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 II 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 by shareholders as from the day of publication of the notice convening the Annual General Meeting at the offices of the Company and will be sent to shareholders upon request. This report is also available via the Company's website at www.linde.com/annualgeneralmeeting and will be available at the Annual General Meeting.

The report is published as follows:

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

The proposed authorisation serves the maintenance and enlarging of the equity capital base of the Company and replaces the Authorised Capital II which was resolved at the Annual General Meeting of 4 May 2012 in the amount of EUR 70,000,000. An adequate equity capital base is the basis for the business development of the Company. The Authorised Capital II is to enable the Company also in the future to cover a respective financing need in a fast and flexible manner.

When using the Authorised Capital II, the shareholders are in principle offered a subscription right. The proposed authorisation provides, however, that the management is to 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 a smooth and practicable subscription ratio. The new shares excluded as free fractions from shareholders' subscription rights are either sold on the stock exchange or are otherwise sold for the Company based upon the best terms and conditions available.

If the shareholders are offered new no-par-value shares for subscription, the holders of option and/or conversion rights or conversion obligations, respectively, issued by the Company or its direct or indirect subsidiaries are either to 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 when using the Authorised Capital II, taking due consideration of the interests.

Furthermore, the management is to be given the option 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 provided by law to exclude the subscription right provides the management with the flexibility to seize favourable capital market situations on a short-term basis and, by determining the (issue) price in accordance with prevailing market terms, to achieve the highest possible issue price and thus the largest possible addition to the Company's capital resources. The Company is also to be provided with this possibility. In the case of making use of this possibility of a capital increase, the management will limit the discount, if any, on the issue price vis-à-vis the stock exchange price as is legally permissible. In this context, 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 the authorisation takes effect or, where such amount is lower, at the time this authorisation is exercised 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, those shares shall also be taken into account which during the term of this authorisation are issued pursuant to or in analogous application of section 186 para. 3 sentence 4 German Stock Corporation Act under exclusion of the subscription right of the shareholders and making use of other authorised or conditional capital or which are to 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. By such provisions, the shareholders' need for dilution protection in respect of their shareholdings is taken into account as prescribed by applicable 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 is to be authorised to exclude the subscription right also where a capital increase is to be implemented via contributions in kind. This possibility of excluding the subscription right is to enable the Executive Board, with the consent of the Supervisory Board, where appropriate to acquire businesses, parts of businesses or stakes in companies against shares in the Company or to merge with other companies. This is to put the Company in the position to react fast and flexibly on national and international markets in case of favourable offers or other opportunities of acquiring companies or stakes in companies or to merge with companies which operate in related business areas. It is not uncommon that the negotiations result in the necessity to provide the consideration not in money but in shares. In order to be able to effect purchases in such cases at short notice, the Company must be provided with the possibility to increase its capital under exclusion of subscription rights against contributions in kind. 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 optimise the ratio between equity and debt.

There are presently no specific projects in respect of which the possibility of a capital increase against contributions in kind under exclusion of the subscription right is to be used. The management will use the option of a capital increase out of Authorised Capital II against contributions in kind involving an exclusion of the 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 business or of the participation to be acquired therein.