

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

### VAT and reimbursement of expenses

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

### Emoluments of the Supervisory Board for 2009

Based on a dividend of EUR 1.80 (2008: EUR 1.80) per share entitled to dividend and ROCE in The Linde Group of 10.4 percent (2008: 12.4 percent), the total emoluments of the Supervisory Board (fixed emoluments, variable emoluments and attendance fees) amounted to EUR 1,739,800 (2008: EUR 2,088,603) plus VAT of EUR 330,562 (2008: EUR 396,835). Of the total emoluments, EUR 840,000 (2008: EUR 932,527) related to fixed emoluments and EUR 868,800 (2008: EUR 1,119,076) to variable emoluments. The total expenditure on attendance fees was EUR 31,000 (2008: EUR 37,000).

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

		Fixed emoluments	Variable emoluments	Emoluments for sitting on audit committee	Attendance fees	Total emoluments <sup>1</sup>
in €						
Dr Manfred Schneider (Chairman)	2009	150,000	162,900		4,000	316,900
	2008	150,000	189,900		3,500	343,400
Hans-Dieter Katte (Deputy Chairman)	2009	75,000	81,450		4,000	160,450
	2008	75,000	94,950		3,500	173,450
Michael Diekmann (Second Deputy Chairman)	2009	75,000	81,450		2,000	158,450
	2008	75,000	94,950		2,000	171,950
Dr Gerhard Beiten	2009	50,000	54,300		2,000	106,300
	2008	50,000	63,300		2,000	115,300
Dr Clemens Börsig	2009	50,000	54,300	40,000	4,000	148,300
	2008	50,000	63,300	23,169 <sup>2</sup>	3,000	139,469
Gernot Hahl	2009	75,000	81,450		4,000	160,450
	2008	75,000	94,950		3,000	172,950
Thilo Kämmerer	2009	50,000	54,300		1,500	105,800
	2008	50,000	63,300		2,000	115,300
Matthew Miao (from 03.06.2008)	2009	50,000	54,300		1,500	105,800
	2008	28,962	36,665		1,000	66,627
Klaus-Peter Müller	2009	75,000	81,450		2,000	158,450
	2008	64,481 <sup>3</sup>	81,633		3,000	149,114
Jens Riedel	2009	50,000	54,300		2,000	106,300
	2008	50,000	63,300		2,000	115,300
Xaver Schmidt (from 08.09.2008)	2009	50,000	54,300		2,000	106,300
	2008	15,710	19,889		1,000	36,599
Josef Schregle	2009	50,000	54,300		2,000	106,300
	2008	50,000	63,300		2,000	115,300
<b>Total 2009</b>		<b>800,000</b>	<b>868,800</b>	<b>40,000</b>	<b>31,000</b>	<b>1,739,800</b>
(%)		46	50	2	2	100
<b>Total 2008<sup>4</sup></b>		<b>883,948</b>	<b>1,119,076</b>	<b>48,579</b>	<b>37,000</b>	<b>2,088,603</b>
(%)		42	54	2	2	100

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

<sup>2</sup> Audit committee (chairman) from 3 June 2008.

<sup>3</sup> Standing committee from 3 June 2008.

<sup>4</sup> These figures include total emoluments of Board members who retired in 2008: Dr Baumann (EUR 66,922); Mr Full (EUR 73,973); Ms Friebe (EUR 48,982); Mr Schuhbeck (EUR 48,982); Professor Dr Strube (EUR 48,982); Mr Woller (EUR 86,003).

## Loans and advances

At 31 December 2009, there were no loans or advances to members of the Supervisory Board.



# Management Report

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## MANAGEMENT REPORT

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## Corporate organisation

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

## Sales and order intake

In the 2009 financial year, Linde AG achieved sales of EUR 2.439 bn, 9.0 percent below the prior year figure of EUR 2.681 bn. In the Linde Gas Division, sales fell by 9.6 percent from EUR 1.232 bn to EUR 1.114 bn. The main reason for this was the adverse economic environment in Germany in 2009 compared with the previous year. Gross domestic product declined by 4.8 percent and industrial production by 15.5 percent. In the Linde Engineering Division, sales fell by 10.1 percent to EUR 1.351 bn (2008: EUR 1.502 bn). The main reason for the decline is related to billing. In 2009, fewer and smaller projects were completed and billed for the final stage. During the financial year 2009, revenue was recognised in particular in respect of contracts in Saudi Arabia, Romania and Hungary.

43 percent of the sales of Linde AG were to customers in Germany. Exports accounted for 57 percent of sales, with 35 percent (2008: 35 percent) relating to Europe, 57 percent (2008: 53 percent) relating to the Asia/Pacific region and 8 percent (2008: 7 percent) to the Americas. In Africa in 2009, Linde AG achieved virtually no sales (2008: 5 percent). Most of the export business relates to Linde Engineering. As the international plant construction business is project business, there are always fluctuations in the regional figures year by year.

Order intake in the Engineering Division was EUR 809 m, 51 percent below the prior year figure of EUR 1.653 bn. The main reasons for this are the effects of the economic crisis and the reluctance of our customers to make capital expenditure decisions. The Engineering business has also become more international during the financial year. Many contracts are being executed by our subsidiaries. The order backlog reached EUR 4.688 bn, 12 percent below the figure for 2008 of EUR 5.323 bn. The average duration of a contract is around three years.

## Results of operations

In 2009, the focus was both on dealing with the effects of the economic crisis and on the accelerated and rigorous implementation of our HPO programme. HPO (High Performance Organisation) is our integrated approach to process optimisation and efficiency improvement.

Despite a 9.0 percent decline in sales in the 2009 financial year, we were able to increase our gross margin from 26.3 percent to 28.6 percent. One of the main reasons for this was the successful results of our HPO programme in 2009. The other main reason was that earnings in 2009 were only slightly adversely affected by the recognition of major projects in the Linde Engineering Division at the lower of cost or market.

Functional costs were 3.5 percent lower in 2009 than in 2008, mainly due to changes in 2008 in the way in which costs are recharged within the Group. Research and development costs, in particular, are borne by Linde AG. At the same time, Linde AG entered into licence agreements with its subsidiaries. The licence income is included in sales.

The significant decrease in other operating income and in other operating expenses is almost solely due to exchange gains and losses. It is principally the result of the reduction in foreign currency receivables and liabilities in 2009 and of hedging transactions. The high volume is the result of the financing function Linde AG assumes for the whole Group.

Operating profit in 2009 was EUR 76 m, which was 19.1 percent below the figure for 2008 of EUR 94 m.

The other financial result was a loss of EUR 117 m (2008: loss of EUR 165 m). The improvement was mainly due to lower interest rates. The other financial result was adversely affected by impairment losses of EUR 49 m relating to financial assets. These impairment losses relate in particular to investments in Eastern Europe and are mainly the result of a sustained weakening of the currencies compared with the euro in these countries. Investment income rose from EUR 286 m to EUR 375 m as a result of increased income from dividends and profit-sharing agreements.

In 2008, non-recurring items of EUR 107 m were recognised. These were the result of post-acquisition group restructuring which began in the 2007 financial year. In 2008, Linde AG also sold its valve production facility, MAPAG Valves GmbH, to the international technology group Metso in Finland. In the course of 2009, the post-acquisition restructuring continued, without however affecting the earnings of Linde AG.

Profit before taxes on income rose from EUR 215 m to EUR 334 m.

The net income for the 2009 financial year of EUR 305 m was around the same as the prior-year figure of EUR 304 m.

### Results of operations (summary)

in € million	2009	2008
Sales	2,439	2,681
Cost of sales	1,741	1,978
<b>Gross profit on sales</b>	<b>698</b>	<b>703</b>
Functional costs	792	821
Other income	399	788
Other expenses	229	576
<b>Operating profit</b>	<b>76</b>	<b>94</b>
Investment income	375	286
Other financial result	-117	-165
<b>Profit before taxes on income</b>	<b>334</b>	<b>215</b>
Taxes on income	29	18
Non-recurring items		
Profit on disposal of investments	-	107
<b>Net income</b>	<b>305</b>	<b>304</b>
Retained profit brought forward	582	582
<b>Unappropriated profit</b>	<b>887</b>	<b>886</b>



## Net assets and financial position

Total assets fell in 2009 by EUR 216 m to EUR 14.232 bn.

Fixed assets increased by EUR 149 m to EUR 13.381 bn. The percentage of total assets comprised by fixed assets was 94 percent (2008: 92 percent). The main component of fixed assets is financial assets, due to the function of Linde AG as the holding company of The Linde Group. Financial assets in particular increased during the reporting period by EUR 168 m, as the investment in Linde Gas Hungary was sold within the Group to Linde AG and there was also a capital increase in our subsidiary Linde Holdings Netherlands B.V. Impairment losses of EUR 49 m on the other hand reduced the figure for financial assets in the reporting period.

Receivables and other assets fell from EUR 714 m to EUR 520 m. The main contributory factor here was the decline in trade accounts receivable, both from third parties and from affiliated companies.

Total equity (before the appropriation of profit) increased by EUR 21 m to EUR 7.682 bn as a result of net income and the exercise of share options. The equity ratio, based on total assets, rose from 53 percent to 54 percent. Total provisions amounted to EUR 1.688 bn, EUR 45 m higher than in the prior year.

Liabilities decreased by EUR 282 m to EUR 4.862 bn. The main reasons for this were the lower figure for advance payments received from customers and the lower figure for trade accounts payable as a result of the reduction in the volume of business.

Liquid assets fell by EUR 177 m to EUR 320 m.

Net financial debt (financial liabilities less financial receivables less liquid assets) increased by EUR 339 m in the reporting period from EUR 2.977 bn to EUR 3.316 bn. The main reasons for this were the lower figure for advance payments received from customers in 2009 than in 2008 and the intra-Group purchase of the investment in Linde Gas Hungary by Linde AG.

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

	2009		2008	
	in € million	in percent	in € million	in percent
<b>Assets</b>				
Financial assets	12,972	91	12,804	89
Other fixed assets	409	3	428	3
Receivables and other assets	520	4	714	5
Liquid assets	320	2	497	3
Other assets	11	-	5	-
<b>Total assets</b>	<b>14,232</b>	<b>100</b>	<b>14,448</b>	<b>100</b>
<b>Equity and liabilities</b>				
Equity	7,682	54	7,661	53
Provisions for pensions	804	6	792	5
Other provisions	884	6	851	6
Liabilities	4,862	34	5,144	36
<b>Total equity and liabilities</b>	<b>14,232</b>	<b>100</b>	<b>14,448</b>	<b>100</b>

## Research and development

In the 2009 financial year, we invested a total of EUR 128 m (2008: EUR 143 m) in research and development. In 2008, there were changes in the way costs were recharged within the Group. As a result of these changes, Linde Group subsidiaries now have contractual research and development agreements with Linde AG and recharge research and development costs incurred locally to Linde AG.

In the Linde Gas Division, we spent EUR 109 m (2008: EUR 120 m). The focus here was on the development of new gases applications.

In the Linde Engineering Division, we spent EUR 19 m in 2009 compared with EUR 23 m in 2008 on innovations and the development of technologies for all the main types of plant, especially for hydrogen, olefin and natural gas plants.

At 31 December 2009, 171 employees were working in research and development (2008: 172). Of these, 94 (2008: 96) employees were in the Linde Gas Division and 77 (2008: 76) in the Linde Engineering Division.

## Financing and measures to safeguard liquidity

### Financing principles and objectives

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

Our 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 2009 mainly by our Dutch finance company, Linde Finance B. V., and Linde AG. Centralised financing makes it possible for Group companies to act as a single customer on the capital markets and strengthens our negotiating position with the banks and other market participants.

The Group companies are financed either by the cash surpluses of other business units in cash pools (Germany, the UK, France, Italy, Switzerland, Scandinavia and the Baltic states, the United States, the Benelux countries, Australia, China and other Asian countries), or by Group loans from Linde Finance B. V. or Linde AG. 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.

### Syndicated credit

The original syndicated credit facility (term loan) of GBP 8.9 bn taken out to refinance the BOC acquisition has now been reduced to around EUR 0.5 bn (2008: EUR 0.9 bn). The amount was drawn upon the syndicated loan commitment through Linde Finance B. V. In prior years, these funds were transferred by Linde Finance B. V. to Linde AG as an intra-Group loan. In 2009, the full amount of the syndicated credit outstanding was directly transferred to the subsidiaries of The Linde Group. The EUR 2 bn revolver facility, also syndicated, is currently unutilised and also serves as back-up for our EUR 1 bn Commercial Paper Programme. Both facilities are available until 2011.

### Forward start credit facility

In order to increase the flexibility of our financing still further, in June 2009 we agreed a new EUR 1.6 bn two-year revolver credit line. This forward start credit line will be available from 2011 and will succeed the Group's existing revolver credit facility, which expires on 3 March 2011. The transaction was arranged by Linde

itself and forms part of a club deal. More than 20 major German and international banks used by Linde were involved in the transaction.

With this new credit line, Linde has ensured that it has a solid general liquidity reserve with the banks.

#### Capital market activities

In 2009, we also made successful use of the capital markets via our subsidiary Linde B. V. to improve the maturity profile of our financial debt, thereby ensuring the long-term financing of our Group.

Under the EUR 10 bn Debt Issuance Programme, issues totalling EUR 3.9bn in various currencies were outstanding at 31 December 2009 (31 December 2008: EUR 3.5bn). In the course of the 2009 financial year, we placed new bonds totalling EUR 327 m and USD 400 m in the market via Linde Finance B. V.

In November 2009, Linde issued a 5-year Eurodollar bond for USD 400 m with a coupon rate of 3.625 percent. The issue was used to refinance part of the syndicated credit in US dollars in order to optimise the maturity profile still further. The issue, which met with a positive response, was Linde's first venture

into the Eurodollar market and was a seamless continuation of the Group's successful financing strategy of relying on a broad base of financing sources and tools. The bond was issued under the Debt Issuance Programme by Linde Finance B. V. and is listed on the Luxembourg Stock Exchange.

#### Rating

Since 1999, the creditworthiness of The Linde Group has been rated by the leading international rating agencies Moody's and Standard & Poor's. The rating is an essential requirement for a successful and sustainable presence in the capital market. Even after the BOC acquisition, our stated objective is an "investment grade" rating. Only six months after the BOC acquisition, in spring 2007, the rating agencies both increased Linde's rating by one notch to BBB and Baa1 respectively. In April 2008, Standard & Poor's increased its rating still further to BBB+. At the same time, the rating of the subordinated bonds was raised to Baa3/BBB-, which brought them up to the investment grade rating. In April 2009, Standard & Poor's improved its outlook for the long-term rating from stable to positive.

#### Rating 2009

Rating agencies	Long-term rating	Outlook	Short-term rating
Moody's	Baa1	Stable	P-2
Standard & Poor's	BBB+	Positive	A-2

## Corporate responsibility (CR)

In the 2009 financial year, our continued commitment in the core areas of our corporate responsibility remained a matter of great importance to us. The progress we have made in our five focus areas (Employees, Environment, Corporate Citizenship, Ethics and Compliance and Socially Responsible Investments (SRI)) was summarised and published in November 2009 in a Corporate Responsibility Report, as in past years.

Our activities here concentrated above all on improvement measures in the area of environmental and climate protection in our own production facilities and on the diverse applications of our gases and technologies, which present our customers with an environmentally friendly alternative to existing processes. We also focused on our global targeted personal development programmes. During the financial year, for example, we devised and implemented training modules for the various target groups of employees in the Group. The 2009 CR Report also includes our current non-financial data, comprising key employee data and key HSE (Health, Safety, Environment) data. The report was published for the first time on the Internet with an accompanying brochure at [www.linde.com](http://www.linde.com).

### Guidelines and CR Council

The corporate responsibility policy is one of the guidelines on which we base our actions. In the policy, we commit ourselves to acting responsibly towards our stakeholders, which might include our shareholders, our business partners, our employees and the community, and to developing sustainable technologies and protecting natural resources.

A high-level committee, the CR Council, sets targets every year on this basis, which are summarised in the CR road-map and gradually implemented.

The members of the CR Council are Professor Dr Wolfgang Reitzle, Chief Executive Officer of Linde AG and Dr Aldo Belloni, a member of the Executive Board, together with the managers with global responsibility for Corporate Communications & Investor Relations, Human Resources, Internal Audit, Legal and SHEQ<sup>1</sup>. In the 2009 financial year, the committee met on 30 September in Munich.

### CR road-map 2009/2010

In the 2009 financial year, we achieved our target and received an assurance report from KPMG Sustainability for selected HSE data. We also succeeded in improving the quality of our recording processes for non-financial key data. It should also be emphasised that the measurement of Linde shares in line with Socially

Responsible Investment (SRI) criteria has continued to improve. They were included, for example, in 2009 in the Ethibel Sustainability Index (ESI) Europe. To select shares for the index, a process is adopted which analyses and values the company on the basis of criteria which are given equal weight – internal social policy, environmental policy, external business policy and ethical economic policy.

The asset management company Sustainable Asset Management (SAM), which specialises solely in sustainable investments, publishes and licenses the internationally recognised Dow Jones Sustainability Indexes (DJSI) and assesses the sustainability performance of the world's 2,500 largest companies. Linde received awards in 2009 from SAM in two different categories at the same time. In a global comparison with the other companies in its sector, Linde had made the greatest progress in the area of corporate responsibility (Sector Mover of the Year) and it was also included for the first time as one of the Sustainability Leaders (SAM Bronze Class).

The dialogue with our customers about corporate responsibility has also intensified in the past year.

In the current financial year 2010, we will seek:

- to involve independent third parties again in the verification of selected non-financial data and
- to roll out an Environmental Innovation Performance Indicator across the whole Group.

### Key themes

We identify the key CR themes at various levels (global, regional, local), which enables us to match the ecological and social challenges for our core business with the requirements of our stakeholders. The themes identified are designated as high, middle or low priority.

In the Safety, Health, Environment und Quality (SHEQ) action area, for example, we have identified environmental and climate protection, as well as health protection for our employees, as themes of above-average importance for sustainable and responsible corporate management.

In the Employees action area, this applies not only to building commitment to the Group and fostering talent, but also to the theme of demographic trends.

In the 2009 CR report, we will report in detail on other themes relating to all five CR action areas and on the various measures taken and targets set. The Corporate Governance Report (see pages 013 to 017) sets out our approach in the past financial year in the Ethics and Compliance action area.

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

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

For all our stakeholders, but especially for our employees and customers, extensive and effective management in the four areas included under the designation SHEQ (Safety, Health, Environment and Quality) is of great importance. Our aim is to improve the quality of our products and services constantly, while at the same time maintaining high standards of safety, health and environmental protection.

### HSE management

The integrated HSE management systems at Group level are the relevant tools for the management of HSE (Health, Safety and Environment) in Group companies in Germany. They comprise internal SHEQ guidelines and include detailed descriptions of the processes to which they apply.

Between November 2008 and January 2009, the SHEQ central function also conducted a Group-wide qualitative assessment on the topic of health protection. A total of around 80 business units in Linde (Gases Division companies, the Engineering Division and the Electronics Business Area) answered 60 or so questions. The evaluation of the answers revealed that the strengths and weaknesses of health management vary in Linde according to region and that there are already many excellent programmes at a local level. A strength highlighted in Germany, for example, was emergency medicine. The aim in the current financial year is to establish a mandatory minimum standard for health management and to promote the exchange of best practice in the Group.

### Quality management

In the Gases Division, the consistently high quality of our gases is exceptionally important.

As a result, over 65 percent of all the sites in this division have been certified in accordance with the international quality management standard DIN EN ISO 9001, including the Linde Gas Division in Germany.

In the Engineering Division, quality management is integrated into the core processes in accordance with internationally recognised standards from the tendering process to the execution of the contract and the provision of customer services. Quality management and HSE management are interlinked and for a single project might comprise setting quality and HSE targets, monitoring customer satisfaction and conducting internal audits. The Engineering Division, like the Gases Division, secures its quality management by obtaining external certification.

### Climate protection

In its guidelines (corporate responsibility policy, SHEQ policy), Linde expressly commits to protecting the environment, offering

safe, environmentally friendly products and services, and developing technologies, products and services which are particularly ecologically sustainable. We ourselves have undertaken to measure and evaluate those of our own processes which are relevant to the environment and the climate on a regular basis and to publish the results.

In the Gases Division, particularly relevant in climate protection are air separation units and HyCO plants, the main products of which are hydrogen and carbon monoxide. Our greatest challenges here are lowering energy consumption and using energy efficiently, as well as the associated reduction in greenhouse gas emissions, because the production of industrial gases is energy-intensive. When our gases are transported by truck, whether they be liquefied gases transported in tankers or cylinder gases transported in cylinders, we take care to optimise routes so as to reduce fuel consumption and therefore emissions. Across all industry sectors, there are gases applications which can make the processes more environmentally friendly and climate-friendly, whether by substituting materials, improving the efficiency of combustion processes, or reducing emissions or waste. Climate protection is integrated into the main processes of our Engineering Division and comes particularly into focus at the tendering stage and in the planning phase of the plant. Should process technologies be available that are proven to be more environmentally friendly than those specified in the customer's tender or than required by law, our Engineering Division points out the advantages of these solutions to our customers and demonstrates how they can be integrated into the customer's project.

Research and development are exceptionally important for our plant construction business and this also applies to climate protection. Since 2009, we have been measuring the levels of innovation in our Engineering Division from an ecological perspective using the Innovation Performance Indicator, which will also be introduced in the Gases Division in the course of 2010. More details about our gases applications and climate protection technologies can be found at [www.linde.com/cr](http://www.linde.com/cr).

## Employees

Qualified and motivated employees are an important prerequisite for the sustainable success of our Group. As we are in competition with other companies, we pursue an integrated Group-wide personnel strategy which is designed to support our employees and encourage their commitment. The continuing professional development of our employees, based on the requirements of the Group, is a key element of our personnel management at all our locations. The Group-wide Human Resources (HR) function is

responsible for advising and supporting all the business units on these personnel issues. Our personnel development programmes, which we bring together under the heading “People Excellence” and which we expanded in 2009, are an example of this. We were also able virtually to complete the introduction of a Group-wide personnel data management system. A web-based platform which ensures a high level of data security now makes it possible to retrieve Key Performance Indicators (KPIs), which are based on standard definitions, without any time-lag.

We have also begun to take account of the global demographic shift, i. e. a rapidly ageing population in industrial countries on the one hand and high rates of population growth in the emerging economies and newly industrialised countries on the other, as a factor in our future personnel management.

### People Excellence

The range of jobs within our Group makes it necessary for us to devise our personnel development programmes on a modular basis and in a way that is as much directed towards target groups as possible. These programmes are characterised by practically relevant learning and therefore offer the best preparation for the continuing professional development of our employees in both specialist/technical and personal spheres. An example of this is the development of future managers by tutors who have been trained internally and are themselves engineers, scientists or technicians. Our line manager development programme is aimed at first-tier and second-tier managers, who have the greatest direct responsibility for employees at Linde. One of the core competences being taught is effective leadership and the inclusion of employees so as to achieve further improvements in their own productivity and enhance their commitment.

### Linde University

Under the auspices of Linde University, we have created an international training and development programme focusing on leadership and business management as well as on continuing professional development.

The education plan of Linde University comprises both teaching with students present and online interactive learning programmes, as well as project work. In order to integrate the most recent scientific knowledge and management theories into the learning process, we cooperate at an international level with leading universities. At the same time, we also involve top management in our training and continuing professional development programmes, to ensure that they have practical relevance tailored to the needs of the Group.

### Lifelong learning

In Germany, as in other industrialised countries, the number of qualified personnel is already declining, even though they are

urgently needed. The reason for this is lower numbers in younger year-groups.

In particular, there is an acute shortage of engineers. The recruitment of highly-qualified engineers is, however, a vital component for sustainable success in a technically-oriented Group such as Linde. To improve this situation across the various levels of education, we rely on various measures.

We encourage an interest in science, for example, by sponsoring various schools in Germany, and beyond the German borders we are an active partner in the fields of higher education and research.

One example of the way in which we support the learning of older employees as well is the “WeGebAu” programme (a training scheme for older employees working in the company who have few qualifications). We are initially implementing this scheme only in Germany, in collaboration with the Bildungswerk der Bayerischen Wirtschaft.

### Employee representation

The cooperation between our Group and its employees, employee representatives and trade unions is characterised by a fair balance between the economic interests of the Group and the interests of our workforce worldwide. In 2009, 76.7 percent of Linde AG employees were employed under collective agreements (2008: 80.2 percent). In Germany, the Works Constitution Act (BetrVG) governs cooperation between company management and employee representatives. Employee representation in The Linde Group is two-tiered, comprising decentralised works councils in the individual units and a central works council for the Group as a whole. In addition to this two-tiered co-determination system, Linde has also had a European works council for a number of years. This provides the opportunity for employee representatives to share information across national boundaries.

### Company pension schemes in Germany

In Germany, Linde finances occupational pension schemes in the form of defined benefit plans by means of a direct commitment.

The pension provision for employees comprises two main elements: employer-financed provision and (employee-financed) provision where employees convert portions of their salary into pension contributions.

The employer-financed provision is for the most part in the form of a contribution-based benefit system.

The voluntary participation of the employees in the salary conversion scheme in the Linde Pension Plan is encouraged by Linde, which makes a matching contribution, i. e. if an employee participates in the salary conversion scheme, the benefit in the year of participation increases by up to 20 percent.

The Linde Pension Plan and some of the employer-financed plans are externally funded via a contractual trust arrangement

(CTA). An important aspect of this contractual trust arrangement is that, as well as the statutory insolvency insurance which applies to pension commitments, company pensions have additional legal protection from Pensions-Sicherungs-Verein aG (PSVaG).

Linde provides employer-financed contributions for 6,254 employees in Germany (5,501 in Linde AG), while 1,605 former employees (1,450 in Linde AG) have acquired a non-forfeitable entitlement to a company pension (deferred members) and 9,177 pensioners (8,285 in Linde AG) are drawing a company pension from Linde. Around 3,067 employees are currently participating in the Linde Pension Plan (2,445 in Linde AG), 164 former employees have acquired a non-forfeitable entitlement to a company pension (125 in Linde AG) and 22 pensioners are already drawing their pension (19 in Linde AG).

#### Thank you to our employees

The Executive Board would like to thank all Linde employees for their high level of dedication and hard work in the past financial year. Our staff have made tremendous efforts across the globe which have contributed to the steady performance of our Group.

#### Key data

The Group-wide collection and reporting of non-financial data constitute an important tool for us, enabling us to evaluate the ecological and social impact of our entrepreneurial activity, assess our progress and plan our next steps. Our objective is to make continual improvements in our efforts to run our business in a sustainable and responsible manner. The regular publication of our key data also enables our stakeholders to examine and evaluate the performance of The Linde Group.

We publish here the principal employee data for Linde AG.

In the 2009 financial year, we expanded the section entitled “Facts and Figures” on our website at [www.linde.com/cr](http://www.linde.com/cr) and, where relevant, we disclose the key data for the Group by division over several years for employees, health, safety and the environment. So that the figures can be evaluated more easily, we give detailed information about our data management and about the definitions underlying the key data.

More detailed information about our employees, environmental protection, safety and corporate citizenship can be found in our online Corporate Responsibility Report 2009 at [www.linde.com/cr](http://www.linde.com/cr).

## Employees in Linde AG

	2009	2008
<b>Employees by division (as at the balance sheet date)</b>		
Linde Gas division	2,621	2,745
Linde Engineering division	2,739	2,817
Corporate Centre	248	247
<b>Linde AG</b>	<b>5,608</b>	<b>5,809</b>
<b>Structure of the workforce</b>		
Proportion of part-time employees in %	3.9	4.0
Proportion of fixed-term employees in %	2.9	7.8
Proportion of staff covered by collective wage agreements in %	76.7	80.2
Proportion of apprentices in total workforce in %	4.0	3.9
Number of apprentices and trainees	227	225
<b>Employee retention</b>		
Staff turnover rate <sup>1</sup> in %	0.9	1.3
<b>Diversity</b>		
Proportion of women in %	22.0	21.6
Age structure of permanent staff in %		
Staff under 30 years old	14.3	15.4
Staff between 31 and 50 years old	58.3	57.7
Staff over 50 years old	27.4	26.9
<b>Employee training</b>		
Average number of training days per employee	0.8	2.8
Average expenditure on training programmes per employee in €	204	470

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



# Risk report

The following report applies to both the parent company Linde AG and to The Linde Group. The holding company Linde AG is of crucial importance in our management of risks and opportunities.

## Risk management

### Risk policy

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

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

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

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

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

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

### Organisation, responsibilities and risk management tools

We distinguish between risks which relate to the entire Group (Group risks) and risks arising from the activities of the operating business units (business risks). Group risks are identified by members of the Executive Board and managed by those personnel to whom the responsibility for those risks has been allocated. Business risks are managed by the operational executives 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 Linde Group and continues to develop the tools and methods required to identify and evaluate risks.

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

- Capital expenditure guideline: The decision and allocation process for capital expenditure is centralised in The Linde Group. Each large item of capital expenditure is approved by a central investment committee and/or by the Executive Board of Linde AG.
- Treasury guideline: Our worldwide Treasury guideline 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 our subsidiaries to minimise these risks and actively manage them. The Treasury committee, which is chaired by the Chief Financial Officer, receives a monthly report on these risks.
- Purchasing guideline: Our worldwide purchasing activities require us to fulfil complex requirements in terms of our business conduct. We accept the principles of free and fair competition. We therefore reject any illegal business practices when purchasing goods and services. We have supplemented

our employee code of conduct with a purchasing guideline which applies equally to all Linde AG personnel. In these rules, Linde AG sets out principles relating to business conduct and the avoidance of conflicts of interest.

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

#### Accounting-related internal control system

The production of the Group financial statements is centrally defined, monitored and implemented.

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

Accounting transactions are recorded by divisions of Linde AG.

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

The accounting systems of the divisions are fully integrated ERP systems which are tailored to the specific requirements of an industrial gases and plant construction company. These systems not only collect data for the preparation of the annual financial statements in accordance with the provisions of the German Commercial Code (HGB) and of the rules set out in the articles of association, but also provide all the data for the Group management accounts prepared on a monthly basis in accordance with IFRS. Supplementary information is added to the data recorded

in the divisions to form a reporting pack and the divisions submit this on a standard set of forms.

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

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

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

#### Risk recognition, evaluation and management

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

The management team of each unit 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, we consider 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 business units plan the next step of measures that can be taken to manage the risk, so that the risk may be reduced to an acceptable level. The management of the risk comprises a selection or combination of measures to avoid risk, to transfer risk, to reduce risk and to control risk. For each risk, responsibility for the risk is assumed by an individual appointed by the management of the Group business 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 our key tool when identifying and evaluating risks and determining the measures to be taken to reduce those risks. The Group business units record all the risks identified in risk registers which are updated quarterly. In the risk registers, for each risk, the measures taken to reduce the risk are documented and an assessment is made of the probability of occurrence of the risk and its loss potential in a clear, summarised form, so that the decision-makers are given an overview of the risk position in their unit. We also have a simulation model which enables us to demonstrate the effects of various factors on business performance in the course of our planning. Changes in influencing factors identified by our risk management process are incorporated into the model and allow us to demonstrate the effect of the risks on business performance. We employ statistical methods to determine the trends.

### Risk reporting

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

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

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

### Audit

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

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

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

### Continuous improvement

Our risk management system is continuously being improved. In the first quarter of 2009, we successfully completed the introduction of our risk management software. This enabled us to increase yet again the efficiency and effectiveness of our forward-looking risk management system.

The relevant accounting-related internal controls are reviewed and fine-tuned on a regular basis to ensure an efficient and effective process. All the guidelines which apply to local units and Global Support Functions are reviewed at least once a year to ensure that the processes are improved and amended.

### Risk areas

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

### Risks arising from the economic environment

As a company with global operations, we are dependent on cyclical trends in the world economy. The decline in demand seen across the world in the 2009 financial year as a result of the economic crisis represents a risk for us. Uncertainties about future global economic development remain. We may be faced with further lost sales, a potential lack of new business or an increase in the risk of bad debts in our operating business due to the increasing inability of our customers to make payments (counterparty risk). The high level of volatility in the financial markets will continue to make it difficult to make an accurate assessment of the future net assets, financial position and results of operations of The Linde Group.

The Linde Group operates in many countries and regions, supplying almost all industry sectors. This does not mean that we are able to prevent the worldwide decline in demand having a negative impact on our growth targets, but it does mean that we are able to reduce its effects. This spread of risk also applies to counterparty risk. Moreover, The Linde Group deals with counterparties who have good credit ratings. Regular reviews are performed of the creditworthiness of counterparties and very clear limits are set. However, credit ratings have been changing very rapidly since the onset of the economic crisis. Despite our monitoring procedures, our counterparties might delay their payments or fail to pay at all.

Our focus on gases and plant construction, sectors which sometimes benefit in terms of sales and earnings when there is a deterioration in certain economic conditions, is also a contributory factor in lessening the impact of economic cycles on our Group.

Moreover, the 2008 financial year had already seen the launch of a number of cost-reduction and efficiency improvement schemes, the full impact of which will become evident over the next few years.

The fact that markets are competitive means that we are exposed to the risk of losing market share and experiencing a decline in our market profile. We counter this risk by constantly conducting analyses of our market environment and competitive situation. We obtain vital information about our customers' requirements by maintaining regular contact with customers, which enables us to stay close to the market. We use the information we receive to develop and supply products tailored to suit the needs of the market and to enhance our competitive position and increase our market profile.

In its function as the parent 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.

### Risks in politically unstable countries

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

### External risks

A fundamental risk for Linde, as for all companies, is posed by potential radical changes in the political, legal and social environment. A theoretical risk to the financial position and results of operations of the Group also exists in the form of natural disasters, pandemics or terrorist acts. These risks, which are covered in some cases by insurance, are addressed by our Business Continuity Management. In the business units, under the direction of the Group-wide SHEQ (Safety, Health, Environment, Quality) function, local contingency plans are developed to minimise as far as possible the potential consequences of serious events through rapid, effective action and to ensure the fastest possible return to normal operations, even in the case of highly improbable events or losses of a grave nature. The Linde Group has developed and launched a contingency plan for the 2009 global H1N1 pandemic, also known as swine flu, which covers the critical areas for our business operations in the various business units. The plan focuses on maintaining our ability to supply in every country, especially to those of our customers with a critical infrastructure. At the same time, we are providing our employees with guidelines on how to protect themselves against infection at home and in the workplace. As a result of our pandemic risk management, there have been no adverse effects on our business operations from the pandemic and there has been no significant increase in the sickness figures reported for our employees.

### Strategy risk

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

We also pay close attention to global economic trends, so that we can take the steps necessary to adapt the implementation of our strategy to any changes in the international economic situation, by adjusting the timeframe involved or the geographical application of the strategy.

In 2009, there were no changes in the growth strategy or in decisions about location which would have given rise to a change in the strategy risk.

### Financial risks

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

Due to its global operations, The Linde Group is exposed to a number of financial risks. In particular, these include counterparty risk, liquidity risk and risks arising from movements in interest rates and exchange rates. The management of counterparty risk is based on the credit ratings of the counterparties. We also monitor changes in other relevant capital market parameters, such as movements in credit default swaps or in the market capitalisation of counterparties. We limit the extent and duration of any financial transactions to be concluded accordingly. Regular reviews are performed by a supervisory unit which is independent of the trading entity to ensure compliance with all the limits set. In the 2009 financial year, as a result of the financial market crisis, amounts were switched between borrowers, in order to reduce the risk of loss which might occur if a counterparty were to default.

Even before the onset of the crisis in the financial markets, the management of the liquidity risk was one of the Treasury department's most important tasks. For years, Linde has pursued a provident and conservative policy of safeguarding liquidity and we have continued to have access to the capital markets in the 2009 financial year. We also have the security of the backing of a major international banking group which provides us with financing commitments which have not yet been utilised. Moreover, the period to which the financing commitments from the banks related was extended further during the financial year by means of a forward start facility available until March 2013.

Interest rate risk arises as a result of fluctuations in interest rates caused by the markets. On the one hand, they have an impact on the level of the interest expense borne by The Linde

Group, and on the other hand they affect the fair value of financial instruments. Based on the operational business model and using sensitivity and scenario analyses, Group Treasury has determined ranges for the fixed-floating rate of the financial liabilities in the main currencies: Euro (EUR), British Pounds (GBP), US Dollars (USD) and Australian Dollars (AUD). Group Treasury manages the rates within the agreed ranges and submits regular reports to the Treasury committee about the measures implemented.

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

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

Our financing and hedging decisions are based on the financial information we obtain from the treasury management system and from our financial and liquidity forecasts. This is embedded in our general financial reporting systems, which are also used for Financial Control and Accounting/Reporting.

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

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

Interest rate risks are also centrally managed. We analyse potential interest rate risks, ascertain the interest rate exposure in the major currencies and conduct sensitivity analyses. Based on the range for hedging rates determined by the Treasury committee, Group Treasury concludes the transactions with the banks. Interest rate risks are hedged using long-term fixed-interest bonds, loans and interest rate derivatives. In 2009, on average 38 percent of the exposure of the Group was financed at variable rates, while at 31 December 2009 the figure was a good 52 percent.

For further information, see Note [21] of the Notes to the financial statements.

### Pension risks

In many countries, companies in The Linde Group have defined benefit commitments to their employees under occupational pension schemes.

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

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

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

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

As a guideline, the Executive Board has set a global risk budget. Measures being taken to modify the actual risk are coordinated by the Global Pension Committee and implemented in the local pension schemes.

### Risks arising from acquisitions and investments

Acquisition and investment projects are vital for the future growth of The Linde Group. Such projects are, however, associated with complex risks. We manage and reduce these risks by designing tailor-made procedures and processes for our acquisition and investment projects.

Right at the beginning of each project, we use internal and external experts to assess the risks associated with that project. Acquisitions, investments and divestments are also regularly discussed by our investment committee or at meetings of the Executive Board. Project assumptions, the feasibility of the project and specific business risks are subjected to detailed review at these meetings. We work together with internal and external experts to evaluate, for example, the country/currency risk, the credit ratings of individual customers, trends in the local (gases) markets and the underlying terms and conditions of the contract.

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

### Risks associated with innovation

The capacity to innovate is key to the success of a technology group such as Linde. Our research and development activities focus not only on improvements in existing customer processes, but also on completely new technologies and gases applications which may form the basis for future business success. We are concentrating in particular on the following growth areas: energy and the environment, metallurgy, pharmaceuticals, food, health and new materials. In the energy sector, for example, the focus of our research and development activities is on hydrogen technology, a field 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, our 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, our innovative solutions must meet strict hygiene requirements and comply with the guidelines set out in the pharmacopoeia. In the area of new materials, investigations are being conducted into the fields of application of materials research such as nanotechnology in the sectors in which Linde operates.

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

technologies faster or in a more sustainable manner than us and then launch them onto the market and of this presenting a threat to our core technologies.

We address this risk in a number of different ways. Innovation Management, the Group-wide Global Support Function, keeps an eye on the markets, checking constantly to see whether the projects within The Linde Group match our overall strategy and have the potential to generate future profits. Systematic scanning of target areas also takes place, so that we identify early any scenarios which might pose a threat to our own core business and are able to take the appropriate countermeasures. We are increasingly employing tools and processes here with the “open innovation” approach. As our own development resources are in principle always limited, this approach means that we can choose to resort to networks for external developments.

We also combine our various development activities. In our Healthcare Global Business Unit, for example, we have incorporated Linde’s expertise in medical gases into one strong innovation and development unit.

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

Our 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. We are actively involved in the development of future standards, as the marketing of our innovations may depend on compliance with those standards.

#### Purchasing risks

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

To reduce risk, the central purchasing department pursues a portfolio strategy across the entire Group. This strategy is organised on the basis of defined material groups, which are used to categorise all products and services. Reviews are performed for each material group to ascertain the security of sup-

ply, any dependence on suppliers and the supplier portfolio. Based on this analysis, we develop purchasing strategies which minimise the purchasing risk and the cost risk. One example of this is single sourcing, which we reduce by the systematic development of alternative sources of supply. The regional purchasing organisations are involved in this process, from the development of the strategy to its implementation in the relevant country, so that the information available about local markets can be incorporated into the development of the purchasing strategies.

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

#### 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 our products, product information and services. To ensure that our products are safe, our risk management is based on the concept of overall product responsibility (product stewardship). The potential hazards and risks which might arise from a product during its entire life-cycle for employees, neighbours, customers or the environment are analysed and the relevant potential risk is determined. We take the necessary measures to avoid the risks which have been identified or, if that is not possible, to reduce the risks to an acceptable level. Product stewardship begins at the moment when key raw materials, supplies and services are purchased. We only choose suppliers who attach as much importance as we do to occupational safety, health and environmental protection, and quality, and who can demonstrate this, for example, by the fact that they operate an integrated management system.

We also involve our customers in our product stewardship. In the Gases Division, we conduct customer screenings for critical products. These investigations aim to minimise the risks which might arise from improper handling of our gases or chemicals. We only supply these products to our customers if they can demonstrate beforehand that they are able to guarantee proper use of the gases and that they are able to meet all the necessary safety standards.

We are continually updating our product information to take account of national and international guidelines such as REACH and GHS (Globally Harmonised System of Classification and Labelling of Chemicals).

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



### Production risks

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

Therefore, Linde places a high priority on measures which will prevent business interruptions. These include, in particular, the monitoring and maintenance of plants so that such incidents may be avoided, and the provision of replacement parts which are of strategic importance.

If, despite these preventive measures, a business interruption should occur, we have supply networks operating between our production plants, so that any business interruption would have only a limited effect or no effect at all on our customers.

### Environmental and safety risks

The manufacturing of our products and the construction of our plants may give rise to risks associated with the production, filling, storage and transport of raw materials, goods or waste. These risks 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.

We therefore strive to be a leading company in the areas of safety, health protection, environmental protection and quality. All these aspects of corporate responsibility are integrated into our management systems. The Group-wide SHEQ function manages the constant improvement process in these areas, ensuring its success.

One of our main preventive strategies is to maintain and continually update a stringent safety standard for the production and service processes. Strict safety requirements form the basis of processes with a particularly high exposure to risk. A number of years ago, Linde developed and introduced a Major Hazard Review Programme. This programme is always being updated to address potential new risks.

Pollution can occur in many guises and can damage the environment in various ways. Where we understand and know about the impact of our processes and activities on the environment, we are able to develop and implement plans to reduce and control such effects. We focus here in particular on reducing emissions and on making continual improvements to our operations to ensure the efficient use of resources, materials and energy. We are currently involved, for instance, in improving the energy efficiency of our production plants and in increasing the effi-

ciency of our transport fleet. Our impact on the environment is disclosed in key figures published every year in our Corporate Responsibility Report. Selected key figures published in our 2009 Corporate Responsibility Report were reviewed for validity and reasonableness and certified by KPMG.

### Project risks

Complex major plant construction projects make specific demands on risk management. In our Engineering Division, we handle significant contracts which may be worth several hundred million euro and may extend over a number of years.

Typically, the division is involved in the planning and construction of turnkey plants. Potential risks may arise as a result of the costings of complex projects which are subject to uncertainties. Risks may include unexpected technical problems, bottlenecks and quality problems relating to the supply of major components, unforeseen developments during on-site assembly and problems with our partners or subcontractors. To manage the risks in plant construction, we employ 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. We conduct simulations of the opportunities and risks associated with each project using numerical methods of analysis. By continually monitoring changes in the parameters alongside the progress of the project, we are 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.

Another important aspect of risk management is the planning, assembly and commissioning of the projected plants while at the same time taking account of safety and environmental issues. To ensure that this is indeed the case, the Engineering Division has defined clearly-structured management standards and procedures and has set up a panel of experts with a wide-ranging remit.

### Personnel risks

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

To develop the strengths of the Group's executives and foster their commitment, Linde will continue to position itself as an attractive employer and will seek to ensure the long-term loyalty of its management team and employees. Our rigorous management development programme includes the provision of development opportunities, as well as support and advice to target



groups, the early identification and advancement of high achievers and those with potential, and attractive incentive schemes which are tailored to suit the needs of the market.

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

We have also launched various projects, such as First Line Manager Training, Technical Career Paths and Succession Planning, as part of our People Excellence HPO dimension. These projects should ensure that we are able to supply staff from within our own organisation to fill key positions, especially in the technical field, and that we will be able to use our own resources to meet the challenges of a highly competitive labour market. We are dealing with the shortage of engineers by enhancing our own in-house training schemes.

### Legal risks

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

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

Legal proceedings currently considered to involve material risks are outlined below. This does not necessarily represent an exhaustive list.

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

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

### IT risks

The various business processes (production, administration, sales and distribution etc.) of The Linde Group are increasingly supported by information services and systems. To ensure that operations are not interrupted or disrupted, we devote considerable attention to the availability of IT resources and services. In addition, to ensure adequate data protection, we take constant care that the integrity and confidentiality of important information is guaranteed.

Data security is a vital and intrinsic part of our Group-wide IT strategy. It is therefore viewed in its entirety, which means that we devise, implement and monitor procedures to protect data, applications, systems and networks. These procedures may be preventive or may be designed in reaction to specific circumstances.

To ensure the effective implementation of the security system, we rigorously apply organisational, technical and personal precautionary measures. We pay particular attention to access protection, to the management and filtering of data traffic and to the detection or suppression of potential attacks. All major server systems (e-mail, the Web, application servers, databases) and PCs are provided with reliable protection from possible threats in the form of anti-virus software which is constantly updated. In addition, we regularly perform an automatic update of the operating system platform and of the 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. Industry-specific standards are also used to enhance IT security where appropriate.

The measures we take to create a secure and effective IT environment always take account of the need for data processing, data storage and data transmission to comply with legal requirements. The focus here is on the relevant regional and national laws and guidelines, as well as on industry-specific standards.

To ensure that security measures are implemented with a high level of efficiency, we conduct analyses of weaknesses, risks and threats. The relevance, stage of maturity and current state of the security measures adopted are monitored via self-assessments, as well as by the IT internal audit department and external IT auditors. This ongoing process ensures that any amendments and improvements required are in fact made and that the effectiveness of the security measures continues to improve.

In addition, measures are adopted to keep the current IT landscape (wide and local area networks, client/server systems and applications) technically up to date and to counter obsolescence in equipment and program technology. In terms of the existing applications, we are paying particular attention to resources which are critical to the business (e.g. ERP/CRM applications, WAN infrastructure), which are being updated or renewed in a long-term programme of consolidation.

#### Risk transfer

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

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

Based on the risks and future prospects of the Group which have been outlined in this report, no risks have been identified in the 2009 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.

We see uncertainty as the global economy stabilises, while the high level of volatility of the financial markets makes a precise assessment of the future net assets, financial position and results of operations of The Linde Group difficult.

Nevertheless, the total amount which relates to individual risks within the risk fields will not adversely affect the viability of The Linde Group as a going concern. If there is a change in external circumstances, risks which are currently unknown or deemed to be immaterial might have a negative impact on our business operations. We have made all the necessary organisational arrangements to ensure that we become aware at an early stage of any apparent changes in risk situations.

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

### Capital subscribed

The company has capital subscribed at the balance sheet date of EUR 432,402,165.76 which is fully paid up. This is divided into 168,907,096 shares at a par value of EUR 2.56 per share. The shares are bearer shares. Each share confers a voting right and is entitled to dividend.

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

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

### Shareholdings exceeding 10 percent of the voting rights

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

### Shares with special rights

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

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

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

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

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

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

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

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

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

The Executive Board was authorised, with the approval of the Supervisory Board, to increase subscribed capital by up to EUR 25,106,534.40 until 7 June 2010 against cash contributions by issuing, on one or more occasions, new bearer shares, at a par value of EUR 2.56 (Authorised Capital I).

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

The issued share capital can be increased by up to EUR 50,000,000 by the issue of up to 19,531,250 new shares with a par value of EUR 2.56. The increase in share capital will only take place if the holders of the convertible bonds and warrant-linked bonds, to which were added convertible or warrant-linked bonds to be issued by Linde AG or its direct or indirect majority-owned subsidiaries by 7 June 2010, as a result of the authorisation granted to the Executive Board by the resolution passed at the Annual General Meeting on 8 June 2005, exercise their conversion or option rights or if the holders or debtors of convertible bonds to be issued by Linde AG or its direct or indirect majority-owned subsidiaries settle the conversion obligation by 7 June 2010 as a result of the authorisation granted to the Executive Board by the resolution passed at the Annual General Meeting on 8 June 2005.

The issued share capital can be increased by up to EUR 85,000,000.00 by the issue of up to 33,203,125 new bearer shares with a par value of EUR 2.56. The increase in share capital will only take place (i) if the holders of the convertible bonds and

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 2 June 2013, as a result of the authorisation granted to the Executive Board by the resolution passed at the Annual General Meeting on 3 June 2008, exercise their conversion or option rights or (ii) if the holders or debtors of convertible bonds to be issued by the company or by Group companies controlled by the company by 2 June 2013, as a result of the authorisation granted to the Executive Board by the resolution passed at the Annual General Meeting on 3 June 2008, exercise their conversion rights, although in cases (i) and (ii) only insofar as own shares are not used for this purpose.

The issued share capital can be increased by up to EUR 8,257,466.88, divided into 3,225,573 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, use their option rights and the company does not fulfil the option rights by transferring own shares or by making a payment in cash. The new shares issued as a result of the exercise of options are first entitled to dividend in the financial year in which, at the date of their issue, a resolution had 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 9,000,000 by the issue of up to 3,515,625 new bearer shares with a par value of EUR 2.56 if certain conditions are met (2007 conditionally authorised capital). The conditionally authorised increase in share capital is approved solely for the purpose of granting subscription rights (share options) to members of the Executive Board of the company and other senior management in the company and in lower-level affiliated companies within Germany and outside Germany, including members of executive bodies (individuals with subscription rights) in accordance with the provisions set out in the authorisation agreed at the Annual General Meeting on 5 June 2007. The conditionally authorised capital will only be issued if subscription rights are exercised in accordance with the authorisation granted and the company does not meet its obligation in cash or with own shares. The new shares will participate in profit from the beginning of the financial year in which they are issued. If the issue takes place after the completion of a financial year, but before the meeting of the Supervisory Board at which the resolution is passed regarding the appropriation of profit, the new shares are also entitled to participate in the profit of the last completed financial year.

The Executive Board is authorised until 14 November 2010 by a resolution passed at the Annual General Meeting on 15 May 2009 to acquire treasury shares of 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 exer-

cised. 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 treasury shares acquired under this authorisation may:

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

The authorisation given to the Executive Board to purchase own shares based on the resolution passed at the Annual General Meeting on 3 June 2008 was revoked when the new authorisation became effective on 15 May 2009.

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

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

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

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

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

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

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

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

## Events after the balance sheet date

There were no events after the balance sheet date which were required to be disclosed.

# Outlook

## Macroeconomic trends

### World economy

Whereas 2009 was mired by the global economic crisis, a recovery is expected for the current year 2010. The economists at Global Insight anticipate that global gross domestic product (GDP) will grow in 2010 by 2.6 percent. Economic experts expect global industrial production (IP) to rise by 5.4 percent. The speed of the upturn will depend on market reaction to the end or reversal of the economic programmes drawn up by politicians and the central banks. It can be assumed that the worldwide recession will lead to sustainable structural changes in the global economy.

In Western Europe and the eurozone, a moderate increase in economic output is forecast. Economists expect growth in GDP of 0.9 percent in 2010 in the eurozone, an increase in Western Europe of 1.0 percent and a rise in Germany of 1.5 percent. This follows a decline in economic output in Germany in 2009 that was disproportionately severe at 4.8 percent.

In the US, where the first real signs of the crisis became apparent, economic experts expect growth this year of 2.2 percent, following contraction in the economy here in 2009 of 2.5 percent. Industrial production, which had fallen considerably in the US, will also recover, although we cannot yet expect the figures to reach their pre-crisis levels.

South America should also be on the road to recovery in 2010, after a slight fall in GDP in 2009. In this region, Global Insight is forecasting growth in GDP of 3.4 percent.

In the growth markets in Asia, the crisis in 2009 resulted in a smaller decline in gross domestic product than in the developed countries. Some countries were even able to continue to grow. GDP in China, for example, increased by 8.6 percent in 2009. In the current year 2010, economic growth of just under 10 percent is expected here. In India, there are also indications that there will be growth in 2010, as in the whole region of Asia.

In Eastern Europe, on the other hand, the economic recovery in 2010 is expected to be very modest.

In the South Pacific & Africa region, economists are forecasting an increase in GDP in 2010 of around 3 percent.

## Outlook for Linde AG

The economic research institutes are currently predicting that global gross domestic product and industrial production will rise again in the current year 2010.

However, a great deal of uncertainty is still attached to these forecasts – especially in the second half of the year. Given this background, we are continuing to do everything in our power to increase our productivity, make further improvements to our processes and achieve a relatively robust business performance. We will proceed with the rigorous implementation of our integrated concept designed to bring about sustainable improvements in efficiency (High Performance Organisation or HPO), which will transform our Group into a high performance organisation.

On the basis of current economic forecasts, we expect that, seen from today's viewpoint, sales and earnings in 2010 will exceed our figures for the 2009 financial year.

### Gases industry

Our original target for the gases business has not changed. We want to grow at a more rapid pace than the market and to continue to increase our productivity. Given current economic forecasts, we expect to achieve an increase in sales and earnings in 2010 in the Gas Division.

### Plant construction

The order backlog of the Linde Engineering Division remains very high. Against this background and given that some major projects will be invoiced in the 2010 financial year, we expect to achieve around the same level of sales in this division in 2010 as in 2009.

In the four main operating segments (olefin plants, natural gas plants, air separation plants, hydrogen and synthesis gas plants), we are well-placed globally and we will be able to derive sustained benefit from the long-term growth drivers energy and the environment. We will also drive forward the internationalisation of our business and execute projects via our subsidiaries.

### Capital expenditure

We will continue to apply our capital expenditure strategy in Germany and to invest consistently in those areas where there are opportunities for disproportionate growth and where we can increase our profitability and competitiveness.

### Dividends

We pursue an earnings-oriented dividend policy and will align dividends with future earnings trends in The Linde Group.

# Financial Statements

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## FINANCIAL STATEMENTS

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## Balance sheet of Linde AG

### Balance sheet of Linde AG – Assets

in € million	Notes	31.12.2009	31.12.2008
Intangible assets		49	51
Tangible assets		360	377
Financial assets		12,972	12,804
<b>Non-current assets</b>	[1]	<b>13,381</b>	<b>13,232</b>
Inventories	[2]	2,298	2,183
Less advance payments received from customers		-2,298	-2,183
		-	-
Receivables and other assets	[3]	520	714
Cash and cash equivalents	[4]	320	497
<b>Current assets</b>		<b>840</b>	<b>1,211</b>
Prepaid expenses and deferred charges	[5]	11	5
<b>Total assets</b>		<b>14,232</b>	<b>14,448</b>

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

in € million	Notes	31.12.2009	31.12.2008
Capital subscribed		432	431
Conditionally authorised capital of € 152 million (2008: € 178 million)			
Capital reserve		5,035	5,016
Revenue reserves		1,328	1,328
Unappropriated profit		887	886
<b>Equity</b>	[6]	<b>7,682</b>	<b>7,661</b>
Provisions for pensions and similar obligations	[7]	804	792
Other provisions	[8]	884	851
<b>Provisions</b>		<b>1,688</b>	<b>1,643</b>
<b>Liabilities</b>	[9]	<b>4,862</b>	<b>5,144</b>
<b>Total equity and liabilities</b>		<b>14,232</b>	<b>14,448</b>

## Income statement of Linde AG

### Income statement of Linde AG

in € million	Notes	2009	2008
<b>Sales</b>	[10]	2,439	2,681
Cost of sales		1,741	1,978
<b>Gross profit on sales</b>		698	703
Marketing and selling expenses		288	292
Research and development costs		128	143
General administration expenses		376	386
Other operating income	[11]	399	788
Other operating expenses	[12]	229	576
Investment income	[13]	375	286
Other interest and similar income		151	124
Of which from affiliated companies € 133 million (2008: € 77 million)			
Amortisation of financial assets and securities held as current assets		49	1
Interest and similar charges		219	288
Of which from affiliated companies € 191 million (2008: € 198 million)			
<b>Profit on ordinary activities</b>		334	215
Non-recurring items			
Profit on disposal of investments	[14]	-	107
Taxes on income		29	18
<b>Net income</b>		305	304
Transfer to revenue reserves		-	-
Profit brought forward from prior periods		582	582
<b>Unappropriated profit</b>		887	886

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## Summary of fixed asset movements in Linde AG

### Summary of fixed asset movements in Linde AG

	Acquisition/manufacturing cost				31.12.2009
	01.01.2009	Additions	Disposals	Transfers	
in € million					
Concessions, industrial property rights and similar rights and assets, including licences on such rights and assets	113	13	1	1	126
Payments on account	14	8	-	-1	21
<b>Intangible assets</b>	<b>127</b>	<b>21</b>	<b>1</b>	<b>-</b>	<b>147</b>
Land, land rights and buildings, including buildings on land owned by others	465	10	23	6	458
Technical equipment and machinery	483	16	5	6	500
Fixtures, furniture and equipment	340	20	26	6	340
Payments in advance and plants under construction	40	29	6	-18	45
<b>Tangible assets</b>	<b>1,328</b>	<b>75</b>	<b>60</b>	<b>-</b>	<b>1,343</b>
Investments in affiliated companies	12,330	238	42	-82	12,444
Loans to affiliated companies	265	-	-	-	265
Investments in related companies	12	3	-	82	97
Loans to related companies	-	12	-	-	12
Non-current securities	242	6	-	-	248
Other loans	1	-	-	-	1
<b>Financial assets</b>	<b>12,850</b>	<b>259</b>	<b>42</b>	<b>-</b>	<b>13,067</b>
<b>Fixed assets</b>	<b>14,305</b>	<b>355</b>	<b>103</b>	<b>-</b>	<b>14,557</b>

## Summary of fixed asset movements in Linde AG

in € million	Amortisation and depreciation				Net book values		
	Accumulated amortisation/depreciation at 01.01.2009	Additions	Disposals	Transfers	Accumulated amortisation/depreciation at 31.12.2009	31.12.2009	31.12.2008
Concessions, industrial property rights and similar rights and assets, including licences on such rights and assets	76	23	1	-	98	28	37
Payments on account	-	-	-	-	-	21	14
<b>Intangible assets</b>	<b>76</b>	<b>23</b>	<b>1</b>	<b>-</b>	<b>98</b>	<b>49</b>	<b>51</b>
Land, land rights and buildings, including buildings on land owned by others	320	10	20	-	310	148	145
Technical equipment and machinery	377	29	4	-	402	98	106
Fixtures, furniture and equipment	254	33	19	-	268	72	86
Payments in advance and plants under construction	-	3	-	-	3	42	40
<b>Tangible assets</b>	<b>951</b>	<b>75</b>	<b>43</b>	<b>-</b>	<b>983</b>	<b>360</b>	<b>377</b>
Investments in affiliated companies	45	49	-	-13	81	12,363	12,285
Loans to affiliated companies	-	-	-	-	-	265	265
Investments in related companies	-	-	-	13	13	84	12
Loans to related companies	-	-	-	-	-	12	-
Non-current securities	1	-	-	-	1	247	241
Other loans	-	-	-	-	-	1	1
<b>Financial assets</b>	<b>46</b>	<b>49</b>	<b>-</b>	<b>-</b>	<b>95</b>	<b>12,972</b>	<b>12,804</b>
<b>Fixed assets</b>	<b>1,073</b>	<b>147</b>	<b>44</b>	<b>-</b>	<b>1,176</b>	<b>13,381</b>	<b>13,232</b>

# Notes to the financial statements of Linde AG

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## NOTES TO THE FINANCIAL STATEMENTS OF LINDE AG

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## General information

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.

The amendments to the German Commercial Code adopted in the 2009 financial year as a result of the German Accounting Law Reform Act (BilMoG) will be applied by Linde AG from 1 January 2010. The new provisions will result in significant changes in the following areas: pension provisions, deferred tax, the measurement of foreign currency receivables and liabilities, and provisions.

### Accounting policies

Intangible assets acquired for a consideration are stated at acquisition cost less accumulated amortisation charged on a straight-line basis.

Tangible assets are reported at acquisition or manufacturing cost less depreciation based on 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 declining balance method is still the main method used, although the straight-line method is adopted if this leads to higher levels of depreciation. In the case of a permanent diminution in the value of an asset to below its carrying amount, an impairment loss is recognised and the asset is written down to its fair value. Low-value assets are written down in full in the year in which they are acquired. If tax regulations allow additional depreciation, this is applied.

Shares in affiliated companies and related companies as well as non-current financial assets are stated at the lower of cost and fair value.

Non-interest-bearing and low-interest loans are stated at the lower of present value and the value permitted for tax purposes.

Inventories are stated at the lower of average acquisition or manufacturing cost and market value. Manufacturing cost includes both direct costs and indirect material and production costs. 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 the lower of present value and the value permitted for tax purposes. Receivables in foreign currency are stated if necessary at the rate ruling on the balance sheet date, where this is lower. Receivables which are matched by a currency hedge are reported at the relevant forward exchange rate. When measuring receivables and other assets, allowances are made for identifiable risks.

Liabilities are stated at their repayment amount. Liabilities in foreign currency are reported at the higher of the buying rate on the date the transaction was recorded and the rate ruling on the balance sheet date.

Pension provisions are measured in accordance with IAS 19. The measurement of the provision was based on an interest rate of 4.25 percent, a trend in salaries of 2.5 percent and an expected inflation rate of 1.5 percent.

Other provisions are measured so as to take account of identifiable risks and obligations of uncertain timing or amount.

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.

## Notes to the balance sheet

### [1] Fixed assets

Movements in fixed assets are shown on the preceding pages.

Non-current securities include long-term investment securities which have been earmarked under the fiduciary transfer to Linde Custodian e. V./Vorsorge Aktiv Fonds e. V. These securities held as fixed assets have not suffered any loss in value at the balance sheet date. In 2008, the securities held as fixed assets suffered a temporary loss in value of EUR 3 m.

In the reporting period, an impairment loss of EUR 49 m (2008: EUR 1 m) was recognised in respect of investments in affiliated companies. Furthermore, an impairment loss of EUR 3 m was recognised in 2009 in respect of assets in course of construction, which was due to a permanent diminution in value of the underlying assets.

Land, land rights and buildings of EUR 41 m (2008: EUR 41 m) were pledged as security.

Assets of the former subsidiary TV Kohlensäure Technik und Vertrieb GmbH & Co. KG, Pullach, merged with those of Linde AG from 27 August 2009 as a result of the retirement of the unlimited liability partner as a shareholder. The carrying amounts in the company were amortised, giving rise to a loss of EUR 19 m.

### [2] Inventories

in € million	31.12.2009	31.12.2008
Raw materials, consumables and supplies	20	30
Work in progress	2,010	1,835
Finished goods and merchandise	15	17
Prepayments	253	301
	<b>2,298</b>	<b>2,183</b>

### [3] Receivables and other assets

in € million	31.12.2009	31.12.2008
Trade receivables	126	187
Of which due in more than one year	-	20
Amounts due from affiliated companies	333	428
Of which due in more than one year	-	-
Of which relating to trade receivables	58	175
Amounts due from related companies	8	2
Of which due in more than one year	-	-
Of which relating to trade receivables	3	2
Other assets	53	97
Of which due in more than one year	17	-
	<b>520</b>	<b>714</b>

Included in Receivables and other assets are financial receivables of EUR 206 m (2008: EUR 210 m).



#### [4] Cash and cash equivalents

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

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

Prepaid expenses and deferred charges comprise mainly discounts on financial debt of EUR 2 m (2008: EUR 3 m) with affiliated companies issued in the course of post-acquisition restructuring within The Linde Group. Also included here are the prepaid fees for the forward start facility agreed in 2009.

#### [6] Equity

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

The company's subscribed capital at the balance sheet date amounts to EUR 432,402,165.76 and is fully paid up. It is divided into 168,907,096 shares at a par value of EUR 2.56 per share. The shares are bearer shares. Each share confers a voting right and is entitled to dividend. The entitlement to dividend can be excluded either by law (e. g. in the case of own shares) or by a provision of the articles of association, or by a resolution at the Annual General Meeting (e. g. in respect of the commencement of the dividend entitlement of new shares in the year of issue if the shares are issued prior to the Annual General Meeting).

In the 2009 financial year, 414,600 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 1,061,376. Overall, share capital in the 2009 financial year increased from EUR 431,340,789.76 to EUR 432,402,165.76.

	2009	2008
Number of shares at 1 Jan.	168,492,496	166,347,428
Exercise of convertible bond	-	1,853,668
Exercise of stock option programme (MIP 2002)	414,600	291,400
Number of shares at 31 Dec.	168,907,096	168,492,496

##### Authorised capital

At 31 December 2009, the authorised capital comprised the following:

##### Authorised Capital I:

The Executive Board was authorised, with the approval of the Supervisory Board, to increase subscribed capital by up to EUR 25,106,534.40 until 7 June 2010 against cash contributions by issuing, on one or more occasions, new bearer shares, at a par value of EUR 2.56. The shareholders are granted subscription rights as a result. However, the Executive Board is entitled, with the approval of the Supervisory Board, to exclude the subscription rights of shareholders for the residual amounts, and to exclude subscription rights to the extent that holders of convertible bonds or warrant-linked bonds issued by Linde AG or by any of its direct or indirect majority-owned subsidiaries may be granted the subscription rights to new shares to which they are entitled when they exercise their rights of conversion or option rights or settle the conversion obligation, and exclude subscription rights for an amount of EUR 3,500,000 to the extent necessary to issue employee shares. In addition, the

Executive Board can, with the approval of the Supervisory Board, exclude the subscription rights of shareholders for an amount of up to 10 percent of the capital subscribed available at the time of the resolution concerning the use of Authorised Capital I, provided the issue price of the new shares 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. The upper limit of 10 percent of the share capital is reduced by that proportion of the capital subscribed which relates to own shares held by the company, which were sold after the creation of this Authorised Capital I while excluding the subscription rights of shareholders in accordance with §§ 71 (1) No. 8, sentence 5, 186 (3), sentence 4, of the German Stock Corporation Law (AktG), and that proportion of the capital subscribed which relates to rights to subscribe for shares which were created while excluding subscription rights in accordance with §§ 221 (4), 186 (3), sentence 4, of the German Stock Corporation Law (AktG). The Executive Board was also authorised to determine the remaining details of the capital increase and its implementation, with the approval of the Supervisory Board. The new shares can also be transferred to certain banks specified by the Executive Board, which assume the responsibility of offering them to shareholders (indirect subscription rights).

#### Authorised Capital II:

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

### Conditionally authorised capital

The conditionally authorised capital at 31 December 2009 comprised the following:

#### 2000 conditionally authorised capital:

The 2000 conditionally authorised capital of EUR 25,071,910.40 was available to fund convertible bonds and warrant-linked bonds which might be issued by the company or its direct or indirect majority-owned subsidiaries until 16 May 2005. Subsequent to the issue of convertible bonds in May 2004 via Linde Finance B.V., a fully-owned subsidiary of Linde AG, which were fully converted in the 2008 financial year, no additional convertible bonds or warrant-linked bonds were issued prior to 16 May 2005, and the 2000 conditionally authorised capital was abolished at the Annual General Meeting on 15 May 2009.

#### 2002 conditionally authorised capital:

The issued share capital can be increased by up to EUR 8,257,466.88, divided into 3,225,573 new shares with a par value of EUR 2.56 if certain conditions are met. It was resolved at the Annual General Meeting on 14 May 2002 to create conditionally authorised capital of EUR 15,360,000, divided into 6,000,000 new shares. The Executive Board was authorised, with the approval of the Supervisory Board, to issue by 14 May 2007 up to 6,000,000 subscription rights to shares to members of the Executive Board of the company, members of the management boards of affiliated companies as defined by §§ 15 ff. of the German Stock Corporation Law (AktG) and to selected executives, each with a term of seven years (Management Incentive Programme). The issued share capital will only be increased if the holders of the option rights issued by the company, following the authorisation given to the Executive Board at the Annual General Meeting on 14 May 2002, use their option rights and the company does not fulfil the option rights by transferring own shares or by making a payment in cash. The new shares issued as a result of the exercise of options are first entitled to dividend in the financial year in which, at the date of their issue, a resolution has not yet been passed at the Annual General Meeting regarding the appropriation of profit.

In the 2009 financial year, options under the Management Incentive Programme were exercised. As a result, 2002 conditionally authorised capital was reduced by EUR 1,061,376 from EUR 9,318,842.88 to EUR 8,257,466.88, divided into 3,225,573 shares. The issued share capital increased in 2009 as a result.

#### 2005 conditionally authorised capital:

The issued share capital can be increased by up to EUR 50,000,000 by the issue of up to 19,531,250 new shares with a par value of EUR 2.56 if certain conditions are met. The increase in share capital will only take place if the holders of the convertible bonds and warrant-linked bonds, to which were added convertible or warrant-linked bonds to be issued by Linde AG or its direct or indirect majority-owned subsidiaries by 7 June 2010, as a result of the authorisation granted to the Executive Board by the resolution passed at the Annual General Meeting on 8 June 2005, exercise their conversion or option rights or if the holders or obligors of convertible bonds to be issued by Linde AG or its direct or indirect majority-owned subsidiaries settle the conversion obligation by 7 June 2010 as a result of the authorisation granted to the Executive Board by the resolution passed at the Annual General Meeting on 8 June 2005. 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.

#### 2007 conditionally authorised capital:

The issued share capital can be increased by up to EUR 9,000,000 by the issue of up to 3,515,625 new bearer shares with a par value of EUR 2.56 if certain conditions are met. The conditionally authorised increase in capital is approved solely for the purpose of granting subscription rights (share options) to members of the

Executive Board of the company and other senior management in the company and in lower-level affiliated companies within Germany and outside Germany, including members of executive bodies, in accordance with the provisions set out in the authorisation agreed at the Annual General Meeting on 5 June 2007. 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.

#### 2008 conditionally authorised capital:

The issued share capital can be increased by up to EUR 85,000,000.00 by the issue of up to 33,203,125 new bearer shares with a par value of EUR 2.56 if certain conditions are met. The increase in share capital will only take place if (i) the holders and obligors of the convertible bonds and warrant-linked bonds, 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 2 June 2013, as a result of the authorisation granted to the Executive Board by the resolution passed at the Annual General Meeting on 3 June 2008, exercise their conversion or option rights or (ii) if the holders or obligors of convertible bonds to be issued by the company or by Group companies controlled by the company by 2 June 2013, as a result of the authorisation granted to the Executive Board by the resolution passed at the Annual General Meeting on 3 June 2008, exercise their conversion rights, although in cases (i) and (ii) only insofar as own shares are not used for this purpose. The new shares are issued at the option or conversion price to be determined in each case in accordance with the resolution regarding authorisation referred to above. The new shares participate in profit from the beginning of the financial year in which they are issued as a result of the exercise of conversion or option rights or settlement of the conversion obligation. The Executive Board is authorised to determine the remaining details of the conditionally authorised capital increase and its implementation, with the approval of the Supervisory Board.

#### Authorisation to purchase own shares:

The Executive Board is authorised until 14 November 2010 by a resolution passed at the Annual General Meeting on 15 May 2009 to acquire own shares up to 10 percent of capital subscribed at the date of the resolution or, if lower, of the capital subscribed at the date the relevant authorisation is exercised.

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

The own shares acquired under this authorisation may:

- be sold via the stock exchange or by an offer to all shareholders,
- subject to the approval of the Supervisory Board, also be sold otherwise,
- subject to the approval of the Supervisory Board, be offered and transferred in the context of the direct or indirect acquisition of companies, businesses or investments in companies and in the course of corporate mergers,
- be appropriated to settle option and/or convertible bonds which the company or a direct or indirect subsidiary of the company has issued or will issue,
- be granted, in the case of a sale of acquired own shares by an offer to all shareholders, to holders of option and/or conversion rights issued by the company or a direct or indirect subsidiary of the company in the same amount as that to which they would be entitled after exercising the option and/or conversion rights or after settlement of a conversion obligation,

- be granted in fulfilment of the company's obligations under the Linde Management Incentive Programme following the resolution passed at the Annual General Meeting on 14 May 2002 (agenda item 8),
- be granted in fulfilment of the company's obligations under the Linde Performance Share Programme following the resolution passed at the Annual General Meeting on 5 June 2007 (agenda item 7), or be redeemed, subject to the approval of the Supervisory Board.

The authorisation given to the Executive Board to purchase own shares based on the resolution passed at the Annual General Meeting on 3 June 2008 was revoked when the new authorisation became effective on 15 May 2009.

in €	31.12.2009	31.12.2008
<b>Capital subscribed</b>	<b>432,402,165.76</b>	<b>431,340,789.76</b>
<b>Authorised capital (total)</b>	<b>105,106,534.40</b>	<b>105,106,534.40</b>
Authorised Capital I	25,106,534.40	25,106,534.40
Authorised Capital II	80,000,000.00	80,000,000.00
<b>Conditionally authorised capital (total)</b>	<b>152,257,466.88</b>	<b>178,390,753.28</b>
Conditionally authorised capital 2000	0.00	25,071,910.40
Conditionally authorised capital 2002	8,257,466.88	9,318,842.88
Conditionally authorised capital 2005	50,000,000.00	50,000,000.00
Conditionally authorised capital 2007	9,000,000.00	9,000,000.00
Conditionally authorised capital 2008	85,000,000.00	85,000,000.00

### Notification of voting rights

The following notifications were received by the company in the 2009 financial year from investors who have exceeded or fallen below certain threshold percentages of voting rights set out in § 21 (1) and (1a) of the German Securities Trading Law (WpHG):

#### 1. Allianz SE

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

In addition, Allianz SE informed us in accordance with § 21 (1) WpHG in conjunction with § 24 WpHG that the share of voting rights in Linde AG held by Allianz Deutschland AG, Munich, Germany, fell below the 5 percent threshold on 30 September 2008 and was now 4.30 percent (7,246,635 voting rights). These voting rights are attributable to Allianz Deutschland AG in accordance with § 22 (1), sentence 1, No. 1 WpHG and are held by Allianz Deutschland AG via the following companies controlled by Allianz Deutschland AG, which each have voting rights in Linde AG of 3 percent or more: Jota-Vermögensverwaltungsgesellschaft mbH, Munich, Allianz Lebensversicherungs-AG, Stuttgart, and AZL-Alico Vermögensverwaltungsgesellschaft mbH, Munich (which merged with Allianz Lebensversicherungs-AG with effect from 31 October 2008).

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

BlackRock Financial Management, Inc., New York, USA, informed us in writing on 7 December 2009 in accordance with §§ 21 (1) and 24 WpHG that the share of voting rights in Linde AG held by BlackRock Financial Man-

agement, Inc. exceeded the 3 percent threshold on 1 December 2009 and was now 3.14 percent (5,291,730 voting rights). All the voting rights are attributable to BlackRock Financial Management, Inc. in accordance with § 22 (1), sentence 1 No. 6 in conjunction with sentence 2 WpHG.

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

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

### 3. Capital World Growth and Income Fund, Inc.

Capital World Growth and Income Fund, Inc., Los Angeles, USA, informed us in writing on 15 May 2009 in accordance with § 21 (1) WpHG that the share of voting rights in Linde AG held by Capital World Growth and Income Fund, Inc. exceeded the 3 percent threshold on 13 May 2009 and was now 3.01 percent (5,074,885 voting rights).

### 4. Capital Research and Management Company

Capital Research and Management Company, Los Angeles, USA, informed us in writing on 12 June 2007 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 10 percent threshold on 6 June 2007. At that date, Capital Research and Management Company held 9.93 percent of all the voting rights in Linde AG (voting rights from 15,981,010 ordinary shares).

9.93 percent of all the voting rights in Linde AG (voting rights from 15,981,010 ordinary shares) were attributable to Capital Research and Management Company in accordance with § 22 (1), sentence 6 WpHG. Of these voting rights from 15,981,010 ordinary shares, voting rights from 8,066,708 ordinary shares (5.01 percent) are held by Europacific Growth Fund, Los Angeles, USA, which is therefore a shareholder with an interest of 3 percent or more of the voting rights in Linde AG.

Europacific Growth Fund, Los Angeles, USA, informed us in writing on 18 July 2007 in accordance with § 21 (1) WpHG that the share of voting rights in Linde AG, Abraham-Lincoln-Strasse 21, 65189 Wiesbaden, Germany, held by Europacific Growth Fund fell below the 5 percent threshold on 9 July 2007 and was now 4.99 percent (8,066,708 shares).

### 5. Commerzbank Aktiengesellschaft

Commerzbank Aktiengesellschaft, Frankfurt am Main, Germany, informed us in writing on 24 March 2009 in accordance with § 21 (1) WpHG that the share of voting rights in Linde AG held by Commerzbank Aktiengesellschaft fell below the 3 percent threshold on 24 March 2009 and was now 2.25 percent (3,788,942 voting rights). 2.21 percent of these voting rights (3,720,000 voting rights) are attributable to Commerzbank Aktiengesellschaft in accordance with § 22 (1), sentence 1 No. 1 WpHG.

In addition, Commerzbank Aktiengesellschaft also informed us in accordance with § 21 (1) in conjunction with § 24 WpHG that the share of voting rights in Linde AG held by Atlas-Vermögensverwaltungs-Gesellschaft mit beschränkter Haftung, Bad Homburg, Germany, fell below the 3 percent threshold on 24 March 2009 and was now 2.21 percent (3,720,000 voting rights).

### 6. Fidelity International

Fidelity Management & Research Company, Boston, Massachusetts, USA, informed us in writing on 30 January 2009 in accordance with § 21 (1) WpHG that the share of voting rights in Linde AG held by Fidelity Management & Research Company fell below the 3 percent threshold on 29 January 2009 and was now 2.99 percent

(5,039,867 voting rights). The voting rights are attributable to Fidelity Management & Research Company in accordance with § 22 (1), sentence 1 No. 6 WpHG.

FMR LLC, Boston, Massachusetts, USA, informed us in writing on 6 May 2009 in accordance with § 21 (1) WpHG that the share of voting rights in Linde AG held by FMR LLC fell below the 3 percent threshold on 4 May 2009 and was now 2.13 percent (3,587,579 voting rights). All the voting rights are attributable to FMR LLC in accordance with § 22 (1), sentence 1 No. 6 in conjunction with § 22 (1) sentence 2 WpHG.

### 7. Northern Cross Investment Ltd

Northern Cross Investment Ltd, Hamilton, Bermuda, informed us in writing on 28 April 2009 that it was withdrawing its notification of voting rights dated 5 December 2008, in which it was stated that Northern Cross Investment Ltd had exceeded the 3 percent threshold of voting rights in Linde AG. Northern Cross Investment Ltd did not exceed any notifiable threshold. The publication on 11 December 2008 was therefore corrected.

### 8. Sun Life Financial Inc.

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

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

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

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

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

Sun Life of Canada (U.S.) Financial Services Holdings, Inc., Boston, USA, informed us in writing on 27 January 2009 in accordance with § 21 (1) WpHG that the share of voting rights in Linde AG held by Sun Life of Canada (U.S.) Financial Services Holdings, Inc. exceeded the 5 percent threshold on 26 January 2009 and was now 5.1098 percent (8,609,626 voting rights). These voting rights are attributable to Sun Life of Canada (U.S.) Financial Services Holdings, Inc. in accordance with § 22 (1), sentence 1 No. 6 WpHG in conjunction with

§ 22 (1), sentence 2 WpHG. None of the attributed voting rights reach the 3 percent threshold of voting rights in Linde AG on their own.

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

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

The measurement of the pension provisions is in accordance with IAS 19 *Employee Benefits* rather than the rules set out in § 6 a of the German Income Tax Law (EStG). It is based on a discount rate of 4.25 percent, a salary trend of 2.5 percent and an expected inflation rate of 1.5 percent.

### [8] Other provisions

in € million	31.12.2009	31.12.2008
Tax provisions	331	321
Sundry provisions	553	530
	<b>884</b>	<b>851</b>

Sundry provisions include amounts set aside for:

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

The provisions for obligations in Linde AG relating to pre-retirement part-time work are calculated on the basis of individual contractual agreements. Tax provisions have increased as a result of tax audits which have not yet been completed and the recognition of current tax in the 2009 financial year.



## [9] Liabilities

in € million	Due within 1 year 31.12.2009	Due in 1 to 5 years 31.12.2009	Due in more than 5 years 31.12.2009	Total 31.12.2009	Total 31.12.2008
Advance payments received from customers	-	724	-	724	970
Bank loans and overdrafts	-	-	-	-	-
Trade payables	140	-	-	140	192
Amounts due to affiliated companies	871	2,159	917	3,947	3,895
Of which relating to goods and services	67	-	-	67	150
Amounts due to related companies	-	-	-	-	1
Of which relating to goods and services	-	-	-	-	1
Other liabilities	45	6	-	51	86
Including taxes of	22	-	-	22	26
Including social security of	4	-	-	4	6
<b>Liabilities</b>	<b>1,056</b>	<b>2,889</b>	<b>917</b>	<b>4,862</b>	<b>5,144</b>

Liabilities include financial liabilities of EUR 3,842 m (2008: EUR 3,684 m). Of these, EUR 3,143 m (2008: EUR 3,131 m) relate to our fully-owned subsidiary Linde Finance B.V. The amount due to Linde Finance B.V. includes the subordinated bond issued in 2006 in two tranches and the liabilities arising from the partial financing of the BOC acquisition. In the 2008 financial year, a EUR 600 m bond was raised in the capital market by Linde Finance B.V. and transferred to Linde AG as a loan.

## Notes to the income statement

### [10] Sales

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

Sales – Analysis by division		
in € million	2009	2008
Linde Gas	1,114	1,232
Linde Engineering	1,351	1,502
Consolidation	-26	-53
	<b>2,439</b>	<b>2,681</b>

Sales – Analysis by geographical region		
in € million	2009	2008
Germany	1,052	1,280
Other Europe	484	490
Americas	105	103
Asia	763	708
Africa	5	65
Australia	30	35
	<b>2,439</b>	<b>2,681</b>

### [11] Other operating income

in € million	2009	2008
Profit on disposal of fixed and current assets	7	13
Exchange rate gains	172	575
Income from the release of special tax-allowable reserves	-	16
Income from the release of provisions	75	59
Revenue from commercial business, rentals and leases	11	12
Charges to Group companies	82	57
Financial result from long-term construction contracts	24	36
Sundry income	28	20
	<b>399</b>	<b>788</b>

Exchange rate gains fell in 2009 by EUR 403 m to EUR 172 m. This is due mainly to the transfer to Group companies of foreign currency loans and derivatives to hedge against the exposure to translation risk in The Linde Group.

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

## [12] Other operating expenses

in € million	2009	2008
Loss on disposals of fixed and current assets	6	7
Exchange rate losses	110	546
Charges by Group companies	31	-
Loss arising on merger	19	-
Sundry expenses	63	23
	<b>229</b>	<b>576</b>

Exchange rate losses fell in 2009 by EUR 436 m to EUR 110 m. This is due mainly to the transfer to Group companies of foreign currency loans and derivatives to hedge against the exposure to translation risk in The Linde Group.

The loss of EUR 19 m is the result of the merger of TV Kohlen säure Technik und Vertrieb GmbH & Co. KG, Pul-lach, with Linde AG on the retirement of the limited liability partner.

## [13] Investment income

in € million	2009	2008
Income from profit-sharing agreements	172	117
Investment income	203	169
Of which from affiliated companies	203	169
	<b>375</b>	<b>286</b>

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

## [14] Profit on disposal of investments

In 2008, further steps were taken in the post-acquisition restructuring of The Linde Group. Moreover, Linde AG sold its valve production facility, MAPAG Valves GmbH, on 7 May 2008 to the international technology group Metso, Finland. These transactions resulted in a profit on disposal of investments in 2008 of EUR 107 m.

## Supplementary information on the Notes

### [15] Contingent liabilities/Other financial commitments

<b>Contingent liabilities</b>		
in € million	2009	2008
Guarantees	249	264
Warranties	7,886	6,788
Of which relating to affiliated companies	8,128	7,035

Liabilities in respect of warranties comprise mainly 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, 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.

#### Other financial commitments

The total amount of other financial commitments at 31 December 2009 in Linde AG was EUR 114 m (2008: EUR 162 m). This relates to commitments arising from rental and lease agreements, capital expenditure commitments, call-in obligations and similar business transactions.

The Linde Engineering Division regularly enters into contracts with consortium partners to build turn-key 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 1,049 m (2008: EUR 1,692 m). Linde currently anticipates that there will be no claim on the joint and several liability and has therefore not disclosed any contingent liabilities in respect of these contracts.

### [16] Auditors' fees and services

in € million	2009	2008
Audit	1	2
Other reports	1	1
Other services	-	-
	<b>2</b>	<b>3</b>

### [17] Cost of materials

in € million	2009	2008
Cost of raw materials and supplies and goods purchased for resale	1,364	1,369
Cost of external services	179	172
	<b>1,543</b>	<b>1,541</b>

## [18] Personnel expenses

in € million	2009	2008
Wages and salaries	431	419
Social security contributions	60	56
Pension costs and staff welfare costs	59	62
Of which from pension costs	59	62
	<b>550</b>	<b>537</b>

## [19] Employees

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

	2009	2008
Linde Gas Division	2,683	2,719
Linde Engineering Division	2,788	2,751
Corporate Centre	251	240
Linde AG	5,722	5,710

## [20] Share option scheme

### Linde Performance Share Programme 2007

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

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

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

Each option confers the right to purchase one share in Linde AG at the exercise price, which is equivalent in each case to the lowest issue price of EUR 2.56 per share. Linde AG may decide, at 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. These arrangements allow for flexibility in the exercise of options. It may make economic sense to use own shares where these are available, rather than increasing share capital or making a payment in cash. The decision as to how the option entitlements will be met will be made in each case by the appropriate executive bodies of the company.

Certain conditions apply to the exercise of the options. First of all, the option conditions provide for a qualifying period (vesting period) for the share options of three years from their date of issue. At the end of this vesting period, the options can be exercised within a period of four weeks, on condition that the member of the plan is still employed at that time by Linde AG or by a Group company under a service or employment agreement and that he or she is not under notice. In special cases where a member of the scheme leaves Linde's employ prematurely, an exception to the above rules may be made. Under certain conditions, the exer-

cise period may be shortened or the vesting period lengthened, although the term of the individual tranches may not exceed the maximum term of three years, two months and two weeks. Options in a tranche may only be exercised at the end of the vesting period if and to the extent that the three performance targets laid down have been met. A performance target may be met irrespective of whether the other performance targets have been met. Included in the definition of the performance targets are minimum targets and stretch targets, the fulfilment of which results in a different number of exercisable options in the tranche.

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

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

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

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

<b>Options: Linde Performance Share Programme 2007</b>	
	LTIP – amount options
<b>At 01.01.2008</b>	526,380
Options granted	460,787
Exercised	-
Forfeited	15,734
Expired	-
<b>At 31.12.2008/01.01.2009</b>	<b>971,433</b>
Of which exercisable at 31.12.2008	-
Options granted	737,480
Exercised	-
Forfeited	11,671
Expired	-
<b>At 31.12.2009</b>	<b>1,697,242</b>
Of which exercisable at 31.12.2009	-

### Linde Management Incentive Programme 2002

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

The aim of this share option scheme was to allow Linde executives to participate in price rises in Linde shares and thereby in the increase in value of the company. Participants were granted options to subscribe to Linde shares, each with a term of seven years. The Supervisory Board determined the allocation of subscription rights to members of the Executive Board of Linde AG. Otherwise, the Executive Board, with the approval of the Supervisory Board, determines 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 of the company. 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 the options, if there are exceptional unforeseen movements in the price of Linde shares. This was not the case in the 2008 and 2009 financial years.

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

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

#### Options – Linde Management Incentive Programme 2002

	Total	Average exercise price in EUR
<b>At 01.01.2008</b>	<b>3,281,373</b>	<b>65.54</b>
Options granted	-	-
Exercised	291,400	56.86
Forfeited	4,000	81.76
Expired	-	-
<b>At 31.12.2008/01.01.2009</b>	<b>2,985,973</b>	<b>66.37</b>
Of which exercisable at 31.12. 2008	2,985,973	-
Options granted	-	-
Exercised	414,600	47.23
Forfeited	1,000	81.76
Expired	140,650	56.90
<b>At 31.12.2009</b>	<b>2,429,723</b>	<b>70.18</b>
Of which exercisable at 31.12.2009	2,429,723	-

As a result of the exercise of 414,600 options (2008: 291,400), capital subscribed increased in 2009 by EUR 1 m (2008: 0 m) and the capital reserve by EUR 19 m (2008: EUR 17 m).

#### [21] 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.



Derivative financial instruments in Linde AG are generally recorded on the trading day in accordance with the provisions of 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 liability is hedged, the derivative and the underlying transaction are valued together.

Provisions amounted to EUR 24 m (2008: EUR 40 m). Of this amount, EUR 6 m (2008: EUR 38 m) related to forward exchange transactions and EUR 18 m (2008: EUR 0 m) to swap transactions. No provisions were made in 2009 for commodity derivatives (2008: EUR 2 m).

In addition, no premiums (2008: premiums of EUR 9 m) were recognised in liabilities under Other liabilities and written off over the life of the instrument.

### Counterparty risks

Linde AG does not believe it has any significant exposure to counterparty risk arising from any individual counterparty. The concentration of the counterparty risk is limited due to our broad uncorrelated customer base. The counterparty risk from derivative financial instruments is limited due to the fact that the counterparties are banks which have good credit ratings from international rating agencies. In addition, an early warning and monitoring system has been implemented. The risk positions outstanding are subject to strict limits and are continually monitored.

### Currency risks

Linde AG generally enters into forward exchange contracts to hedge the exposure to risks arising from fluctuations in receivables, payables and liabilities denominated in foreign currencies, as well as from outstanding contracts and anticipated transactions.

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 FX options.

Forward exchange transactions are also used to hedge the exposure to foreign currency risks arising from internal financing. In addition, Linde AG held some financial instruments in 2008 for the purpose of hedging translation risks centrally within The Linde Group. These were transferred in 2009 to Group companies in The Linde Group.

### Interest rate risks

Linde AG is refinanced mainly through the issue of bonds and medium-term notes in various currencies by Linde Finance B. V. Linde hedges the exposure to the resulting future interest rate and currency risks by entering into appropriate interest rate and combined interest rate/currency swaps.

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.

**Measurement information for financial instruments**

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

<b>Interest curves</b>								
in %	EUR	USD	GBP	JPY	AUD	SEK	RUB	DKK
<b>2009</b>								
Interest rate for six months	0.99	0.37	0.78	0.42	4.42	0.64	7.75	1.64
Interest rate for one year	1.28	0.64	1.02	0.47	4.67	0.77	7.38	1.88
Interest rate for five years	2.77	2.92	3.43	0.70	5.82	2.81	7.95	3.16
Interest rate for ten years	3.54	3.92	4.15	1.41	6.21	3.53	7.95	3.81
<b>2008</b>								
Interest rate for six months	3.02	1.70	2.75	1.23	3.78	2.45	22.50	3.91
Interest rate for one year	2.58	1.23	2.02	0.79	3.21	1.80	16.75	4.04
Interest rate for five years	3.18	2.05	3.19	0.94	3.28	2.76	16.50	3.61
Interest rate for ten years	3.71	2.43	3.51	1.26	4.31	3.11	16.50	3.88



The nominal amounts represent the total purchase and sale amounts of the derivatives. At the balance sheet date, the fair values and nominal amounts were as follows:

#### Fair value of derivative financial instruments – Assets

in € million	Non-current				Current		Total	
	Due in one to five years		Due in more than five years		Due within one year			
	2009	2008	2009	2008	2009	2008	2009	2008
Forward exchange transactions	24	4	-	1	78	169	102	174
Foreign currency options	-	-	-	-	-	14	-	14
Swap transactions	49	41	34	101	2	-	85	142
Commodities	-	-	-	-	-	-	-	-
	<b>73</b>	<b>45</b>	<b>34</b>	<b>102</b>	<b>80</b>	<b>183</b>	<b>187</b>	<b>330</b>

#### Fair value of derivative financial instruments – Liabilities

in € million	Non-current				Current		Total	
	Due in one to five years		Due in more than five years		Due within one year			
	2009	2008	2009	2008	2009	2008	2009	2008
Forward exchange transactions	26	5	-	1	74	119	100	125
Foreign currency options	-	-	-	-	-	14	-	14
Swap transactions	21	15	4	-	2	-	27	15
Commodities	-	-	-	-	-	2	-	2
	<b>47</b>	<b>20</b>	<b>4</b>	<b>1</b>	<b>76</b>	<b>135</b>	<b>127</b>	<b>156</b>

**Nominal amounts – Assets**

in € million	Non-current				Current		Total	
	Due in one to five years		Due in more than five years		Due within one year		2009	2008
	2009	2008	2009	2008	2009	2008		
Forward exchange transactions	545	106	-	4	2,561	2,207	3,106	2,317
Foreign currency options	-	-	-	-	-	161	-	161
Swap transactions	1,340	1,159	525	1,083	32	7	1,897	2,249
Commodities	-	-	-	-	-	-	-	-
	<b>1,885</b>	<b>1,265</b>	<b>525</b>	<b>1,087</b>	<b>2,593</b>	<b>2,375</b>	<b>5,003</b>	<b>4,727</b>

**Nominal amounts – Liabilities**

in € million	Non-current				Current		Total	
	Due in one to five years		Due in more than five years		Due within one year		2009	2008
	2009	2008	2009	2008	2009	2008		
Forward exchange transactions	601	102	-	4	2,389	1,724	2,990	1,830
Foreign currency options	-	-	-	-	-	161	-	161
Swap transactions	557	225	354	3	28	-	939	228
Commodities	-	-	-	-	-	4	-	4
	<b>1,158</b>	<b>327</b>	<b>354</b>	<b>7</b>	<b>2,417</b>	<b>1,889</b>	<b>3,929</b>	<b>2,223</b>

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

### Supervisory Board

In the 2009 financial year, the total emoluments of the members of the Supervisory Board for discharging their duties in the parent company and in the subsidiaries, including VAT, was EUR 2,070,362 (2008: EUR 2,485,438). Of this amount, EUR 999,600 (2008: EUR 1,109,707) related to fixed emoluments and EUR 1,033,872 (2008: EUR 1,331,700) to variable emoluments.

At 31 December 2009 and at the previous year-end, there were no advances or loans to members of the Supervisory Board. Moreover, the members of the Supervisory Board received no emoluments or benefits for any personal services they had provided, such as consultancy or mediation services.

### Executive Board

#### Emoluments of the Executive Board

in €	2009	2008
Fixed emoluments	4,030,437	3,641,182
Variable emoluments	6,431,873	7,941,825
<b>Total cash emoluments</b>	<b>10,462,310</b>	<b>11,583,007</b>

In the 2009 financial year, under the 2007 Performance Share Programme approved at the Annual General Meeting, a total of 117,509 subscription rights (2008: 73,891 subscription rights) were granted to members of the Executive Board as part of their total emoluments. These had a value on the grant date of EUR 25.53 (2008: EUR 40.60) per subscription right, which gives a total of EUR 3,000,005 (2008: EUR 2,999,975).

In 2009 and 2008, there were no advances or loans to members of the Executive Board.

Total remuneration paid to former members of the Executive Board and their surviving dependants amounted to EUR 2,667,115 (2008: EUR 2,604,480).

A provision of EUR 36,836,129 (2008: EUR 37,716,446) has been made for current pensions and future pension benefits in respect of former members of the Executive Board and their surviving dependants.

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

## [23] Declaration of compliance with the German Corporate Governance Code

The Executive Board and Supervisory Board of Linde AG approved the prescribed declaration pursuant to § 161 of the German Stock Corporation Law (AktG) on the recommendations of the German Corporate Governance Code and made it available to shareholders on a permanent basis. The declaration of compliance has been published on the company's website at [www.linde.com/declarationofcompliance](http://www.linde.com/declarationofcompliance).

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

## [24] Other Board memberships

(Disclosures regarding other Board memberships are as at 31 December 2009.)

### Supervisory Board

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

#### Dr Manfred Schneider

Chairman of the Supervisory Board of Linde AG

→ External offices:

Bayer AG (Chairman)  
Daimler AG  
RWE AG (Chairman)  
TUI AG

#### Hans-Dieter Katte

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

#### Michael Diekmann

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

→ External offices:

BASF SE  
Siemens AG

→ Group offices:

Allianz Deutschland AG (Chairman)  
Allianz Global Investors AG (Chairman)

→ Group offices:

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

#### Dr Gerhard Beiten

Lawyer

#### Dr Clemens Börsig

Chairman of the Supervisory Board of Deutsche Bank AG

→ External offices:

Bayer AG  
Daimler AG  
Deutsche Bank AG (Chairman)

→ External offices:

Emerson Electric Company  
(Member of the Board of Directors)

#### Gernot Hahl

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

#### Thilo Kämmerer

Trade Union Secretary on the Executive Board  
of IG Metall Frankfurt

→ External offices:

KION GROUP GmbH  
KION Holding 1 GmbH

#### Matthew F. C. Miao

Chairman of MiTAC-SYNNEX-Group, Taiwan

→ External offices:

BOC Lienhwa Industrial Gases Co. Ltd  
(Member of the Board of Directors)

→ Group offices:

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

→ Membership of other German supervisory boards.

→ Membership of comparable German and foreign boards.

## Supervisory Board

### Klaus-Peter Müller

Chairman of the Supervisory Board of Commerzbank AG

- External offices:
  - Commerzbank AG (Chairman)
  - Fraport AG
  - Fresenius SE
- External offices:
  - Assicurazioni Generali S.p.A.  
(Member of the Administrative Board)
  - Landwirtschaftliche Rentenbank  
(Member of the Administrative Board)
  - Parker Hannifin Corporation  
(Member of the Board of Directors)

### Jens Riedel

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

### Xaver Schmidt

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

### Josef Schregle

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

## Executive Board

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

### Professor Dr Wolfgang Reitzle

Chief Executive Officer

- External offices:
  - Continental AG (Chairman)
  - Deutsche Telekom AG  
(retired on 31 December 2009)

### Dr Aldo Belloni

Member of the Executive Board

### Georg Denoke

Member of the Executive Board

### J. Kent Masters

Member of the Executive Board

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

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



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

The Executive Board recommends to the Supervisory Board that, when the annual financial statements of Linde AG are approved at the meeting of the Supervisory Board on 16 March 2010, the appropriation of profit of EUR 887,319,283.44 (2008: EUR 885,937,808.02) be voted on at the Annual General Meeting on 4 May 2010: the distribution of a dividend of EUR 1.80 per share entitled to dividend (2008: EUR 1.80).

The amount to be distributed will therefore be EUR 304,032,772.80 (2008: EUR 303,286,492.80), based on 168,907,096 (2008: 168,492,496) shares entitled to dividend. The remaining amount of EUR 583,286,510.64 will be transferred to other retained earnings.

Munich, 4 March 2010

Linde Aktiengesellschaft  
The Executive Board

[26] Full list of shareholdings of The Linde Group and Linde AG in accordance with the provisions of § 285 No. 11 of the German Commercial Code (HGB)

The results of companies acquired in 2009 are included as of the date of acquisition.

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

	Registered office	Country	Participating interest in percent	Thereof Linde AG in percent	Equity in € million	Net income/net loss (-) in € million	Note
<b>Gases Division</b>							
<b>Western Europe</b>							
Linde Gas Beteiligungs GmbH	Stadl-Paura	AUT	100.0		0.0	0.0	
Linde Gas GmbH	Stadl-Paura	AUT	100.0	49.0	454.8	82.0	
Linde Gas GmbH & Co. OHG	Stadl-Paura	AUT	100.0		3.1	1.0	
Linde Nippon Sanso GmbH	Stadl-Paura	AUT	100.0		9.7	-0.1	
PROVISIS Gase & Service GmbH	Bad Wimsbach-Neydharting	AUT	100.0		0.1	0.1	
Chemogas N. V.	Grimbergen	BEL	100.0		4.9	1.8	
Linde Gas Belgium N. V.	Niel	BEL	100.0		0.4	0.1	
PanGas AG	Dagmersellen	CHE	100.0		124.9	26.8	
AGA Holding GmbH	Pullach	DEU	100.0		92.4	-13.0	
Eibl Homecare GmbH	Mahlow	DEU	100.0		4.1	-	a
Heins & Co. GmbH	Bremen	DEU	100.0		0.1	-	a
Hydromotive GmbH & Co. KG	Leuna	DEU	100.0	100.0	1.3	0.3	
Hydromotive Verwaltungs-GmbH	Leuna	DEU	100.0	100.0	0.0	0.0	
Linde Gas Produktionsgesellschaft mbH & Co. KG	Pullach	DEU	100.0	100.0	314.0	7.0	
Linde Gas Therapeutics GmbH	Unterschleissheim	DEU	100.0		24.8	-	a
Linde Medical Devices GmbH	Pullach	DEU	100.0		0.0	-	a
Linde Nippon Sanso GmbH & Co. KG	Pullach	DEU	100.0	100.0	18.5	-4.6	
Linde Nippon Sanso Verwaltungs-GmbH	Pullach	DEU	100.0	100.0	3.5	-0.6	
Linde Semicon GmbH & Co. KG	Pullach	DEU	100.0	100.0	6.8	-0.6	
Linde Welding GmbH	Pullach	DEU	100.0		0.3	-	a
Martens Schweisstechnik GmbH	Rastede	DEU	100.0		0.9	-	a
Rommenhöller Handelsgesellschaft mbH	Pullach	DEU	100.0		0.0	-	a
SMR GmbH Schweissservice Martens	Rastede	DEU	100.0		0.3	-	a
Spectra Gases (Germany) GmbH	Babenhhausen	DEU	100.0		3.8	1.0	
Tega – Technische Gase und Gasetechnik Gesellschaft mit beschränkter Haftung	Würzburg	DEU	100.0	100.0	3.7	-	a
TGF GmbH	Norderstedt	DEU	100.0	100.0	0.5	0.0	
TV Kohlensäure-Verwaltungs-GmbH	Pullach	DEU	100.0	100.0	0.1	0.0	
Unterbichler GmbH & Co. KG	Munich	DEU	100.0		0.3	-0.7	
Wahle I Vermögensverwaltungs GmbH i. L.	Bad Vilbel	DEU	97.4		0.8	-	a

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

	Registered office	Country	Participating interest in percent	Thereof Linde AG in percent	Equity in € million	Net income/net loss (-) in € million	Note
AGA A/S	Copenhagen	DNK	100.0		9.5	2.9	
Linde Gas Algerie S. p. A.	Algiers	DZA	66.0	66.0	46.3	8.5	
Abello Linde, S. A.	Barcelona	ESP	74.8	74.8	116.4	6.1	
LINDE MEDICINAL, S. L.	Cordoba	ESP	100.0		7.0	-0.2	
Linde Nippon Sanso, S. L.	Barcelona	ESP	100.0		-0.3	-0.1	
AS Eesti AGA	Tallinn	EST	100.0		6.6	2.3	
Kiinteisto Oy Karakaasu	Espoo	FIN	100.0		-2.1	0.0	c
Kiinteisto Oy Karaportti	Espoo	FIN	100.0		-3.4	0.0	c
Oy AGA ab	Espoo	FIN	100.0		116.5	39.5	c
Teollisuuskaatsut Suomi Oy	Espoo	FIN	100.0		2.3	0.0	c
TK-Teollisuuskaatsut Oy	Espoo	FIN	100.0		0.0	0.0	c
Linde Gas S. A.	Saint-Priest	FRA	99.7		125.6	8.2	
Linde Healthcare S. A.	Rueil Malmaison	FRA	100.0		43.6	9.0	
Linde Medical Domicile S. A.	Amiens	FRA	100.0		0.2	0.2	
Linde Nippon Sanso France SAS	Saint-Priest	FRA	100.0		2.2	0.0	
ALLWELD INDUSTRIAL AND WELDING SUPPLIES LIMITED	Nottingham	GBR	100.0		N/A	N/A	
BOC CONCENTRATOR SERVICES LIMITED	Guildford	GBR	100.0		0.3	0.0	
BOC HELEX	Guildford	GBR	100.0		1,531.4	86.9	
COTSWOLD INDUSTRIAL & WELDING SUPPLIES LIMITED – to be dissolved	Nottingham	GBR	100.0		-0.3	0.0	c, d
EXPRESS INDUSTRIAL & WELDING SUPPLIES LIMITED	Nottingham	GBR	100.0		0.8	0.1	c, d
FLUOROGAS LIMITED	Guildford	GBR	100.0		0.1	0.0	
FUTURE INDUSTRIAL AND WELDING SUPPLIES LIMITED	Nottingham	GBR	100.0		0.3	0.1	c, d
GAFFNEY INDUSTRIAL & WELDING SUPPLIES LIMITED	Nottingham	GBR	80.0		0.9	0.1	c, d
GAS INSTRUMENT SERVICES LIMITED	Nottingham	GBR	100.0		0.0	0.0	c, d
GWYNEDD INDUSTRIAL AND WELDING SUPPLIES LIMITED	Nottingham	GBR	100.0		N/A	N/A	
INDUSTRIAL & WELDING MANAGEMENT LIMITED	Nottingham	GBR	100.0		0.2	0.0	c, d
INDUSTRIAL & WELDING SUPPLIES (NORTH WEST) LIMITED	Nottingham	GBR	100.0		-1.6	-0.1	c, d
Industrial & Welding Supplies Limited	Nottingham	GBR	100.0		0.0	0.0	c, d
Industrial Supplies & Services Limited	Nottingham	GBR	100.0		0.0	-0.1	c, d
Leengate Hire & Services Limited	Nottingham	GBR	100.0		0.0	-0.2	c, d
Leengate Industrial & Welding Supplies (Cannock) Limited	Nottingham	GBR	100.0		-0.6	-0.1	c, d
LEENGATE INDUSTRIAL & WELDING SUPPLIES (LINCOLN) LIMITED	Nottingham	GBR	90.0		0.2	0.0	c, d

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

	Registered office	Country	Participating interest in percent	Thereof Linde AG in percent	Equity in € million	Net income/net loss (-) in € million	Note
LEENGATE INDUSTRIAL & WELDING SUPPLIES (NORTH EAST) LIMITED	Nottingham	GBR	87.5		1.3	0.1	c, d
LEENGATE INDUSTRIAL & WELDING SUPPLIES (NOTTINGHAM) LIMITED	Nottingham	GBR	100.0		0.3	0.0	c, d
LEENGATE INDUSTRIAL & WELDING SUPPLIES (SCOTLAND) LIMITED	Nottingham	GBR	75.0		0.9	0.2	c, d
LEENGATE INDUSTRIAL & WELDING SUPPLIES LIMITED	Nottingham	GBR	90.0		0.2	0.0	c, d
LEENGATE VALVES LIMITED	Nottingham	GBR	94.3		0.7	0.0	c, d
LEENGATE WELDING GROUP LIMITED	Nottingham	GBR	100.0		3.3	0.8	c, d
LEENGATE WELDING SERVICES LIMITED	Nottingham	GBR	100.0		0.0	0.0	c, d
LINDE GAS HOLDINGS LIMITED	Guildford	GBR	100.0	100.0	0.0	0.0	c, d
LINDE HELIUM HOLDINGS LIMITED	Guildford	GBR	100.0		0.0	0.0	c, d
PENNINE INDUSTRIAL & WELDING SUPPLIES LIMITED	Nottingham	GBR	100.0		-0.1	0.0	c, d
ROCK INDUSTRIAL & WELDING SUPPLIES LIMITED	Nottingham	GBR	87.5		1.1	-0.1	c, d
SEABROOK INDUSTRIAL & WELDING SUPPLIES LIMITED	Nottingham	GBR	100.0		-0.2	0.0	c, d
Spectra Gases Ltd.	Cambridge	GBR	100.0		0.4	0.2	
W&G SUPPLIES LIMITED	Nottingham	GBR	80.0		0.3	0.0	c, d
WELDER EQUIPMENT SERVICES LIMITED	Nottingham	GBR	75.0		0.1	0.1	c, d
WESSEX INDUSTRIAL & WELDING SUPPLIES LIMITED	Nottingham	GBR	100.0		-0.2	0.0	c, d
BOC (TRADING) LIMITED	Dublin	IRL	100.0		18.8	8.4	c, d
BOC GASES IRELAND HOLDINGS LIMITED	Dublin	IRL	100.0		7.1	5.9	
BOC Gases Ireland Limited	Dublin	IRL	100.0		52.3	9.1	c, d
COOPER CRYOSERVICE LIMITED	Dublin	IRL	100.0		1.7	0.0	
ISAGA ehf.	Reykjavík	ISL	100.0		4.4	0.7	
Linde Gas Italia S. r. l.	Arluno	ITA	100.0		154.9	15.1	
LINDE MEDICALE S. r. l.	Rome	ITA	100.0		31.2	5.6	
AGA UAB	Vilnius	LTU	100.0		10.8	-0.1	
AGA SIA	Riga	LVA	100.0		10.4	0.4	
AGA International B. V.	Schiedam	NLD	100.0		202.9	0.0	
Beheermaatschappij De Econoom B. V.	Schiedam	NLD	100.0		2.5	-0.3	
Linde Gas Benelux B. V.	Schiedam	NLD	100.0		150.2	34.5	
Linde Gas Cryoservices B. V.	Hedel	NLD	100.0		1.9	1.3	
Linde Gas Therapeutics Benelux B. V.	Eindhoven	NLD	100.0		35.7	2.5	
Linde Homecare Benelux B. V.	Nuland	NLD	100.0		12.5	-0.9	
Linde Nippon Sanso B. V.	Schiedam	NLD	100.0		2.8	1.2	
Mecomfa SPC B. V.	Schiedam	NLD	100.0		-5.1	0.5	

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

	Registered office	Country	Participating interest in percent	Thereof Linde AG in percent	Equity in € million	Net income/net loss (-) in € million	Note
Naamloze Vennootschap Linde Gas Benelux	Schiedam	NLD	100.0		320.9	-0.6	
AGA AS	Oslo	NOR	100.0		45.9	23.9	
LINDE SOGAS, LDA	Lisbon	PRT	100.0		34.9	4.2	
AB Dissousgas	Lidingö	SWE	100.0		0.2	0.0	
AB Held	Lidingö	SWE	100.0		0.0	0.0	
AGA Gas AB	Sundbyberg	SWE	100.0		0.0	0.0	
AGA Industrial Gas Engineering AB	Lidingö	SWE	100.0		0.0	0.0	
AGA Innovation AB	Lidingö	SWE	100.0		0.0	0.0	
AGA International Investment AB	Lidingö	SWE	100.0		0.0	0.0	
AGA Medical AB	Lidingö	SWE	100.0		0.0	0.0	
AGA RE Försakrings AB – in liquidation	Lidingö	SWE	100.0		0.6	0.0	
AGA Specialgas AB	Lidingö	SWE	100.0		0.0	0.0	
Agatronic AB	Sundbyberg	SWE	100.0		0.1	0.0	
CRYO AB	Gothenburg	SWE	100.0		0.0	0.0	
Ferronova AB	Danderyd	SWE	100.0		0.0	0.0	
Flaskgascentralen i Malmö Aktiebolag	Svedala	SWE	100.0		0.0	0.0	
Industri Gas AB	Lidingö	SWE	100.0		0.0	0.0	
Svenska AB Gasaccumulator	Lidingö	SWE	100.0		0.1	0.0	
Svets Gas AB	Lidingö	SWE	100.0		0.0	0.0	
Toolvac AB	Lidingö	SWE	100.0		0.1	0.0	
Linde Gas Tunisie S. A.	Tunis	TUN	60.0	60.0	4.6	0.4	
<b>Americas</b>							
BOC GASES ARUBA N. V.	Santa Cruz	ABW	100.0		2.4	0.5	
BOC GASES CARIBBEAN N. V.	Curacao	ANT	100.0		0.0	0.0	
BOC Gases Curacao N. V.	Curacao	ANT	100.0		1.8	0.5	
Grupo Linde Gas Argentina S. A.	Buenos Aires	ARG	100.0	64.8	28.3	3.8	
The Hydrogen Company of Paraguana Ltd.	Hamilton	BMU	100.0		52.0	4.4	
Linde Gases Ltda.	Barueri	BRA	100.0		133.1	7.3	
LINDE-BOC GASES LIMITADA	Sao Paulo	BRA	100.0		10.2	1.5	
AGA S. A.	Santiago	CHL	100.0		77.6	14.2	
BOC de Chile S. A.	Las Condes	CHL	100.0		6.8	4.8	
AGA FANO, Fabrica Nacional de Oxigeno S. A.	Bogota	COL	100.0		69.4	9.8	
Oxigeno Optimo O2 Ltda.	Cartagena	COL	100.0		0.3	-0.1	
AGA Quinsa, S. A.	Santo Domingo	DOM	100.0		3.9	0.7	
AGA S. A.	Quito	ECU	100.0		22.5	5.4	
Aqua y Gas de Sillunchi S. A.	Quito	ECU	100.0		0.8	0.0	
BOC GASES DE MEXICO, S. A. DE C. V.	Mexico City	MEX	100.0		0.0	0.0	

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

	Registered office	Country	Participating interest in percent	Thereof Linde AG in percent	Equity in € million	Net income/net loss (-) in € million	Note
Compania de Operaciones de Nitrogeno, S. A. de C. V.	Santa Fe	MEX	100.0		5.3	1.7	c, d
SERVICIOS DE OPERACIONES DE NITROGENO, S. A. DE C. V.	Santa Fe	MEX	100.0		0.6	0.1	c, d
AGA S. A.	Callao	PER	100.0		7.7	0.6	
AGA Linde Healthcare Puerto Rico, Inc.	Catano	PRI	100.0		-9.3	0.4	
Linde Gas Puerto Rico, Inc.	Catano	PRI	100.0		0.0	0.0	
AGA S. A.	Montevideo	URY	100.0		8.4	2.4	
ECO-SNOW SYSTEMS LLC	Wilmington	USA	100.0		0.0	0.0	
Holox Inc.	Atlanta	USA	100.0		N/A	N/A	
LAG Methanol LLC	Wilmington	USA	100.0		N/A	N/A	
Linde Energy Services, Inc.	Wilmington	USA	100.0		-0.2	0.0	
Linde Gas North America LLC	Wilmington	USA	100.0		32.3	0.4	
Linde Merchant Production, Inc.	Wilmington	USA	100.0		20.4	3.0	
Linde North America, Inc.	Wilmington	USA	100.0	<0.1	-1,169.6	-182.5	
Linde RSS LLC	Wilmington	USA	100.0		-0.5	-0.4	
Linde Transport, Inc.	Nashville	USA	100.0		0.0	0.0	
Spectra Gases Delaware Inc.	Wilmington	USA	100.0		N/A	N/A	
Spectra Gases, Inc.	Branchburg	USA	100.0		78.2	3.5	
Spectra Investors, LLC	Branchburg	USA	100.0		8.7	3.3	
TMG Co. LLC	Wilmington	USA	100.0		13.0	1.5	
AGA Gas C. A.	Santa Fe Norte	VEN	100.0		52.0	10.1	
BOC GASES DE VENEZUELA, C. A.	Caracas	VEN	100.0		3.6	-2.0	
INVERSIONES ABC, S. A.	Caracas	VEN	100.0		0.0	0.0	
INVERSIONES VENCAN, S. A.	Caracas	VEN	100.0		0.0	0.0	
PRODUCTORA DE GAS CARBONICO S. A.	Caracas	VEN	100.0		-0.7	0.8	
Spectra Gases (BVI) Inc.	Tortola	VGB	100.0		N/A	N/A	
BOC Gases Virgin Islands, Inc.	St. Thomas	VIR	100.0		2.1	0.1	
General Gases of the Virgin Islands, Inc.	Saint Croix	VIR	100.0		0.0	0.0	
<b>Asia &amp; Eastern Europe</b>							
BOC HELIUM M. E FZCO	Jebel Ali	ARE	100.0		0.9	0.5	
LINDE GAS MIDDLE EAST LLC	Abu Dhabi	ARE	100.0	100.0	1.2	-0.6	
BOC Bangladesh Limited	Dhaka	BGD	60.0		18.6	6.4	
Bossot Trade EOOD	Sofia	BGR	100.0	100.0	-0.1	0.0	
Linde Gas Bulgaria EOOD	Sofia	BGR	100.0	100.0	3.2	-0.3	
Linde Gas BH d. o. o.	Zenica	BIH	85.0	85.0	11.6	-0.3	
"Linde Gaz Bel" FLLC	Telmy	BLR	100.0	99.2	1.4	-0.4	

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

	Registered office	Country	Participating interest in percent	Thereof Linde AG in percent	Equity in € million	Net income/net loss (-) in € million	Note
ASIA UNION (SHANGHAI) ELECTRONIC CHEMICAL COMPANY LIMITED	Shanghai	CHN	100.0		0.0	0.0	c
BOC (China) Holdings Co., Ltd.	Shanghai	CHN	100.0		95.6	7.9	
BOC Gases (Nanjing) Company Limited	Nanjing	CHN	100.0		7.0	0.8	
BOC Gases (North) Company Limited	Fushun	CHN	100.0		4.8	-0.1	
BOC Gases (Suzhou) Co., Ltd.	Suzhou	CHN	100.0		32.4	5.0	
BOC Gases (Tianjin) Company Limited	Tianjin	CHN	100.0		13.0	0.6	
BOC Gases (Wuhan) Co., Ltd.	Wuhan	CHN	100.0		4.9	0.0	
BOCLH Industrial Gases (Chengdu) Co., Ltd.	Chengdu	CHN	100.0		5.3	-0.1	
BOCLH Industrial Gases (DaLian) Co., Ltd.	Dalian	CHN	100.0		6.8	-0.4	
BOCLH Industrial Gases (Songjiang) Co., Ltd.	Shanghai	CHN	100.0		-9.3	-1.4	
BOCLH Industrial Gases (Suzhou) Co., Ltd.	Suzhou	CHN	100.0		9.0	-0.1	
BOCLH Industrial Gases (Waigaoqiao) Co., Ltd.	Shanghai	CHN	100.0		-0.1	-0.3	
BOCLH Industrial Gases (Xiamen) Co., Ltd.	Xiamen	CHN	100.0		1.8	0.0	
BOCLH Industrial Gases (Zhangjiagang) Co., Ltd.	Shanghai	CHN	100.0		2.0	-0.3	
Linde Carbonic (Shanghai) Company Ltd.	Shanghai	CHN	60.1	45.9	7.8	0.5	
Linde Electronics & Specialty Gases (Suzhou) Co. Ltd.	Suzhou	CHN	100.0	100.0	8.7	-1.8	
Linde Gas Ningbo Ltd.	Ningbo	CHN	100.0		67.7	1.4	
Linde Gas Shenzhen Ltd.	Shenzhen	CHN	100.0		2.9	0.7	
Linde Gas Southeast (Xiamen) Ltd.	Xiamen	CHN	100.0		2.6	1.2	
Linde Gas Xiamen Ltd.	Xiamen	CHN	100.0	100.0	27.5	3.1	
Linde Gases (Chengdu) Company Limited	Chengdu	CHN	100.0		2.0	0.0	
Linde Gases (Nanjing) Company Limited	Nanjing	CHN	100.0		0.6	-1.0	
LINDE GASES (SHANGHAI) CO., LTD.	Shanghai	CHN	100.0		7.7	0.7	
Linde Huachang (Zhangjiagang) Gas Co. Ltd.	Zhangjiagang	CHN	75.0		4.7	0.6	
Shanghai BOC Huayang Carbon Dioxide Co., Ltd.	Shanghai	CHN	80.0		1.2	0.3	
Shanghai BOC Industrial Gases Company Limited	Shanghai	CHN	100.0		8.6	0.1	
Shanghai Linhua Gas Transportation Co., Ltd.	Shanghai	CHN	100.0		0.3	0.1	
Shenzhen Feiyang Industrial Gases Company Limited	Shenzhen	CHN	90.0		1.3	-0.1	
Wuxi Boc Gases Co., Limited	Wuxi	CHN	100.0		0.9	-0.1	
LINDE HADJIKYRIAKOS GAS LIMITED	Nicosia	CYP	51.0	51.0	6.2	1.5	
Linde Gas a. s.	Prague	CZE	100.0		203.5	47.9	
Linde Sokolovska s. r. o.	Prague	CZE	100.0		74.3	3.4	
OXYS s. r. o.	Prague	CZE	100.0		0.3	0.0	
AEROSCOPIO HELLAS S. A.	Piraeus	GRC	70.8	70.8	0.1	0.0	
ELVIA A. B. E. E.	Schimatari	GRC	100.0	100.0	2.8	-0.2	

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	Registered office	Country	Participating interest in percent	Thereof Linde AG in percent	Equity in € million	Net income/net loss (-) in € million	Note
Linde Hellas E. P.E.	Athens	GRC	100.0	100.0	35.3	2.9	
HKO DEVELOPMENT COMPANY LIMITED	Kowloon	HKG	100.0		0.0	0.0	
Hong Kong Oxygen & Acetylene Company Limited	Kowloon	HKG	100.0		15.5	7.9	
LIEN HWA INDUSTRIAL GASES (HK) LIMITED	Wanchai	HKG	100.0		-1.0	-0.7	c, d
Linde Gas (H. K.) Limited	Hong Kong	HKG	100.0	100.0	79.7	-4.1	
NEW SINO GASES COMPANY LIMITED	Tai Po	HKG	100.0		0.4	0.1	
LINDE PLIN d.o.o.	Karlovac	HRV	100.0	100.0	4.5	0.1	
Linde Gaz Magyarorszag Zrt.	Repcelak	HUN	100.0	100.0	174.9	32.7	
P.T. BOC GASES INDONESIA	Jakarta	IDN	100.0		14.5	1.1	
P.T. Gresik Gases Indonesia	Jakarta	IDN	97.3		10.0	5.6	
P.T. Gresik Power Indonesia	Jakarta	IDN	96.7		8.7	2.8	
BOC INDIA LIMITED	Kolkata	IND	89.5		154.0	6.9	
Linde Japan Ltd.	Tokyo	JPN	100.0	100.0	0.2	-0.5	
Linde Korea Co., Ltd.	Pohang	KOR	100.0		165.5	5.4	
LINDE GAS BITOLA DOOEL Skopje	Skopje	MKD	100.0		0.7	-0.1	
DAYAMOX SDN BHD	Selangor	MYS	100.0		-2.4	0.1	
Malaysian Oxygen Berhad	Selangor	MYS	100.0		70.7	23.5	
MOX GASES (JB) SDN. BHD.	Selangor	MYS	100.0		-0.2	0.0	
MOX-Linde Gas Products Malaysia Sdn. Bhd.	Petaling Jaya	MYS	100.0	100.0	10.1	1.5	
MOX-LINDE GASES SDN. BHD.	Selangor	MYS	100.0		83.8	26.2	
MOX-Linde Industrial Gases (Malaysia) Sdn. Bhd.	Petaling Jaya	MYS	100.0	100.0	7.7	-0.4	
MOX-LINDE WELDING PRODUCTS SDN BHD	Selangor	MYS	100.0		3.0	1.4	
BOC Pakistan Limited	Karachi	PAK	60.0		12.0	2.2	
BATAAN INDUSTRIAL GASES INC.	Pasig City	PHL	100.0		-0.1	0.1	
BOC (PHILS.) HOLDINGS, INC.	Pasig City	PHL	100.0		20.7	0.0	
CHATSWOOD INC.	Makati City	PHL	61.5		-0.1	0.0	
CIGC CORPORATION	Pasig City	PHL	100.0		0.5	0.0	
CONSOLIDATED INDUSTRIAL GASES, INC.	Pasig City	PHL	100.0		16.9	1.1	
CRYO INDUSTRIAL GASES, INC.	Pasig City	PHL	100.0		0.1	0.0	
GRANDPLAINS PROPERTIES, INC.	Pasig City	PHL	40.0		1.2	0.1	e
ROYAL SOUTHMEADOWS, INC.	Mandaue City	PHL	40.0		0.4	0.0	e
SOUTHERN INDUSTRIAL GASES PHILIPPINES INC.	Mandaue City	PHL	100.0		12.0	0.8	
Eurogaz-Gdynia Sp. z o. o.	Gdynia	POL	99.0		4.6	0.4	
LINDE GAZ POLSKA Spolka z o. o.	Krakow	POL	100.0	100.0	99.1	11.4	
Carbid Acetilena S. R. L.	Bucharest	ROU	100.0		0.0	0.0	
LINDE GAZ ROMANIA S. R. L.	Timis	ROU	100.0	100.0	86.7	16.6	
OJSC "Linde Gas Rus"	Balashikha	RUS	99.9	99.9	29.5	-5.7	



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OOO "Linde Gas Plants Rus"	Balashikha	RUS	100.0	100.0	9.4	-0.2	
OOO "Linde Gas Production Rus"	Balashikha	RUS	100.0	100.0	19.1	-0.1	
ZAO "Samara Oxygen Plant"	Samara	RUS	100.0	100.0	0.4	-0.3	
Saudi Industrial Gas Co. Ltd.	Al-Khobar	SAU	51.0		67.0	7.7	
Linde Gas Asia Pte Ltd.	Singapore	SGP	100.0		-1.6	1.7	
Linde Gas Singapore Pte. Ltd.	Singapore	SGP	100.0	100.0	73.0	10.1	
LINDE GAS SRBIJA Industrija gasova a. d. Becej	Becej	SRB	82.4	82.4	10.6	1.5	
Aries 94 s r. o.	Bratislava	SVK	100.0		1.6	0.6	
Linde Gas k. s.	Bratislava	SVK	100.0		26.7	6.4	
LINDE PLIN d. o. o.	Celje	SVN	100.0	100.0	6.1	0.6	
KTPV (THAILAND) LIMITED	Bangkok	THA	100.0		12.9	0.0	
Linde Carbonic Ltd.	Samut Prakan	THA	100.0	100.0	8.6	0.0	
Linde Gas (Thailand) Ltd.	Samut Prakan	THA	100.0	100.0	3.6	0.0	
MIG Production Company Limited	Samut Prakan	THA	53.6		53.0	8.8	
RAYONG ACETYLENE LIMITED	Samut Prakan	THA	87.0		2.0	0.0	
SKTY (Thailand) Limited	Bangkok	THA	100.0		43.9	3.5	
Thai Industrial Gases Public Company Limited	Samut Prakan	THA	99.7		123.6	10.2	
TIG Air Chemicals Limited	Samut Prakan	THA	98.7		22.5	2.9	
TIG HyCO Limited	Samut Prakan	THA	100.0		35.3	3.0	
TIG TRADING LIMITED	Samut Prakan	THA	100.0		4.7	0.1	
Linde Gaz A. S.	Istanbul	TUR	100.0	100.0	66.5	-4.1	
ASIA UNION ELECTRONIC CHEMICAL CORPORATION	Taipei	TWN	99.8		23.4	3.1	
BOC LIENHWA INDUSTRIAL GASES CO., LTD.	Taipei	TWN	50.0		115.1	6.3	c, d, e
CONFEDERATE TECHNOLOGY COMPANY LIMITED	Wuchi Town	TWN	89.1		7.0	0.8	
FAR EASTERN INDUSTRIAL GASES COMPANY LIMITED	Kaohsiung	TWN	55.0		7.0	1.0	
LIEN CHUAN INDUSTRIAL GASES COMPANY LIMITED	Ho Chi Minh City	TWN	100.0		0.2	0.1	c
LIEN FENG INDUSTRIAL GASES COMPANY LIMITED	Taichung Hsien	TWN	100.0		1.1	1.0	
LIEN HWA COMMONWEALTH CORPORATION	Taipei	TWN	100.0		1.9	1.2	
LIEN HWA LOX CRYOGENIC EQUIPMENT CORPORATION	Taipei	TWN	88.8		2.0	0.2	
LIEN SHENG INDUSTRIAL GASES COMPANY LIMITED	Hsin Chu	TWN	100.0		0.1	0.0	
LIEN TONG GASES COMPANY LIMITED	Kaoshiung	TWN	100.0		0.2	0.1	c, d
LIEN YANG INDUSTRIAL GASES COMPANY LIMITED	Yi Lan	TWN	100.0		0.2	0.1	c
LIEN YI LPG COMPANY LIMITED	Tao Yuan	TWN	60.0		1.4	0.0	
LIENHWA UNITED LPG COMPANY LIMITED	Taipei	TWN	55.8		6.1	0.5	
UNITED INDUSTRIAL GASES COMPANY LIMITED	Karachi	TWN	55.0		66.9	9.2	
YUAN RONG INDUSTRIAL GASES COMPANY LTD.	Taipei	TWN	60.0		9.0	1.0	

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OJSC "Linde Gaz Ukraina"	Dnipropetrovsk	UKR	99.7	81.0	-1.6	-8.8	
AUECC (BVI) HOLDINGS LIMITED	Tortola	VGB	100.0		-1.7	-1.7	c
BOC LIENHWA (BVI) HOLDING Co., Ltd.	Tortola	VGB	99.8		45.9	0.7	
PURE QUALITY TECHNOLOGY LIMITED	Tortola	VGB	100.0		0.0	0.0	c
SHINE SKY INTERNATIONAL COMPANY LIMITED	Tortola	VGB	100.0		-1.7	-1.7	c
SKY WALKER GROUP LIMITED	Tortola	VGB	100.0		0.2	0.0	
Linde Gas Vietnam Limited	Ba Ria	VNM	100.0	100.0	2.9	-1.7	
<b>South Pacific &amp; Africa</b>							
AFROX ANGOLA LDA	Luanda	AGO	100.0		-0.5	0.2	c
AUSCOM HOLDINGS PTY LIMITED	Milsons Point	AUS	100.0		80.4	0.0	c
BOC CUSTOMER ENGINEERING PTY LTD.	North Ryde	AUS	100.0		5.3	-0.1	
BOC GASES FINANCE LIMITED	North Ryde	AUS	100.0		4.2	0.0	
BOC GROUP PTY LIMITED	North Ryde	AUS	100.0		0.4	0.0	
BOC Limited (Australia)	North Ryde	AUS	100.0		316.7	98.6	
BOGGY CREEK PTY LIMITED	North Ryde	AUS	100.0		1.6	0.2	
CIG PRODUCTS PTY LIMITED	North Ryde	AUS	100.0		0.0	0.0	
ELGAS AUTOGAS PTY LIMITED	Milsons Point	AUS	100.0		4.1	0.0	
ELGAS LIMITED	Milsons Point	AUS	100.0		116.9	21.5	
ELGAS RETICULATION PTY LIMITED	Milsons Point	AUS	100.0		2.0	0.1	
FLEXIHIRE PTY LIMITED	Rockhampton	AUS	100.0		9.6	3.2	
PACIFIC ENGINEERING SUPPLIES PTY LIMITED	North Ryde	AUS	100.0		-1.3	0.0	
PACIFIC INDUSTRIAL SUPPLIES PTY LIMITED	North Ryde	AUS	100.0		2.1	0.3	
PROJECT APPLE PTY LTD.	Melbourne	AUS	100.0		0.6	0.3	
SOUTH PACIFIC WELDING GROUP PTY LIMITED	North Ryde	AUS	100.0		9.7	1.9	
THE COMMONWEALTH INDUSTRIAL GASES PTY. LIMITED	North Ryde	AUS	100.0		0.0	0.0	
TIAMONT PTY LIMITED	Milsons Point	AUS	100.0		1.5	0.3	
UNIGAS JOINT VENTURE PARTNERSHIP	Mulgrave	AUS	100.0		12.9	0.7	
UNIGAS TRANSPORT FUELS PTY LTD.	Milsons Point	AUS	100.0		6.3	0.0	
AFROX GAS & ENGINEERING SUPPLIES (BOTSWANA) (PTY) LIMITED	Gaborone	BWA	100.0		0.0	0.0	c, d
BOTSWANA OXYGEN COMPANY (PTY) LIMITED	Gaborone	BWA	100.0		3.2	1.8	c
BOTSWANA STEEL ENGINEERING (PTY) LIMITED	Gaborone	BWA	100.0		0.0	0.0	c
HANDIGAS (BOTSWANA) (PTY) LIMITED	Gaborone	BWA	100.0		0.0	0.0	c, d
HEAT GAS (PTY) LIMITED	Gaborone	BWA	74.0		0.0	0.0	c
KIDDO INVESTMENTS (PTY) LIMITED	Gaborone	BWA	100.0		0.3	0.0	c
REPTILE INVESTMENT NINE (PTY) LIMITED	Windhoek	BWA	100.0		0.0	0.0	c
REPTILE INVESTMENT TEN (PTY) LIMITED	Windhoek	BWA	100.0		0.0	0.0	c

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RDC GASES & WELDING (DRL) LIMITED	Lubumbashi	COD	100.0		N/A	N/A	
BOC FIJI LIMITED	Lami Suva	FJI	89.7		3.0	0.8	
P.T. Townsville Welding Supplies	Jakarta Selatan	IDN	90.0		0.2	0.1	
BOC Kenya Limited	Nairobi	KEN	65.4		13.4	1.2	
AFROX LESOTHO (PTY) LIMITED	Maseru	LSO	100.0		0.8	1.4	c
LESOTHO OXYGEN COMPANY (PTY) LIMITED	Maseru	LSO	100.0		0.0	0.0	c, d
BOC GASES MOZAMBIQUE LIMITED	Maputo	MOZ	100.0		1.1	0.5	c
PETROGAS LIMITADA	Maputo	MOZ	100.0		-0.3	0.0	c
AFROX INTERNATIONAL LIMITED	Port Louis	MUS	99.9		0.0	0.0	c, d
Afrox Malawi Limited	Blantyre	MWI	76.6		3.4	1.6	c
GAS & WELDING PRODUCTS (PTY) LTD.	Windhoek	NAM	100.0		0.0	0.0	c, d
IGL (PTY) LIMITED	Windhoek	NAM	100.0		6.1	2.3	c
IGL PROPERTIES (PTY) LIMITED	Windhoek	NAM	100.0		0.2	0.1	c, d
NAMOX (PTY) LIMITED	Windhoek	NAM	100.0		1.1	0.0	c
BOC Gases Nigeria Plc	Lagos	NGA	60.0		4.5	1.5	
BOC LIMITED (New Zealand)	Auckland	NZL	100.0		43.3	19.7	
BOC NEW ZEALAND HOLDINGS LIMITED	Auckland	NZL	100.0		35.8	34.6	
ELGAS LIMITED	Auckland	NZL	100.0		0.7	0.6	
SOUTH PACIFIC WELDING GROUP (NZ) LIMITED	Auckland	NZL	100.0		0.2	0.1	
BOC Papua New Guinea Limited	Lae	PNG	74.0		7.2	4.6	
BOC GASES SOLOMON ISLANDS LIMITED	Honiara	SLB	100.0		0.3	0.4	
HANDIGAS SWAZILAND (PTY) LIMITED	Mbabane	SWZ	100.0		0.0	0.0	c, d
SWAZI OXYGEN (PTY) LIMITED	Mbabane	SWZ	100.0		1.9	1.6	c
BOC (TONGA) LIMITED	Nuku'Alofa	TON	100.0		0.2	0.0	
BOC Tanzania Limited	Dar es Salaam	TZA	99.8		0.6	0.2	
BOC Uganda Limited	Kampala	UGA	99.9		0.7	0.1	
BOC Samoa Limited	Apia	WSM	95.8		1.0	0.2	
African Oxygen Limited	Johannesburg	ZAF	60.5		288.5	29.6	c
AFROX (PROPRIETARY) LIMITED	Johannesburg	ZAF	95.0		0.0	0.0	c, d
Afrox (Transkei)(Pty) Limited	Johannesburg	ZAF	100.0		N/A	N/A	
AFROX AFRICAN INVESTMENTS (PTY) LIMITED	Johannesburg	ZAF	100.0		17.9	1.3	c
AFROX EDUCATIONAL SERVICES (PROPRIETARY) LTD.	Johannesburg	ZAF	100.0		0.0	0.0	c, d
AFROX FINANCE (PTY) LIMITED	Johannesburg	ZAF	100.0		0.0	0.0	c
AFROX PROPERTIES (PTY) LIMITED	Johannesburg	ZAF	100.0		2.9	0.5	c
AFROX SAFETY (PTY) LIMITED	Johannesburg	ZAF	99.9		3.8	-0.6	c
AMALGAMATED GAS AND WELDING (PTY) LIMITED	Johannesburg	ZAF	100.0		0.0	0.0	c, d
AMALGAMATED WELDING AND CUTTING (PROPRIETARY) LIMITED	Johannesburg	ZAF	100.0		1.6	-0.2	c

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AMALGAMATED WELDING AND CUTTING HOLDINGS (PROPRIETARY) LIMITED	Johannesburg	ZAF	100.0		0.1	0.0	c
AWCE (PROPRIETARY) LIMITED	Johannesburg	ZAF	100.0		0.0	0.0	c, d
ENERGY MEDICAL SUPPLIES (PTY) LIMITED	Johannesburg	ZAF	100.0		-0.2	0.0	c, d
HARRIS GAS EQUIPMENT (PTY) LIMITED	Boksburg	ZAF	100.0		0.0	0.0	c
HUMAN PERFORMANCE SYSTEMS (PTY) LIMITED	Johannesburg	ZAF	100.0		0.0	0.0	c, d
INDUSTRIAL RESEARCH AND DEVELOPMENT (PTY) LIMITED	Johannesburg	ZAF	100.0		0.6	0.0	c
ISAS TRUST	Johannesburg	ZAF	100.0		5.5	-1.0	c
MEDISPEED (NATAL) (PROPRIETARY) LIMITED	Johannesburg	ZAF	100.0		0.0	0.0	c, d
NASIONALE SWEISWARE (PTY) LTD.	Johannesburg	ZAF	100.0		0.0	0.0	c, d
NICOWELD (PTY) LIMITED	Johannesburg	ZAF	100.0		0.0	0.0	c
PHAMODI WELDING (PTY) LIMITED	Johannesburg	ZAF	50.0		0.0	0.0	c, e
PPE-ISIZO (PTY) LIMITED	Johannesburg	ZAF	100.0		0.0	0.0	c, d
SAFETY GAS (PROPRIETARY) LIMITED	Johannesburg	ZAF	100.0		0.0	0.0	c, d
AFROX ZAMBIA LIMITED	Ndola	ZMB	70.0		7.7	1.9	c
HANDIGAS (PVT) LIMITED	Harare	ZWE	100.0		0.0	0.0	c
<b>Engineering Division</b>							
Linde Engineering Middle East LLC	Abu Dhabi	ARE	49.0	29.0	8.7	2.3	e
Linde (Australia) Pty. Ltd.	North Ryde	AUS	100.0	100.0	2.1	0.1	
Linde Process Plants Canada Inc.	Calgary	CAN	100.0		-0.4	0.0	
Arboliana Holding AG	Pfunggen	CHE	100.0		4.0	0.0	
Bertrams Heatec AG	Pratteln	CHE	100.0		7.6	1.8	
BOC AG	Basle	CHE	98.4		2.8	0.2	
Linde Kryotechnik AG	Pfunggen	CHE	100.0		13.0	1.7	
Cryostar Cryogenic Equipments (Hangzhou) Co. Ltd.	Hangzhou	CHN	100.0	100.0	2.1	0.6	
Linde Engineering (Dalian) Co. Ltd.	Dalian	CHN	56.0	56.0	33.7	6.0	
Linde Engineering (Hangzhou) Co. Ltd.	Hangzhou	CHN	75.0	75.0	8.0	6.2	
Linde-KCA-Dresden GmbH	Dresden	DEU	100.0	6.0	47.5	-	a
Selas-Linde GmbH	Pullach	DEU	100.0	100.0	12.7	-	a
LINDE INGENIERIA Y TECNOLOGIA, S. A. U.	Madrid	ESP	100.0	100.0	1.5	0.0	
CRYOSTAR SAS	Hesingue	FRA	100.0		51.0	7.5	
LINDE CRYOPLANTS LIMITED	Guildford	GBR	100.0		0.8	1.7	
Linde Engineering India Private Limited	New Delhi	IND	100.0	100.0	5.9	1.0	
Linde Impianti Italia S. p. A.	Fiumicino	ITA	100.0	90.0	2.9	0.7	
LPM, S. A. de C. V.	Mexico City	MEX	100.0	90.0	7.0	-0.1	
Linde Engineering (Malaysia) Sdn. Bhd.	Petaling Jaya	MYS	100.0	100.0	0.4	0.0	
Linde Arabian Contracting Company Ltd.	Riyadh	SAU	100.0	90.0	8.7	5.1	

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Cryostar Singapore Pte. Ltd.	Singapore	SGP	100.0	100.0	6.1	3.6	
Linde Process Plants, Inc.	Tulsa	USA	100.0		33.4	15.0	
Selas Fluid Processing Corporation	Blue Bell	USA	100.0		26.5	12.4	
VN Corporation	Wilmington	USA	100.0		71.9	6.6	
Linde Process Plants (Pty.) Ltd.	Johannesburg	ZAF	100.0	100.0	2.0	0.2	
<b>Other activities</b>							
BOC AIP (A Limited Partnership)	North Ryde	AUS	100.0		894.2	126.7	
BOC Australia Pty Limited	North Ryde	AUS	100.0		66.0	25.0	
Van Dongen & Van Bergeijk GmbH	Wallern an der Trattnach	AUT	100.0		0.1	0.0	
Van Dongen Belgium BVBA	Lochristi	BEL	100.0		-0.5	-0.5	
PRIESTLEY COMPANY LIMITED	Hamilton	BMU	100.0		22.6	0.0	
Linde Canada Limited	Mississauga	CAN	100.0		126.2	14.0	
Linde Holding AG	Lucerne	CHE	100.0	100.0	19.8	0.3	
GISTRANS Czech Republic s. r. o.	Olomouc	CZE	100.0		1.8	0.2	
Cleaning Enterprises GmbH	Munich	DEU	100.0		4.4	-	a
Commercium Immobilien- und Beteiligungs-GmbH	Munich	DEU	100.0	100.0	1,634.4	-	a
Commercium Versicherungsvermittlung GmbH	Munich	DEU	100.0		0.5	-	a
Fred Butler Denmark ApS	Copenhagen	DNK	100.0		-1.8	-1.7	
LOGISTICA DOTRA, SL	Seville	ESP	100.0		0.2	0.0	c
LOGISTICA VAN TRANS S. L.	Burgos	ESP	100.0		0.6	-0.3	c
BOC Finland Oy	Espoo	FIN	100.0		0.9	0.1	
Linde Holdings S. A. S.	Saint-Priest	FRA	100.0		122.1	11.3	
The Boc Group S. A. S.	Hesingue	FRA	100.0		60.8	1.1	
AGRINON COMPANY	Guildford	GBR	100.0		0.0	0.0	
AIRCO COATING TECHNOLOGY LIMITED	Guildford	GBR	100.0		1,087.3	24.1	
ANGLIAN INDUSTRIAL GASES LIMITED	Guildford	GBR	100.0		0.1	0.0	
APPLIED VISION LIMITED	Guildford	GBR	100.0		2.5	0.0	
BOC AIRCO COATING TECHNOLOGY LIMITED	Guildford	GBR	100.0		0.0	0.0	
BOC AMERICA HOLDINGS	Guildford	GBR	100.0		199.2	11.9	
BOC CHILE HOLDINGS LIMITED	Guildford	GBR	100.0		189.4	16.8	
BOC CIS LIMITED	Guildford	GBR	100.0		0.0	0.0	
BOC CRYOPLANTS LIMITED	Guildford	GBR	100.0		0.0	0.0	
BOC DISTRIBUTION SERVICES LIMITED	Guildford	GBR	100.0		0.0	0.0	
BOC DUTCH FINANCE	Guildford	GBR	100.0		261.1	12.0	
BOC G. L. BAKER TRANSPORT LIMITED	Guildford	GBR	100.0		0.0	0.0	
BOC HOLDINGS	Guildford	GBR	100.0		3,457.0	75.9	

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

	Registered office	Country	Participating interest in percent	Thereof Linde AG in percent	Equity in € million	Net income/net loss (-) in € million	Note
BOC HOLLAND FINANCE	Guildford	GBR	100.0		62.8	0.0	
BOC INVESTMENT HOLDINGS LIMITED	Guildford	GBR	100.0		818.7	104.6	
BOC INVESTMENTS (LUXEMBOURG) LIMITED	Guildford	GBR	100.0		184.5	7.3	
BOC INVESTMENTS NO. 1 LIMITED	Guildford	GBR	100.0		205.0	26.2	
BOC INVESTMENTS NO. 2 LIMITED	Guildford	GBR	100.0		0.0	0.0	
BOC INVESTMENTS NO. 5	Guildford	GBR	100.0		342.7	6.2	
BOC INVESTMENTS NO. 7	Guildford	GBR	100.0		298.0	11.6	
BOC IRELAND FINANCE	Guildford	GBR	100.0		332.7	15.0	
BOC JAPAN	Guildford	GBR	100.0		45.1	9.6	
BOC JAPAN FINANCE	Guildford	GBR	100.0		0.1	0.0	
BOC JAPAN HOLDINGS LIMITED	Guildford	GBR	100.0		249.1	18.3	
BOC KOREA HOLDINGS LIMITED	Guildford	GBR	100.0		109.2	4.2	
BOC LIMITED	Guildford	GBR	100.0		437.7	149.5	
BOC LUXEMBOURG FINANCE	Guildford	GBR	100.0		20.9	1.0	
BOC MEDISPEED LIMITED	Guildford	GBR	100.0		0.0	0.0	
BOC NETHERLANDS FINANCE	Guildford	GBR	100.0		109.5	0.0	
BOC NETHERLANDS HOLDINGS LIMITED	Guildford	GBR	100.0		541.7	-1.3	
BOC NOMINEES LIMITED	Guildford	GBR	100.0		0.0	0.0	
BOC PENSION SCHEME TRUSTEES LIMITED	Guildford	GBR	100.0		0.0	0.0	
BOC PENSIONS LIMITED	Guildford	GBR	100.0		0.0	0.0	
BOC POLAND HOLDINGS LIMITED	Guildford	GBR	100.0		6.2	0.0	
BOC RSP TRUSTEES LIMITED	Guildford	GBR	100.0		0.0	0.0	
BOC RUSSIA HOLDINGS LIMITED	Guildford	GBR	100.0		0.0	0.0	
BOC SEPS TRUSTEES LIMITED	Guildford	GBR	100.0		0.0	0.0	
BOC SHARE SCHEME TRUSTEE LIMITED	Guildford	GBR	100.0		0.0	0.0	
BOC SPALDING HAULAGE LIMITED	Guildford	GBR	100.0		0.0	0.0	
BOC STORESHIELD LIMITED	Guildford	GBR	100.0		0.0	0.0	
BOC TECHNOLOGIES LIMITED	Guildford	GBR	100.0		0.0	0.0	
BOC TRANSHIELD LIMITED	Guildford	GBR	100.0		0.0	0.0	
BOC TRUSTEES NO. 4 LIMITED	Guildford	GBR	100.0		0.0	0.0	
BRITISH INDUSTRIAL GASES LIMITED	Guildford	GBR	100.0		1.2	0.0	
CALUMATIC (UNITED KINGDOM) LIMITED	Guildford	GBR	100.0		0.0	0.0	
CRYOSTAR LIMITED	Guildford	GBR	100.0		0.0	0.0	
CYPRANE	Guildford	GBR	100.0		0.0	0.0	
EHVIL DISSENTIENTS LIMITED	Guildford	GBR	100.0		0.0	0.0	
G. L. BAKER (TRANSPORT) LIMITED	Guildford	GBR	100.0		255.0	26.3	
GIST LIMITED	Guildford	GBR	100.0		133.5	40.1	

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

	Registered office	Country	Participating interest in percent	Thereof Linde AG in percent	Equity in € million	Net income/net loss (-) in € million	Note
GIST PEOPLE SERVICES LIMITED	Guildford	GBR	100.0		0.6	0.5	
HANDIGAS LIMITED	Guildford	GBR	100.0		42.2	0.2	
HICK, HARGREAVES AND COMPANY LIMITED	Guildford	GBR	100.0		0.0	0.0	
INDONESIA POWER HOLDINGS LIMITED	Guildford	GBR	100.0		34.6	0.1	
LANSING GROUP LIMITED	Guildford	GBR	100.0	100.0	10.1	0.0	
LINDE CRYOGENICS LIMITED	Guildford	GBR	100.0		283.0	0.0	
LINDE UK HOLDINGS LIMITED	Guildford	GBR	100.0	85.0	9,227.7	380.5	
MEDISHIELD	Guildford	GBR	100.0		0.4	0.0	
MEDISPEED	Guildford	GBR	100.0		278.8	10.8	
PLASMA PRODUCTS LIMITED	Guildford	GBR	100.0		0.0	0.0	
RRS (FEBRUARY 2004) LIMITED	Guildford	GBR	100.0		-0.5	-0.3	
SPALDING HAULAGE LIMITED	Guildford	GBR	100.0		311.5	15.6	
STORESHIELD LIMITED	Guildford	GBR	100.0		331.4	0.4	
THE BOC GROUP LIMITED	Guildford	GBR	100.0		3,280.5	15.4	
THE BRITISH OXYGEN COMPANY LIMITED	Guildford	GBR	100.0		0.1	0.0	
TRANSHIELD	Guildford	GBR	100.0		14.2	0.6	
WELDING PRODUCTS HOLDINGS LIMITED	Guildford	GBR	100.0		10.1	0.0	
BOC NO. 1 LIMITED	St. Peter Port	GGY	100.0		10.4	-1.3	
BOC NO. 2 LIMITED	St. Peter Port	GGY	100.0		4.1	0.1	
BRITISH OXYGEN (HONG KONG) LIMITED	Hong Kong	HKG	100.0		7.3	0.0	
Linde Global Support Services Private Limited	Calcutta	IND	100.0		1.6	0.5	
BOC INVESTMENT HOLDING COMPANY (IRELAND) LIMITED	Dublin	IRL	100.0		13.8	0.0	
BOC Investments Ireland	Dublin	IRL	100.0		309.9	0.0	
Gist Distribution Limited	Dublin	IRL	100.0		0.6	0.3	
PRIESTLEY DUBLIN REINSURANCE COMPANY LIMITED	Dublin	IRL	100.0		13.9	2.3	
ALBOC (JERSEY) LIMITED	St. Helier	JEY	100.0		11.3	9.7	
BOC AUSTRALIAN FINANCE LIMITED	St. Helier	JEY	100.0		334.9	0.0	
BOC PREFERENCE LIMITED	St. Helier	JEY	100.0		64.6	0.1	
BOC EDWARDS CHEMICAL MANAGEMENT KOREA LIMITED	Sungnam	KOR	100.0		1.1	0.1	
LINDE-RE S. A.	Luxembourg	LUX	100.0	90.0	6.8	0.0	
BOC EUROPE HOLDINGS B. V.	Amsterdam	NLD	100.0		553.6	0.0	
BOC Group Holdings B. V.	Amsterdam	NLD	100.0		0.0	0.0	
BOC INVESTMENTS B. V.	Amsterdam	NLD	100.0		9.6	-1.6	
Fred Butler Netherlands B. V.	Amsterdam	NLD	100.0		-8.4	-4.8	
G VAN DONGEN HOLDING B. V.	Dirksland	NLD	100.0		1.0	-0.4	

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

	Registered office	Country	Participating interest in percent	Thereof Linde AG in percent	Equity in € million	Net income/net loss (-) in € million	Note
G VAN DONGEN TRANSPORTBEDRIJF DIRKSLAND B.V.	Dirksland	NLD	100.0		2.8	0.0	
GIST BV	Bleiswijk	NLD	100.0		2.3	0.2	
Linde Finance B.V.	Amsterdam	NLD	100.0		25.3	7.4	
Linde Holdings Netherlands B.V.	Schiedam	NLD	100.0	100.0	1,125.2	-9.9	
PEEMAN TRANSPORT B.V.	Dirksland	NLD	100.0		1.1	-0.5	
The BOC Group B.V.	Amsterdam	NLD	100.0		1,131.7	3.7	
VAN DONGEN & VAN BERGEIJK B.V.	Dirksland	NLD	100.0		0.1	0.2	
VAN DONGEN AALSMEER B.V.	Dirksland	NLD	100.0		0.8	0.0	
VAN DONGEN CHARTERING B.V.	Dirksland	NLD	100.0		0.2	0.0	
VAN DONGEN EN MOSTERT B.V.	Dirksland	NLD	100.0		0.9	0.0	
VAN DONGEN MATERIEEL B.V.	Dirksland	NLD	100.0		2.5	0.6	
Van Dongen Repair B.V.	Dirksland	NLD	100.0		-0.2	-0.1	
VAN DONGEN WESTLAND B.V.	Dirksland	NLD	100.0		0.4	-0.4	
Linde Holdings New Zealand Limited	Auckland	NZL	100.0		2.3	34.6	
BOC GIST INC.	Mkati City	PHL	100.0		0.1	0.0	
AGA Aktiebolag	Lidingö	SWE	100.0		888.1	100.2	
BOC Intressenter AB	Helsingborg	SWE	100.0		30.3	0.6	
Fred Butler Sweden Aktiebolag	Lidingö	SWE	100.0		1.6	1.3	
INO Therapeutics AB	Lidingö	SWE	100.0		4.2	0.3	
LindeGas Holding Sweden AB	Lidingö	SWE	100.0	100.0	1,785.5	54.5	
Linde Cleaning US, LLC	Wilmington	USA	100.0		-0.9	-0.5	
Linde Holdings, LLC	Wilmington	USA	100.0		118.0	7.4	
Linde LLC	Wilmington	USA	100.0		0.0	0.0	

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

	Registered office	Country	Participating interest in percent	Thereof Linde AG in percent	Equity in € million	Net income/net loss (-) in € million	Note
<b>Gases Division</b>							
<b>Western Europe</b>							
Flowserve Compression Systems GmbH	Brunn am Gebirge	AUT	20.0		-0.6	-0.6	b, d
CRYOTEC Tief- und Tieftemperatur-Technik GmbH i. L.	Pullach	DEU	50.0	50.0	0.1	-	a, b, c, d
HELISON PRODUCTION S. p. A.	Skikda	DZA	51.0	51.0	14.4	-12.1	b, e
Messer Algeria S. p. A.	Algiers	DZA	40.0		2.1	1.7	b, c, d



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

	Registered office	Country	Participating interest in percent	Thereof Linde AG in percent	Equity in € million	Net income/net loss (-) in € million	Note
Iberica de Gases, S. A.	Alzira	ESP	50.0		0.5	0.0	c, d
Oxigeno de Andalucia, S. L.	San Roque	ESP	49.0		0.1	0.0	c, d
Oxigeno de Sagunto, S. L.	Barcelona	ESP	50.0		4.1	0.0	c, d
QUIMICA BASICA, S. A.	Barcelona	ESP	33.3		1.4	0.0	b, c, d
Oy Innogas Ab	Kulloo	FIN	50.0		1.4	0.3	b, c
LIDA S. A. S.	Saint Quentin Fallavier	FRA	21.5		0.0	0.0	b, c, d
LIMES S. A. S.	Saint Herblain	FRA	50.0		4.0	-0.2	b, c
Helison Marketing Limited	St. Helier	GBR	51.0		4.5	1.6	b, e
B. V. Nederlandse Pijpleidingmaatschappij	Papendrecht	NLD	50.0		0.0	0.0	b
OCAP CO2 Transport B. V.	Schiedam	NLD	50.0		1.6	0.0	b
OCAP CO2 v. o. f.	Schiedam	NLD	50.0		-9.2	0.5	b
TLF Tjeldbergoddens Luftgassfabrik DA	Aure	NOR	37.8		32.5	5.2	b, c, d
<b>Americas</b>							
Compania de Nitrogeno de Cantarell, S. A. de C. V.	Santa Fe	MEX	65.0		17.1	-17.0	b, c, e
CLIFFSIDE HELIUM, L. L. C.	Wilmington	USA	26.0		0.2	0.0	b
Cliffside Refiners, L. P.	Wilmington	USA	26.7		13.6	2.3	b
East Coast Oxygen Company	Bethlehem	USA	50.0		22.9	-3.1	b
High Mountain Fuels, L. L. C.	Wilmington	USA	50.0		9.2	-0.6	b
<b>Asia &amp; Eastern Europe</b>							
Adnoc Linde Industrial Gases Co. Limited (Elixier)	Abu Dhabi	ARE	49.0	49.0	118.8	0.0	b, c, d
Beijing Fudong Gas Products Co., Ltd.	Beijing	CHN	60.0		1.3	0.0	b, c, d, e
BOC-SPC Gases Co., Ltd.	Shanghai	CHN	50.0		27.5	6.6	b
BOC-TISCO GASES CO., Ltd.	Taiyuan City	CHN	50.0		94.4	23.9	b
Chongqing Linde-SVW Gas Co., Ltd.	Chongqing	CHN	50.0		4.9	0.0	b
Dalian BOC Carbon Dioxide Co. Ltd.	Dalian	CHN	50.0		2.2	-0.2	b
Fujian Linde-FPCL Gases Co., Ltd.	Quanzhou City	CHN	50.0		10.2	0.0	b
Guangkong Industrial Gases Company Limited	Guangzhou	CHN	50.0		19.8	1.6	b
Guangzhou Linde GISE Gases Company Limited	Guangzhou	CHN	50.0		0.0	0.0	b
Guangzhou Pearl River Industrial Gases Company Limited	Guangzhou	CHN	50.0		19.7	3.0	b
YANGJIANG SOUTHERN INDUSTRIAL GASES COMPANY LIMITED	Yangjiang	CHN	30.0		0.0	0.0	b, c, d
Linde Carbonic Co. Ltd., Tangshan	Quian An City	CHN	80.0		1.5	0.0	b, e
Ma'anshan BOC-Ma Steel Gases Company Limited	City of Maanshan	CHN	50.0		64.8	17.0	b
Maoming Coolants Carbon Dioxide Company Limited – in liquidation	Maoming City	CHN	50.0		1.0	-0.3	b
Nanjing BOC-YPC Gases Co., LTD.	Nanjing	CHN	50.0		57.5	10.8	b

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

	Registered office	Country	Participating interest in percent	Thereof Linde AG in percent	Equity in € million	Net income/net loss (-) in € million	Note
Shanghai HuaLin Industrial Gases Co. Ltd.	Shanghai	CHN	50.0		37.2	7.0	b
Shanghai Huayi Microelectronic Material Co. Ltd.	Shanghai	CHN	50.0		-3.0	-3.5	b, c
Shenzhen South China Industrial Gases Company Limited	Shenzhen	CHN	50.0		3.5	-0.3	b
Zibo BOC-QILU Gases Co., Ltd.	Zibo	CHN	50.0		28.5	8.5	b
Krakovska s. r. o. svareci technika	Novy Malin	CZE	37.0		0.5	0.1	c, d
Plyny Jehlar s. r. o.	Brno	CZE	34.0		0.1	0.0	c, d
BELLARY OXYGEN COMPANY PRIVATE LIMITED	Bangalore	IND	50.0		7.3	1.5	b
SHINIL CRYOGENIC MATERIALS LTD.	Dangjin	KOR	49.0		0.4	-0.5	b, c, d
Company for Production of Carbon Dioxide Geli DOO Skopje	Skopje	MKD	50.0	50.0	0.8	0.0	b
EASTERN OXYGEN INDUSTRIES SDN. BHD.	Kuching	MYS	49.0		11.1	1.2	c, d
INDUSTRIAL GASES SOLUTIONS SDN BHD.	Selangor	MYS	50.0		1.6	0.5	b
Kulim Industrial Gases Sdn. Bhd.	Selangor	MYS	50.0		17.4	1.5	b, c, d
BACNOTAN AIR GASES, INCORPORATED	Taguig	PHL	50.0		-0.2	0.0	b, d
Carbo-Dioxid S. R. L.	Timisoara	ROU	50.0		0.0	0.0	b, d
OAO "URALSKY ZAVOD TECHNICHESKIKH GAZOV"	Ekaterinenburg	RUS	50.0	50.0	0.0	0.0	b, c, d
Map Ta Phut Industrial Gases Company Limited	Bangkok	THA	40.0		4.9	0.4	b, c, d
Blue Ocean Industrial Gases Co., Ltd.	Taipei	TWN	50.0		N/A	N/A	
SUN HSIN LPG COMPANY LIMITED	Yun Lin	TWN	50.0		0.2	0.0	
United Silicon Corporation	Taipei	TWN	50.0		0.0	-0.2	
<b>South Pacific &amp; Africa</b>							
LES GAZ INDUSTRIELS LIMITED	Port Louis	MUS	38.2		3.3	0.3	c, d
ENERGY SOLUTIONS (PTY) LIMITED	Windhoek	NAM	26.0		0.0	0.0	c, d
LINDE ELECTRONICS SOUTH AFRICA (PROPRIETARY) LIMITED	Johannesburg	ZAF	50.1		0.5	-0.2	b, e
<b>Other activities</b>							
Caravell Kühlgerätevertriebs GmbH i. L.	Ratingen	DEU	50.0	50.0	-0.1	0.0	b, c, d
LOGI-FRANCE SARL	Antony	FRA	50.0		0.0	-0.2	b
VAN DONGEN VAN DE KWAAK B. V.	Dirksland	NLD	50.0		0.2	-0.4	b
ESHCONNECT, INC	Sunnyvale	USA	35.3		N/A	N/A	b

## Non-consolidated subsidiaries

	Registered office	Country	Participating interest in percent	Thereof Linde AG in percent	Equity in € million	Net income/net loss (-) in € million	Note
<b>Gases Division</b>							
<b>Western Europe</b>							
Progas AG	Dagmersellen	CHE	100.0		0.0	0.0	c, d
GI/LINDE ALGERIE	Algiers	DZA	100.0	40.0	6.1	1.0	c, d
ELECTROCHEM LIMITED	Guildford	GBR	100.0	100.0	3.4	0.0	c, d
GAS & EQUIPMENT LIMITED	Guildford	GBR	100.0		-1.8	0.0	c, d
GAS AND EQUIPMENT GROUP LIMITED	Guildford	GBR	100.0	100.0	0.3	0.0	c, d
HYDROGEN SUPPLIES LIMITED	Guildford	GBR	100.0	100.0	0.9	0.0	c, d
INTELLEMETRICS LIMITED	Glasgow	GBR	100.0		0.1	0.0	c, d
KINGSTON MEDICAL GASES LIMITED	Guildford	GBR	100.0		0.0	0.0	c, d
Ossigeno Italia s. r. l.	Legnano	ITA	100.0		0.0	0.0	d
Cryo Clean B. V.	Schiedam	NLD	100.0		0.1	0.0	c, d
Hoek Loos Emmen B. V.	Emmen	NLD	100.0		0.0	0.0	c, d
KS Luftgassproduksjon	Oslo	NOR	100.0		0.0	0.0	c, d
Norgas AS	Oslo	NOR	100.0		0.1	0.0	c, d
<b>Americas</b>							
177470 CANADA INC.	Mississauga	CAN	100.0		0.9	0.0	c
177472 CANADA INC.	Mississauga	CAN	100.0		2.4	0.0	c
44001 ONTARIO LIMITED	Ontario	CAN	100.0		1.1	0.0	c
<b>Asia &amp; Eastern Europe</b>							
BANGLADESH OXYGEN LIMITED	Dhaka	BGD	99.5		0.0	0.0	c, d
LINDE PLIN d. o. o. Sarajevo	Sarajevo	BIH	100.0	100.0	0.0	0.0	d
Guangzhou GNIG Industrial Gases Company Limited – in liquidation	Guangzhou	CHN	60.0		N/A	N/A	
Linde Gas Zhenhai Ltd.	Ningbo	CHN	100.0		3.8	0.0	c, d
Linde Gases (Changzhou) Company Limited	Changzhou	CHN	100.0		4.2	0.0	c, d
Linde Gases (Suzhou) Company Limited	Suzhou	CHN	100.0		0.0	0.0	d
Linde Gases Daxie Company Limited	Ningbo	CHN	100.0		N/A	N/A	f
ACP Ceska republika s. r. o.	Prague	CZE	100.0		0.1	0.0	d
Linde Gas Engineering Center Budapest Kft.	Budapest	HUN	100.0	100.0	0.3	0.1	c, d
Linde Gas Pars PJS Co.	Tehran	IRN	100.0	99.8	-1.2	0.0	c, d
TOO Linde Gaz Kazakhstan	Almaty	KAZ	100.0	100.0	N/A	N/A	f
BACOLOD OXYGEN CORPORATION	Mandaue City	PHL	100.0		0.1	0.0	c, d
CARBONIC PHILIPPINES INC.	Mandaue City	PHL	100.0		0.1	0.0	c, d
CEBU LIQUID GAS CORPORATION	Lapu Lapu City	PHL	67.0		N/A	N/A	
CIGI PROPERTIES, INC.	Mandaluyong City	PHL	100.0		0.0	0.0	d
DAVAO OXYGEN CORPORATION	Mandaue City	PHL	100.0		0.4	0.0	c, d
ORMOC OXYGEN CORPORATION	Mandaue City	PHL	100.0		0.1	0.0	c, d

## Non-consolidated subsidiaries

	Registered office	Country	Participating interest in percent	Thereof Linde AG in percent	Equity in € million	Net income/net loss (-) in € million	Note
VISMIN AIRTECH INDUSTRIAL GASES CORPORATION	Mandaue City	PHL	100.0		0.2	0.0	c, d
OOO "Linde Gas Helium Rus"	Moscow	RUS	100.0	100.0	0.0	0.0	d
ZAO "LH GermaneLabs Rus"	Moscow	RUS	51.0	51.0	0.3	0.0	d
Linde Technicke Plyny spol. s r. o.	Bratislava	SVK	100.0		0.1	0.0	c, d
Linde Gaz Istanbul Endüstriyel ve Tibbi Gazlar Sanayi ve Ticaret Limited Sirketi – in liquidation	Istanbul	TUR	100.0	100.0	0.0	0.0	c, d
Chia Chi Industrial Company Limited	Taipei	TWN	100.0		0.4	0.0	d
LIEN CHIA INDUSTRIAL GASES COMPANY LIMITED	Chia Yi	TWN	100.0		0.0	0.0	c, d
LUCK STREAM Co., Ltd.	Kaohsiung	TWN	100.0	100.0	1.3	0.2	c, d
<b>South Pacific &amp; Africa</b>							
CUULSTICK VENTURES (PTY) LIMITED	Gaborone	BWA	100.0		N/A	N/A	
EAST AFRICAN OXYGEN LIMITED	Nairobi	KEN	100.0		0.0	0.0	d
Handigas Kenya Limited	Nairobi	KEN	100.0		0.0	0.0	c, d
Kivuli Limited	Nairobi	KEN	100.0		N/A	N/A	
BOC NOUVELLE-CALEDONIE SAS	Noumea	NCL	100.0		0.0	0.0	c, d
THE GAS COMPANY LIMITED	Auckland	NZL	100.0		0.0	-0.1	
BOC Zimbabwe (Private) Limited	Harare	ZWE	100.0		0.0	0.0	c, d
INDUSTRIAL GASES (PVT) LIMITED	Harare	ZWE	100.0		0.0	0.0	
OXYCO UTILITIES (PVT) LIMITED	Harare	ZWE	100.0		0.0	0.0	
OXYGEN INDUSTRIES (PVT) LIMITED	Harare	ZWE	100.0		0.0	0.0	
WELDEX (PVT) LIMITED	Harare	ZWE	100.0		0.0	0.0	
ZIMBABWE OXYGEN (PVT) LIMITED	Harare	ZWE	100.0		0.0	0.0	
<b>Engineering Division</b>							
Cryostar do Brasil Equipamentos Rotativos & Criogenicos Ltda.	Sao Paulo	BRA	100.0	90.0	0.1	0.0	c, d
Linde Engenharia Do Brasil Ltda.	Barueri	BRA	100.0	90.0	1.1	0.0	c, d
Linde C Limited	Guildford	GBR	100.0		0.0	0.0	c, d
Linde Engineering Far East, Ltd.	Seoul	KOR	100.0	100.0	0.3	0.0	c, d
<b>Other activities</b>							
Linde Australia Holdings Pty. Ltd.	North Ryde	AUS	100.0	100.0	0.0	0.0	c, d
Vorsorgestiftung der Pangas	Dagmersellen	CHE	100.0		1.6	1.5	d
Wohlfahrtskasse der Pangas	Dagmersellen	CHE	100.0		1.0	0.0	d
Rheinkälte GmbH	Munich	DEU	100.0		0.5	-	a, c, d
CRIOSBANC FRANCE S. A. R. L.	Trappes	FRA	100.0		0.0	0.0	c, d
Fred Butler UK Limited	London	GBR	100.0		0.0	0.0	c, d
VORGEM LIMITED	Glasgow	GBR	100.0		0.0	0.0	c, d
The BOC Group Limited (Hong Kong)	Kowloon	HKG	100.0		0.3	0.0	c, d
BOC SYSTEMS LIMITED	Pohang	KOR	100.0		0.6	0.0	c, d

**Non-consolidated subsidiaries**

	Registered office	Country	Participating interest in percent	Thereof Linde AG in percent	Equity in € million	Net income/net loss (-) in € million	Note
BOC B. V.	Amsterdam	NLD	100.0		0.0	0.0	c, d
BOC PLYNY, s. r. o. – in liquidation	Kosice	SVK	100.0		0.0	0.0	c, d
CHIEF SIAM Co. Ltd.	Bangkok	THA	100.0	100.0	-0.4	0.0	c, d
AIRCO PROPERTIES INC.	Wilmington	USA	100.0		N/A	N/A	
Baker I Investment Corporation	Wilmington	USA	100.0		0.0	0.0	d
CALUMATIC NORTH AMERICA CORPORATION	East Lansing	USA	100.0		N/A	N/A	
HYDROMATIX, INC.	Murray Hill	USA	100.0		N/A	N/A	
SELOX, INC.	Knoxville	USA	100.0		N/A	N/A	

**Other participations (not consolidated)**

	Registered office	Country	Participating interest in percent	Thereof Linde AG in percent	Equity in € million	Net income/net loss (-) in € million	Note
<b>Gases Division</b>							
<b>Western Europe</b>							
Anni Merkel Kohlensäurevertrieb GmbH & Co. KG	Kleinostheim	DEU	50.0		-0.2	0.0	c, d
KSD Kohlensäure-Dienst GmbH	Bretzfeld	DEU	50.0	50.0	0.0	0.1	c, d
TKD TrockenEis und Kohlensäure Distribution GmbH	Fraunberg	DEU	50.0	50.0	0.3	0.0	c, d
Vermögensverwaltung der Gewerkschaft Pattberg GmbH i.L.	Koblenz	DEU	65.2		0.0	0.0	c, d
AGA Center Arhus Aps	Viby	DNK	34.0		0.1	0.0	c, d
AGA Foroyar Sp/f	Torshavn	DNK	50.0		0.3	0.0	c, d
AGA HiQ Center Aps	Hillerød	DNK	50.0		0.2	0.1	c, d
Societe de Gardiennage et de Surveillance du Centre (SGS/Centre)	Algiers	DZA	23.1		2.1	0.6	d
Carbuero del Cinca S. A.	Monzon	ESP	20.0		3.7	-0.1	c, d
Parhaat Yhdessa Association	Vantaa	FIN	25.0		0.2	0.0	c, d
Fuel Cell Boat B. V.	Amsterdam	NLD	20.0		0.0	0.0	d
<b>Americas</b>							
GAS & EQUIPMENT WILLEMSTAD N.V. – in liquidation	Curacao	ANT	100.0		0.0	0.0	c, d
HERA, HYDROGEN STORAGE SYSTEMS INC.	Longueuil	CAN	20.3		N/A	N/A	
<b>Asia &amp; Eastern Europe</b>							
Linde Vitkovice a. s.	Ostrava	CZE	50.0		17.6	0.3	c, d
KOREA GAS COLD AIR PRODUCT COMPANY LIMITED	Inchon	KOR	25.0		N/A	N/A	

## Other participations (not consolidated)

	Registered office	Country	Participating interest in percent	Thereof Linde AG in percent	Equity in € million	Net income/net loss (-) in € million	Note
HON CHEN Enterprise Co., Ltd.	Kaohsiung	TWN	50.0		0.5	0.1	c, d
Closed Joint Stock Company Kyivs'kyi zavod vuhlekysloty	Kiev	UKR	100.0	100.0	0.0	0.0	
<b>South Pacific &amp; Africa</b>							
CC ENERGY PTY LIMITED	Sydney	AUS	50.0		0.0	0.0	c, d
NAMGAS (PTY) LIMITED	Windhoek	NAM	44.0		0.0	0.0	d
TASCO ESTATES LIMITED	Dar es Salaam	TZA	20.0		N/A	N/A	
INDUSTRIAL GAS DISTRIBUTOR HOLDINGS (PTY) LIMITED	Johannesburg	ZAF	26.0		-0.1	0.0	c, d
<b>Other activities</b>							
InfraLeuna GmbH	Leuna	DEU	24.5	24.5	369.0	11.7	c, d
MAGNIFICA Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Köln OHG	Düsseldorf	DEU	100.0	100.0	0.1	0.1	c, d, e
TYREGENICS LIMITED	Leeds	GBR	20.0		-0.4	-1.8	c, d

Key:

a Profit/loss transfer agreement.

b Joint venture.

c Local GAAP.

d Figures from financial years prior to year ended 31 December 2009.

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

f Incorporation in 2009.

N/A = No financial data available.

## Auditors' report

We have audited the annual financial statements, comprising the balance sheet, the income statement and the notes to the financial statements, together with the bookkeeping system and the management report of Linde Aktiengesellschaft, Munich, for the business year from 1 January to 31 December 2009. The maintenance of the books and records and the preparation of the annual financial statements and management report in accordance with German commercial law are the responsibility of the Company's Executive Board. Our responsibility is to express an opinion on the annual financial statements, together with the bookkeeping system, and the management report, based on our audit.

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

Our audit has not led to any reservations.

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

Munich, 4 March 2010

KPMG AG  
Wirtschaftsprüfungsgesellschaft

Harald v. Heynitz  
Wirtschaftsprüfer

Günter Nunnenkamp  
Wirtschaftsprüfer

# Further Information

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## Responsibility statement

To the best of our knowledge, and in accordance with the applicable reporting principles, the financial statements give a true and fair view of the assets, liabilities, 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 the principal opportunities and risks associated with the expected development of the Company.

Munich, 4 March 2010

Professor Dr Wolfgang Reitzle  
Chief Executive Officer  
of Linde AG

Georg Denoke  
Member of the Executive Board  
of Linde AG

Dr Aldo Belloni  
Member of the Executive Board  
of Linde AG

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

# Financial calendar

## Financial calendar

### Press Conference on Annual Results

17 March 2010

Linde AG, Carl von Linde Haus, Munich

### Interim Report

January to March 2010

4 May 2010

### Annual General Meeting 2010

4 May 2010, 10 a.m.

International Congress Center Munich

### Dividend Payment

5 May 2010

### Interim Report

January to June 2010

2 August 2010

### Autumn Press Conference

2 November 2010

Carl von Linde Haus, Munich

### Interim Report

January to September 2010

2 November 2010

### Annual General Meeting 2011

12 May 2011, 10 a.m.

International Congress Center, Munich

## Statements relating to the future

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

# Imprint

## Imprint

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## Contact details

### Linde AG

Klosterhofstrasse 1  
80331 Munich  
Germany  
Phone +49.89.35757-01  
Fax +49.89.35757-1075  
www.linde.com

### Communications

Phone +49.89.35757-1321  
Fax +49.89.35757-1398  
E-Mail [info@linde.com](mailto:info@linde.com)

### Investor Relations

Phone +49.89.35757-1321  
Fax +49.89.35757-1398  
E-Mail [investorrelations@linde.com](mailto:investorrelations@linde.com)

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

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







Published by

**Linde AG**

Klosterhofstrasse 1

80331 Munich

Germany

Phone +49.89.35757-01

Fax +49.89.35757-1075

[www.linde.com](http://www.linde.com)