THE LINDE GROUP

Report by the Executive Board to the Annual General Meeting on agenda item 6 regarding the exclusion of subscription rights upon issuing shares from the Authorised Capital I pursuant to section 203 paras. 1 and 2 German Stock Corporation Act in conjunction with section 186 para. 3 and para. 4 sentence 2 German Stock Corporation Act

The Executive Board renders the following report on agenda item 6 to the Annual General Meeting in accordance with section 203 paras. 1 and 2 in conjunction with section 186 para. 3 and para. 4 sentence 2 German Stock Corporation Act on the reasons for the authorisation of the Executive Board to exclude the subscription right of shareholders when availing itself of the authorisation to effect a capital increase. This report will be available for inspection as from the day of publication of the notice convening the Annual General Meeting via the Company's website at ▶ *WWW.LINDE.COM/ANNUALGENERALMEETING* and will also be available at the Annual General Meeting. It will be sent to any shareholder upon his or her request.

The report is published as follows:

Under agenda item 6, the creation of an Authorised Capital I in the amount of EUR 47,000,000 is proposed which authorises the issuance of up to a total of 18,359,375 new no-par-value bearer shares.

The proposed authorisation serves the maintaining and enlarging of the equity capital base of the Company and replaces the Authorised Capital I which was resolved at the Annual General Meeting of 29 May 2013 in the amount of EUR 47,000,000 and which will expire on 28 May 2018. An adequate equity capital base is the basis for the business development of the Company. The Authorised Capital I shall enable the Company to also cover a respective financing need in the future in a fast and flexible manner.

When using the Authorised Capital I, the shareholders are in principle offered a subscription right. The proposed authorisation provides, however, that the management shall be entitled to exclude the subscription right if, as a consequence of the subscription ratio, fractional amounts come to exist, the realisation of which is only possible upon exclusion of the statutory subscription right of the shareholders. The exclusion of the subscription right for fractional amounts serves the purpose of facilitating an even and practicable subscription ratio. Such new shares which are excluded from shareholders' subscription rights as free fractions are either sold on the stock exchange or are otherwise sold for the Company on best available terms.

If the shareholders are offered new no-par-value shares for subscription, the holders of option and/or conversion rights or conversion obligations issued by the Company or its direct or indirect subsidiaries shall either be granted a subscription right, excluding the subscription right of the shareholders, in respect of new no-par-value shares, to which they would be entitled when exercising an option and/or conversion right, or upon fulfilment of a conversion obligation, respectively, or the option or conversion price is to be reduced in accordance with the terms and conditions of the option or convertible bond. With the proposed resolution, the Executive Board of the Company seeks to avail itself of the opportunity to choose between the two alternatives in due consideration of interests when using the Authorised Capital I.

Furthermore, the management shall be allowed to exclude the subscription right pursuant to section 186 para. 3 sentence 4 German Stock Corporation Act in case of a capital increase against cash contributions. This possibility to exclude the subscription right, which is prescribed by law, provides the management with the flexibility to seize favourable short-term capital market situations and, by determining the (issue) price in accordance with prevailing market terms, to achieve the highest possible issue price and thus the largest possible strengthening to the Company's equity capital. The Company shall also be provided with this possibility. If management makes use of such possibility, it will limit the discount, if any, on the issue price vis-à-vis the stock exchange price to such extent as is legally permissible. In this case, the shareholders' pecuniary interests and participation rights are reasonably safeguarded. The proposed authorisation ensures that, even together with other corresponding authorisations, not more than 10 percent of the share capital existing at the time of the effectiveness of the authorisation or, where such amount is lower, at the time of the execution of this authorisation can be issued or sold under exclusion of the subscription right of the shareholders pursuant to or in analogous application of section 186 para. 3 sentence 4 German Stock Corporation Act during the term of this authorisation. When determining this 10 percent limit, also those shares shall be taken into account which, during the term of this authorisation, are issued under exclusion of the subscription right of the shareholders pursuant to or in analogous application of section 186 para. 3 sentence 4 German Stock Corporation Act by making use of any other authorised or conditional capital or which shall be issued to service bonds with conversion and/or option rights or with a conversion obligation, provided that the bonds have been issued since the resolution by the Annual General Meeting on this authorisation in analogous application of section 186 para. 3 sentence 4 German Stock Corporation Act under exclusion of the subscription right. Such provisions take into account the protection of shareholders from dilution of their shareholdings as prescribed by law. Based on the fact that the issue price of the new shares is close to the stock exchange price, each shareholder has the possibility to purchase the necessary shares for maintaining his/her proportional shareholding at approximately the same conditions.

Furthermore, the management shall be authorised to also exclude the subscription right where a capital increase shall be implemented through contributions in kind. This possibility of excluding the subscription right shall enable the Executive Board, with the consent of the Supervisory Board, where appropriate, to acquire companies, shares in companies in exchange for shares in the Company or to merge or combine businesses with other companies. This shall put the

Company in the position to react fast and flexibly on national and international markets in case of favourable offers or other opportunities to acquire companies or shares in companies or to merge or combine businesses with companies which operate in related business areas. It is not uncommon that negotiations result in the necessity to provide the consideration in shares instead of cash. In order to be able to effect acquisitions in such cases at short notice, the Company must be provided with the possibility to increase its capital against contributions in kind under exclusion of subscription rights. In addition, the Company will have the opportunity to acquire assets eligible for contribution; these may include receivables against the Company which can extend the possibilities to optimize the ratio between equity and debt.

Furthermore, the authorisation provides for an exclusion of subscription rights for shares in the amount of up to EUR 3,500,000 in order to issue shares to employees of Linde Aktiengesellschaft and/or its affiliates. This authorisation is intended to maintain the Executive Board's ability to also offer shares from authorised capital to employees of the Linde Group. As a result, it will not be necessary to first purchase shares on the stock market. The issuance of employee shares is intended to provide employees with the opportunity to participate in the Company and the Company's success. This will strengthen the employees' loyalty to the Company. The authorisation to issue employee shares is very limited relative to the Company's share capital and the overall scope of the authorisation.

The proportionate amount of the share capital attributable to shares issued under exclusion of the subscription rights for cash and/or non-cash contributions in accordance with the authorisation (other than employee shares) may not exceed, in the aggregate, 20 percent of the Company's share capital existing at the time of the effectiveness of this authorisation or, if lower, at the time of the execution of this authorisation. This limit is reduced by the share capital attributable to shares which are issued or sold under exclusion of the subscription rights according to other corresponding authorisations during the period of this authorisation and up to the time this authorisation is used. For the purpose of determining compliance with such limit, the Executive Board will also take into account any shares that are issued or sold, or convertible bonds and/or bonds with warrants with conversion option or option rights/ conversion or option obligations that are issued during the period of this authorisation under exclusion of the subscription rights under other authorisations granted to the Executive Board in a way to ensure that the Executive Board, also taking into account other reasons to exclude the subscription rights, will make use of the authorisations to increase capital under exclusion of subscription rights, only up to 20 percent of the share capital. This overall aggregation further narrows the authorisation of the Executive Board to issue shares under exclusion of subscription rights.

There are currently no specific projects in respect of which the possibility of a capital increase against contributions in kind under exclusion of subscription rights is intended to be used. The management will use the possibility of a capital increase out of Authorised Capital I against contributions in kind under exclusion of subscription rights only if the value of the new shares is in an appropriate proportion to the value of the consideration, i.e. of the companies or of the shareholdings to be acquired therein.

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