

Annual Report of the Linde Aktiengesellschaft **2000**

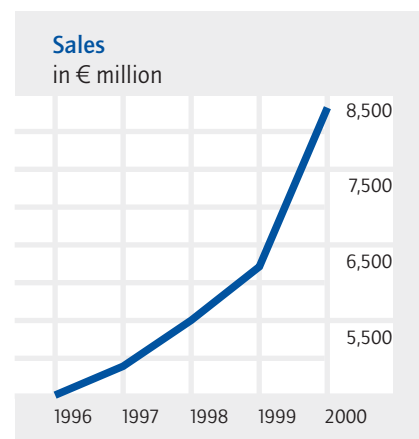
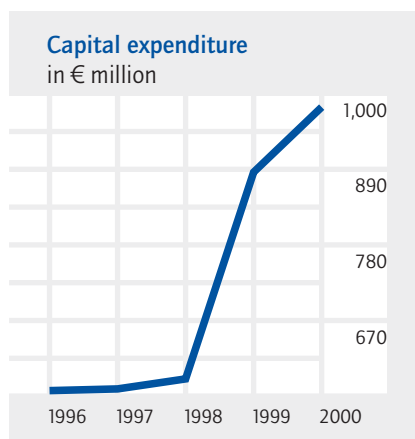
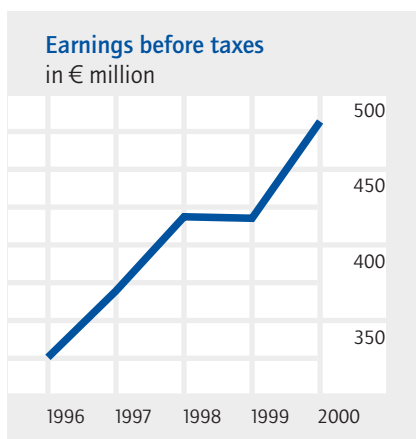


Linde
We know how.

Group		1996	1997	1998	1999	2000
Sales	€ million	4,500	4,881	5,490	6,194	8,450
Orders received	€ million	4,569	5,260	5,671	6,349	9,083
Orders on hand	€ million	3,119	3,501	3,455	3,830	6,491
Earnings before taxes	€ million	325	369	418	417	481
Net income	€ million	202	229	259	261	274
DVFA/SG income	€ million	190	213	244	243	273
Return on capital employed (ROCE)	%	14.5	15.3	16.4	10.2	9.8
Profit margin on sales before taxes	%	7.2	7.6	7.6	6.7	5.7
Capital expenditure	€ million	567	569	584	885	979
DVFA/SG cash flow	€ million	512	556	612	603	999
Equity capital	€ million	2,183	2,360	2,482	4,056	4,131
Balance sheet total	€ million	4,253	4,514	4,791	9,003	11,675
Employees (31. 12.)		30,746	32,112	33,371	35,597	47,126
Per share ¹⁾						
Earnings after goodwill	€	2.26	2.54	2.90	2.04	2.29
Dividend	€	0.90	1.00	1.13	1.13	1.13 + 0.22 ²⁾
Dividend including tax credit	€	1.28	1.42	1.61	1.61	1.93
DVFA/SG cash flow	€	6.09	6.61	7.28	5.06	8.38
Number of shares ¹⁾	in 000s	84,054	84,054	84,054	119,262	119,262

¹⁾ related to number of shares on 31. 12.; figures for 1996 to 1998 adjusted to reflect 1999 share split of 1:10
²⁾ special dividend

Divisions 2000	Engineering and Contracting	Material Handling	Refrigeration	Industrial Gases	Other/ consolidation	Group
	€ million	€ million	€ million	€ million	€ million	€ million
Sales	909	2,951	935	3,784	- 129	8,450
Orders received	1,358	3,124	927	3,774	- 100	9,083
EBIT	39	244	12	519	- 146	668
Capital expenditure	21	172	30	773	- 17	979
Employees (31. 12.)	3,897	17,310	6,798	18,661	460	47,126



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Know-how for Global Markets

In 2000 the Linde Group recorded sales of € 8.450 billion, with 47,126 people employed around the world. Linde's four Divisions have established leading positions in their markets, something we intend to consolidate and build on strongly in future. Our innovative skills and technological know-how are second to none – a factor that ensures the success of our products and services on new growth markets of the future.



Engineering and Contracting

Very few companies have the know-how to build turnkey industrial plants for the petrochemical industry, for the production of hydrogen and synthesis gases, for processing natural gas or for the pharmaceutical industry. Linde Engineering and Contracting is international market and technology leader in many high-growth product segments that make up this Division and its quality and performance are in demand around the world by the biggest industrial corporations.



Material Handling

With its three brands Linde, STILL and FIAT OM, Linde Material Handling has an outstanding position on the international industrial truck market. Each brand offers a complete range of forklift and warehouse trucks, together with specially tailored service packages - product ranges exactly suited to the expansion in the movement of goods that is taking place worldwide. Our multi-brand strategy is founded on high innovative potential, dense service networks and market-driven solutions suitable for every logistics situation.



Refrigeration

Linde Refrigeration is Europe's market leader in refrigeration technology, supplying refrigerated and freezer display cases to all areas of food retailing. The demand for frozen food continues to grow worldwide. Linde Refrigeration is well prepared for this expansion and has been setting the pace in refrigeration technology for many years now. Our dedication to constantly refining and developing our products and services means that we set the standards of today.



Industrial Gases

The takeover of the Swedish company AGA AB has made Linde Industrial Gases a member of the world's top group of gas suppliers. Today, its gas products cover a vast range of applications in industry, medicine, environmental protection and research and development. State-of-the-art application technology, specialist services and a whole range of gas application hardware are the reason why our customers choose Linde products.

Supervisory Board

Dr. Hans Meinhardt
Chairman,
former Chairman of the Executive
Board of Linde AG

Jakob Staub*
Deputy Chairman,
Chairman of the Works Council,
Linde Refrigeration, Refrigeration
and Shop Equipment Business
Unit, Cologne-Sürth

Dr. Henning Schulte-Noelle
Second Deputy Chairman,
Chairman of the Executive Board
of Allianz AG

Dr. Josef Ackermann
Member of the Executive Board
of Deutsche Bank AG

Dr. Karl-Hermann Baumann
Chairman of the Supervisory Board
of Siemens AG

Dr. Gerhard Beiten
Attorney-at-Law,
Member of the Executive Board of
the Landesverband Bayern
der Deutschen Schutzvereinigung
für Wertpapierbesitz, e.V. (DSW)

Rüdiger Bouillon*
Department Head on the Main
Executive Committee of IG Berg-
bau, Chemie, Energie; Humanisa-
tion of Collective Bargaining Policy

Otto Forchel*
Trade Union Secretary on the Exec-
utive Board of IG Metall, Frankfurt

Gernot Hahl*
Chairman of the Works Council at
the Worms plant, Linde Gas AG

Joachim Hartig*
Chairman of the Works Council,
Linde Material Handling, Industrial
Trucks and Hydraulics Business
Unit, Aschaffenburg

Klaus Heinrich Hofmann*
Head of Production, Linde Material
Handling, Industrial Trucks
and Hydraulics Business Unit
(from November 11, 2000)

Dr. Wolfgang H. Jentsch
Former Deputy Chairman of the
Executive Board of BASF AG
(until May 17, 2000)

Hans-Dieter Katte*
Chairman of the Works Council,
Linde Engineering and
Contracting, Process Engineering
and Contracting Business Unit,
Höllriegelskreuth

Dr. Martin Kohlhausen
Spokesman for the Executive Board
of Commerzbank AG

Rainer Schmidt*
Chairman of the Works Council,
STILL GmbH, Hamburg plant

Hermann J. Strenger
Chairman of the Supervisory Board
of Bayer AG

Prof. Dr. Jürgen F. Strube
Chairman of the Executive Board
of BASF AG
(from May 17, 2000)

Otmar Zimmermann*
Head of Commercial Services,
Germany, Linde Gas AG
(until July 1, 2000)

Executive Board

Gerhard Full
President and Chief Executive
Officer

Dr. Peter Grafoner
Deputy President and Chief
Executive Officer
(from September 1, 2000)

Dr. Aldo Belloni

Hero Brahms

Hubertus Krossa

Falko Schling

Dr. Hans-Peter Schmohl
(from February 1, 2000)

Gerold Tandler

* Employees' representative

Memberships in other supervisory boards
and comparable German and foreign
controlling bodies are shown on pp. 74

Dear Shareholders,

the global economic upturn continued in 2000. Healthy demand for capital goods and industrial gases had a positive effect on business for the Linde Group. However, we are aware that the demands through increasing globalisation and rapid technological development are numerous and force companies to adapt quickly to change.

Linde sees this as an opportunity to actively shape its own future, to significantly increase international business and to make a sustainable improvement on its earnings power. The strategic goals have been defined – to achieve them, Linde has expanded its Divisions through acquisitions and cooperation agreements, backed up by a comprehensive set of restructuring measures.

The Supervisory Board monitored Management closely throughout the past year. We received personal and written reports from the Executive Board dealing with business development, the business situation, main events and policies, as well as other fundamental questions of corporate strategy, including financial, investment and personnel planning. Additionally, the Chairman of the Supervisory Board maintained close contact with the Chairman of the Executive Board and was kept informed continuously about all main business events, plans and decisions taken by the Executive Board. The Supervisory Board has been comprehensively informed in all areas in which the Executive Board must first obtain its approval. In each case, the necessary approval was given after close examination and extensive discussion.

Meetings and Committees

The Supervisory Board held four ordinary and two extraordinary meetings during fiscal 2000. Here, we discussed in depth reports put to us by the Executive Board, in particular with regard to the company's opportunities for growth and its strategies, as well as appraising developments taking place within each Division.

Apart from examining the company's day-to-day operations, major business events were subjected to particular scrutiny. Progress on the integration of AGA AB and its companies, as well as related restructuring measures and compliance with the European Commission ruling were dealt with in all our meetings. In addition to this, the Supervisory Board gave the necessary approval for investments and divestments in the Industrial Gases Division, for example with regard to the acquisition of the remaining shares in the Dutch company nv W. A. Hoek's Machine- en Zuurstoffabriek and in PanGas, Switzerland. The Supervisory Board also approved the Executive Board's decision with regard to a Debt Issuance Programme covering the issue of medium and long-dated debentures. Other areas subject to intensive discussion included restructuring measures in the Refrigeration Division in an effort to make a sustainable improvement on its earnings position. In November 2000, the Supervisory Board approved the investment program for 2001 for the Linde Group. In the balance sheet meeting held in March of this year, the Supervisory Board discussed corporate planning for the future.

The Supervisory Board also formed a Standing Committee and an Arbitration Committee in accordance with the German Co-Determination Law. In four meetings, the Standing Committee focussed its attention on matters relating to the Executive Board, making appropriate decisions where necessary. One area of extensive deliberation was the introduction of additional compensation components for members of the Executive Board and senior managers, enabling the top echelons of company management to participate in Linde's long-term increase in value.

Dr. Hans Meinhardt



The Arbitration Committee was not required to meet under Article 27 (3) Co-Determination Law.

Financial Statements

The Financial Statements for Linde AG and the Linde Group, as well as the Management Report on Linde AG which also covers the Linde Group, have been granted an audit certificate by KPMG Deutsche Treuhand-Gesellschaft Aktiengesellschaft Wirtschaftsprüfungsgesellschaft, Berlin und Frankfurt am Main, nominated auditors during the Annual General Meeting. The Linde Group risk management system was also included in the audit in accordance with the German Business Monitoring and Transparency Act (KonTraG).

All documents relating to the Financial Statements and the auditor's opinion were issued to each member of the Supervisory Board and were examined in detail during its balance sheet meeting held on March 15, 2001. The auditors were also present at this meeting, where they presented their report and answered questions put to them by the Supervisory Board. The Supervisory Board's own examination revealed no grounds for objections and concurred with the auditors' opinion. Accordingly, we hereby approve the Financial Statements as drawn up by the Executive Board for the period up to December 31, 2000. We also approve the Executive Board's proposal on the appropriation of profits.

Members of the Supervisory Board and Executive Board

Dr. Wolfgang H. Jentsch relinquished his office as a member of the Supervisory Board with effect from the closing of the Annual General Meeting on May 17, 2000. The Annual General Meeting appointed Prof. Dr. Jürgen F. Strube, Chairman of the Executive Board of BASF AG, to replace Dr. Jentsch. Otmar Zimmermann has also relinquished his office as a member of the Supervisory Board with effect from July 1, 2000. Otmar Zimmermann has been replaced by Klaus Heinrich Hofmann, Head of Production, Linde Material Handling, Industrial Trucks and Hydraulics Business Unit as statutory representative of the workforce. We would like to thank Dr. Jentsch and Otmar Zimmermann for their constructive work.

The Supervisory Board has appointed Dr. Aldo Belloni, Hubertus Krossa and Falko Schling (previously deputy member) with effect from January 1, 2000, and Dr. Hans-Peter Schmohl with effect from February 1, 2000, as full members of the Executive Board. We have also appointed Dr. Peter Grafoner, previously Chairman of the Executive Board of Mannesmann VDO AG, as a full member of the Executive Board and as Deputy Chairman of the Executive Board, with effect from September 1, 2000.

We would like to thank the Executive Board and all employees for their contribution to the success of the company during the previous fiscal year.

Wiesbaden, March 15, 2001

A handwritten signature in blue ink, appearing to read 'H. Meinhardt', written in a cursive style.

Dr. Hans Meinhardt
Chairman of the Supervisory Board

Ladies and Gentlemen,

fiscal 2000 was another successful year for Linde. Not only did we achieve our ambitious goals for more sales and earnings growth, the international presence of the Group has also been greatly strengthened. The successful integration of the Swedish gas company AGA AB played a major part in this, having been given top priority following approval of the merger by the European Commission in February 2000.

In the spring of 2000, we also made a public offer to acquire nv W.A. Hoek's Machine- en Zuurstoffabriek (Hoek Loos), which owns important gas companies in the South-East of the USA. Until this time, Linde had held a 65 percent share in Hoek Loos – now we have acquired all its shares. We also took over full ownership of PanGas in Switzerland. These moves will enable us to restructure our gas business and make better use of the synergies arising from the AGA takeover.

Other alliances on the world gas market were also investigated within the context of globalisation, but could not be materialised due to competition law. Acquiring AGA activated our ability to exploit future opportunities for growth in new markets such as Scandinavia, as well as North and South America. This is in line with our strategic goals.

Excellent Prospects in Healthcare

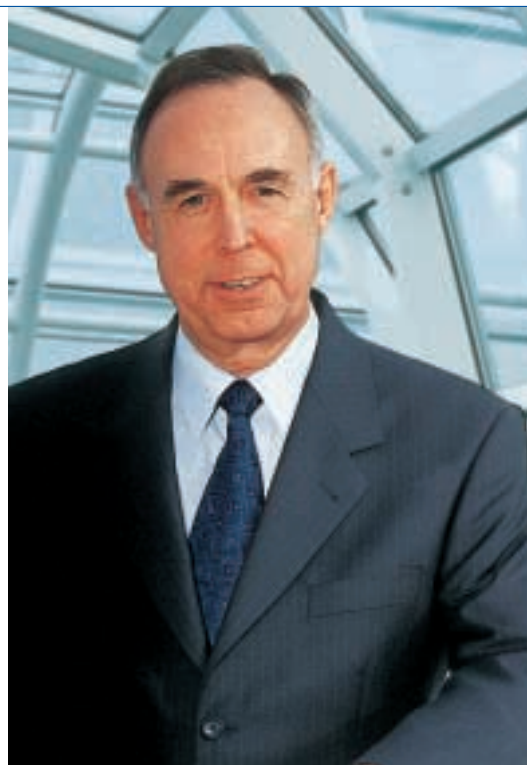
We continue to direct our main thrust at the growth regions of Europe, America and selected locations in Asia. Apart from that, the acquisition of AGA has enabled us to expand our range of gases and services. Linde is now one of the world's leading suppliers of medical gases – a segment gaining significantly in importance. The pharmaceutical gas INO (inhaled nitric oxide) and its associated therapy and service opportunities open up exciting new prospects in the healthcare segment. But the industrial gases sector is also offering good opportunities for growth. An important focal point here is the growth in on-site business, particularly for hydrogen. We are one of the most important suppliers of gas in this segment, as well as being able to apply the state-of-the-art know-how of our Engineering and Contracting Division.

Following some initial scepticism, the financial markets have since perceived that the AGA takeover has helped to position Linde successfully on the global gas market. Our objective is to be one of the most profitable gases companies in the world – that is the yardstick of our performance. However, we realise that further effort is still needed. That is why we are continuing to streamline and optimise operating methods and processes throughout the Group. As we integrate AGA, we want to achieve annual cost savings of € 100 million by the year 2002 in our Industrial Gases Division. This will involve cutting back the workforce by around 1,500.

Earnings Power Safeguards Shareholder Value

Becoming truly global has decisive advantages for the Linde Group. One very important aspect is the greater independence this gives us from the fluctuations that beset regional economies. At the same time, we are accompanying our globally active customers as they expand into new markets. This, in turn, gives us access to new customers and opportunities for future sales. The worldwide expansion of our business calls for a high level of financial resources for investment, acquisitions or when entering new markets. At the same time, our goal remains the satisfactory long-term return on capital. Our benchmark is to achieve a 20 percent return on capital employed (ROCE) in each Division. All our decisions are based on this principle. For us, shareholder value is an obligation to ensure that expanding the company is not achieved at the expense of earnings power. This is the condition for further sustainable growth, and is essential if we are to strengthen our equity base. At the same time, we are making every effort to repay financial liabilities on total capital quickly and to reduce financial expenditure.

Gerhard Full



All four Divisions are pressing ahead with the expansion of their global distribution and service networks. Their goal is to provide our customers in major markets around the world with Linde's know-how, products and services. Here Linde is building strategic partnerships to overcome market entry barriers while strengthening its ability to provide for the specific needs of these markets. One good example of this is the cooperation agreement with Komatsu Forklift Ltd. which was signed in 2000. This agreement strengthens Linde's position in material handling technology in Asia and on the American market. In Japan, we now have a broader distribution organisation, while we are extending our position on the US market thanks to a wider range of products. Both aspects are securing a leading role for our Material Handling Division, with 2000 proving to be a very successful year with new production and earnings records.

Restructuring the Refrigeration Division

Developments in the Refrigeration Division have been less satisfactory. Our answer has been to initiate a restructuring program in 2000 which will improve the cost structure of this Division by € 60 million per annum. Measures include concentrating production at fewer large plants, re-examining production methods, as well as the introduction of a new generation of innovative refrigerated and freezer display cases for food retailers. The latter corresponds to the movement in demand among food retailing chains and their changed investment patterns. These companies are increasingly transferring investment activity to growth markets in Latin America and Asia. We are moving with them.

Once again in 2000, Linde's Engineering and Contracting Division won impressive major international contracts, underlining the outstanding position of its technology. While many contracting companies faced financial losses, the Engineering and Contracting Division remains in good shape. Our strategy

of concentrating on a few networked core areas has proved successful internationally. We are one of the most important suppliers of petrochemical, air separation, hydrogen and pharmaceutical plants. These core competences at the same time enhance the successful position of our Industrial Gases Division. We are particularly well prepared for the strong growth in demand for hydrogen.

This report will give you a broad impression of the company's many, future-orientated activities. Linde's workforce is active all over the world. Nearly one third of employees already work outside Germany. They have turned Linde into a company of global significance. Together, we are making a conscious and intensive effort to shape the future.

We are confident that we will maintain our successful course during 2001, despite any setbacks in the economy. We have created the necessary conditions to achieve this goal.

Yours sincerely,

A handwritten signature in blue ink, appearing to read 'Gerhard Full'. The signature is fluid and cursive, written over a white background.

Gerhard Full



Group

Amount in € million	2000	1999
Sales	8,450	6,194
Earnings before taxes	481	417
DVFA/SG cash flow	999	603
Capital expenditure	979	885
Employees	47,126	35,597



Overview

More Foreign Business

The Linde Group made great strides in exploiting opportunities on new markets and securing the leading position of its four Divisions worldwide. Our goal has been to force business through internal growth and acquisitions, also outside Europe, particularly in the growth regions of America and Asia. This we succeeded in doing during fiscal 2000. Total sales rose to € 8.450 billion, 76 percent of which were achieved from foreign operations, compared to 69 percent in the previous year. In America, sales rose from € 643 million to more than € 1.747 billion – a success largely due to the AGA takeover.

Considerable Increase in Earnings

The structure of the Linde Group has changed considerably following the consolidation of AGA AB. With sales up by 36.4 percent to € 8.450 billion, earnings before taxes rose from € 417 million to € 481 million, an increase of 15 percent.

In the operative business, earnings before taxes increased by € 183 million or 38.9 percent to € 653 million. On the other hand, non-recurrent items were high, rising by € 119 million to € 172 million. This increase is largely due to interest on finance for the AGA takeover, as well as for costs relating to restructuring and amortisation of goodwill. These were somewhat offset by income from the sale of participations, as well as from the disposal of real estate and securities.

Due to an over-proportional increase in sales, the Group profit margin on sales declined from 6.7 percent to 5.7 percent. Excluding goodwill amortisation, this figure would otherwise be 7 percent. Return on capital employed slid back from 10.2 to 9.8 percent as a result of the AGA consolidation and further expansion in all Divisions.

The Group showed a net income of € 274 million, 5 percent above last year's figure of € 261 million. This figure results from a heavy increase in the taxation ratio, which rose from 37.5 percent to 43.0 percent due to the fact that amortisation of goodwill is not tax-deductible. Were this not the case, the taxation ratio would have been 35.2 percent. Linde transferred € 112 million to retained earnings from net income.

Earnings per share as of year end increased from € 2.04 to € 2.29. Disregarding the amortisation of goodwill, this figure is € 3.18. DVFA/SG earnings per share decreased from € 2.59 to € 2.29 compared to the previous year. Under the DVFA/SG system, only the percentage change in capital structure following a capital increase is taken into account.

Unbroken Demand

The Group's upward trend was favoured by the strong demand for capital goods, both in Germany, Europe and overseas. The global economy grew by 4.5 percent last year, the strongest increase in 10 years. However, the world economic upswing passed its peak by the late summer, with the US economy flattening out, accompanied by a general downwards trend in share prices on financial markets around the world. Nevertheless, demand remained high for Linde products and services. This was due to increased economic growth in Western Europe and an export boom in the manufacturing sector, supported by the weak

Sales by Division

Amount in € million	1996	1997	1998	1999	2000
Engineering and Contracting	662	729	904	1,117	909
Material Handling	2,004	2,150	2,396	2,617	2,951
Refrigeration	554	639	784	892	935
Industrial Gases	1,298	1,408	1,453	1,615	3,784
Group	4,500	4,881	5,490	6,194	8,450

Euro. Order intake rose by 12.9 percent to € 9.083 billion on a comparable basis. With record orders of € 6.491 billion at the end of 2000, Linde has started successfully into the new year.

Well Prepared for the Future

We are continuously striving to extend our technology leadership. In all our Divisions, working methods are being constantly examined for economic operation and efficiency. We are also using the opportunities and chances that the Internet is providing. We want to exploit new areas of business by implementing a Group-wide e-commerce strategy.

Capital expenditure in 2000 totalled € 979 million, which was considerably lower than the previous year's high of € 4.485 billion, which was due to the acquisition of AGA.

47,126 people were employed by the Group as of December 31, 2000. This is 11,529 more than in the previous year, and is mainly due to the newly consolidated companies.

Engineering and Contracting – Focussing on Growth Segments Pays Off

Linde Engineering and Contracting continued along its successful course in 2000, with sales and return on capital expected to increase above the industry average in the future.

Order intake, the main indicator on position in the engineering and contracting industry, rose over the previous year by 16.9 percent to € 1.358 billion. Due to billing schedules, sales fell by 18.6 percent to € 909 million.

The operating result (EBIT) came to € 39 million, putting it below the previous year at € 43 million, but the profit margin on sales improved from 3.8 percent to 4.3 percent.

This Division's leading position was further underlined during the reporting period by its newly developed generation of cracking furnaces, its improved methods for extracting propylene from refinery waste gases, as well as its innovative natural gas separation projects.

As the world market leader in hydrogen plants, Linde Engineering and Contracting also profited from growth in demand for hydrogen, for example to reduce pollutant emissions.

Linde air separation plants also experienced good business, with order intake nearly doubling. Built by Linde in Mexico, the world's four biggest air separation plants went on stream in 2000. New areas of application, such as the economic conversion of natural gas into sulphur-free diesel fuel, have proved Linde's outstanding competence to customers all over the world and will harness growing demand in future.

The Group also enjoys an excellent international reputation in the important growth segment of pharmaceutical plants. Well-renowned companies put their trust in Linde's competence. This is reflected in orders taken for the planning of plants later to produce active ingredients, or even the construction of complete plant complexes.



Material Handling – Unabated Strong Demand

Once again, Linde's Material Handling Division produced new record results. Innovative products and services, as well as the independent marketing and distribution channels of its three brands, Linde, STILL and FIAT OM, are the decisive factors for this success. This multi-brand strategy also explains the leading role the Group holds in the field of forklift and warehouse trucks.

Unabated strong demand for industrial trucks resulted in orders received of € 3.124 billion, 15.6 percent higher than the previous year. Deliveries rose by 14 percent to 105,000 units. A new record.

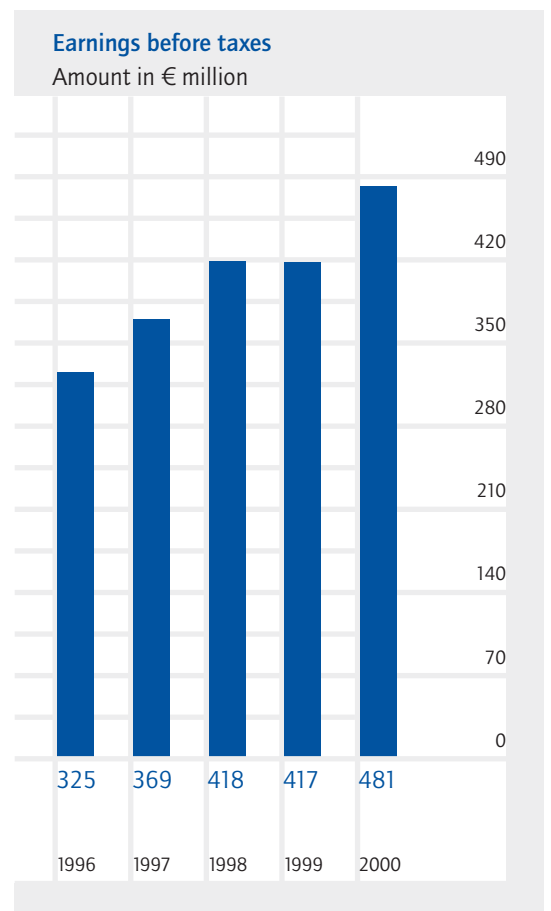
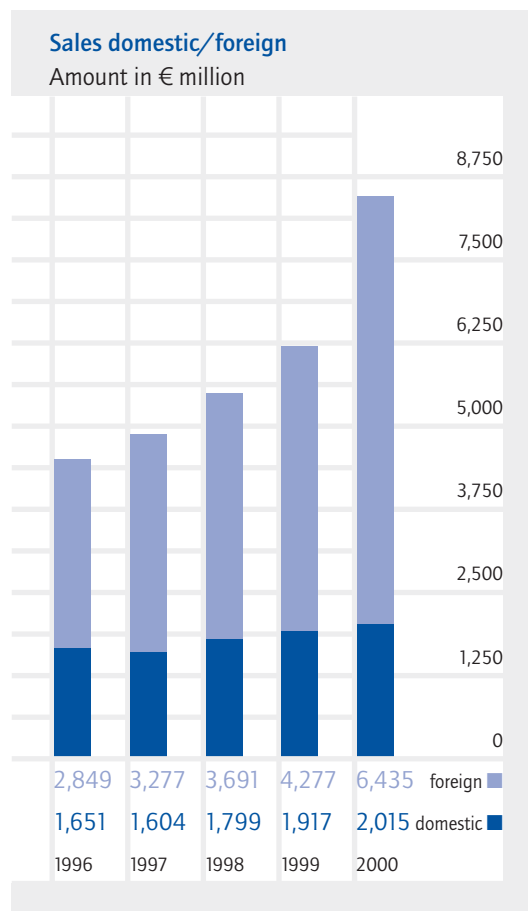
Material Handling managed to greatly increase sales again to € 2.951 billion, 12.8 percent up over the previous year's already high level. The Division profited particularly from a buoyant economy in Europe where 89 percent of all sales in 2000 were recorded. Operating results improved pleasingly, up 12.4 percent to € 244 million.

The American and Asian markets are of a growing importance for this Division. The strategy of extending its market position through a broad spectrum of products and cooperation agreements is beginning to show first results. Order intake rose in these regions over-proportionately.

The increasing worldwide demand for comprehensive logistics solutions is an area where Linde can offer customised products and services. This includes fleet utilisation analysis, up time guarantees and comprehensive fleet management on behalf of the customer. Linde Material Handling is well positioned on this growth market.

Refrigeration – Innovation Wins New Markets

As market leader in Europe and the second-biggest supplier of commercial refrigerated and freezer display cases in the world, Linde Refrigeration extended its international presence further during the reporting period. Sales increased by 4.8 percent to € 935 million. Growth was particularly supported by expanding business in Eastern Europe, Latin America and South-East Asia.



EBIT		
Amount in € million	2000	1999
Engineering and Contracting	39	43
Material Handling	244	217
Refrigeration	12	30
Industrial Gases	519	234
All Divisions	814	524

Demand, on the other hand, remained almost unchanged. Orders received came to € 927 million (previous year: € 929 million). In the major Western European countries of Germany, France, Great Britain and Spain, a downturn in investment activity by the major international food chains resulted in markedly more pressure on prices. This is linked to a fall in profit margins, with the operating result in the Refrigeration Division down from € 30 million to € 12 million.

Linde intends to strengthen the earnings power of this Division by introducing a comprehensive restructuring program. The focus is on reducing the number of production sites. Further gains are also expected from the introduction of standardised and attractively priced products, as well as from more efficient production methods.

Industrial Gases Division Grows with New Applications

Linde's Industrial Gases Division is set for further growth. The main reason for this is due to the integration of the Swedish gas company AGA and the promising synergies this is producing. These effects will continue to boost results over the next few years.

As European market leader and one of the world's most important suppliers of gases, the Linde Group is ideally positioned to expand its industrial and medical gases segments. Here, the Industrial Gases Division is concentrating on innovative gas applications for use in hydrogen technology, the semi-conductors business and laser technology.

A comparison shows that sales increased over the last fiscal year by 14.2 percent to € 3.784 billion. Operating results increased by 18.2 percent to € 519 million. On a sales-related basis, margins improved from 13.3 percent to 13.7 percent. Tank and on-site business contributed particularly to this successful upward trend.

Medical gases also had a very successful year, growing by 25 percent to € 450 million over the last reporting period.

The Division's business outside Germany also expanded by 18.9 percent, closing at € 2.990 billion.

Demand in the on-site segment - Linde customers supplied from their own plants with industrial gases - has also proved encouraging. Naturally, the enormous know-how accumulated in Linde's Engineering and Contracting Division is a decisive advantage in this segment. The large number of recently acquired projects is impressive testimony to Linde's leading position here.

The Industrial Gases Division also managed to increase sales in its classical cylinder business, despite difficult market conditions. Growth was particularly encouraging in Eastern Europe and South America.

Sales also increased in the tank business, with liquefaction capacity fully booked out following the optimisation of distribution paths and transport routes.

Future growth in the Industrial Gases Division has been secured by finding new applications for gases, bundling resources and by extending service and distribution structures, including the use of the Internet.

Changes in Linde AG

Linde AG's structure has changed following the conversion of the Industrial Gases business unit into Linde Gas AG on July 1, 1999. For that reason, sales figures for this business unit (previous year: € 265 million) are not shown under Linde AG in the reporting year. Due to billing, sales were down in the Process Engineering and Contracting business unit by € 197 million. Sales figures are heavily dependent on the commissioning and handing over of major projects that take several years to complete. Overall, sales in



Linde AG were down by 18.4 percent to € 1.809 billion. After a reduction in finished goods and work in progress total output came to € 1.765 billion.

Income from investments increased from € 117 million to € 242 million. Of this, € 153 million originates from Linde Gas AG. Overall, Linde AG achieved earnings before taxes (EBT) of € 222 million, 12.7 percent up on the previous year.

After deduction of taxes on earnings of € 61 million, net income and net disposable profit came to € 161 million. The number of shares entitled to dividends remained unchanged on the previous year at 119,262,134. This enables a dividend payment of € 1.13 plus a special dividend of € 0.22 per share. The latter represents share capital subject to a corporation tax of 45 percent which is being paid out to shareholders.

Linde AG's balance sheet total only increased slightly by 4.0 percent to € 7.126 billion. Funds obtained from the issue of fixed-interest bonds totalling € 1 billion by Linde Finance B.V., Netherlands, are being used to repay bank credits. As a result debts to banks at the end of the year decreased by € 756 million, while liabilities to affiliated companies rose by € 911 million. The ratio of equity capital to balance sheet total remains almost unchanged on the previous year at 50.1 percent.

The Annual General Meeting in May 2000 approved the creation of an authorised capital of € 120 million as well as conditional capital of € 50 million. The Annual General Meeting also approved that the company be entitled to acquire, in the period to November 16, 2001, own shares amounting to maximum 10 percent of share capital.

Linde AG had a workforce totalling 9,705 at the end of 2000. This is 99 fewer than last year.

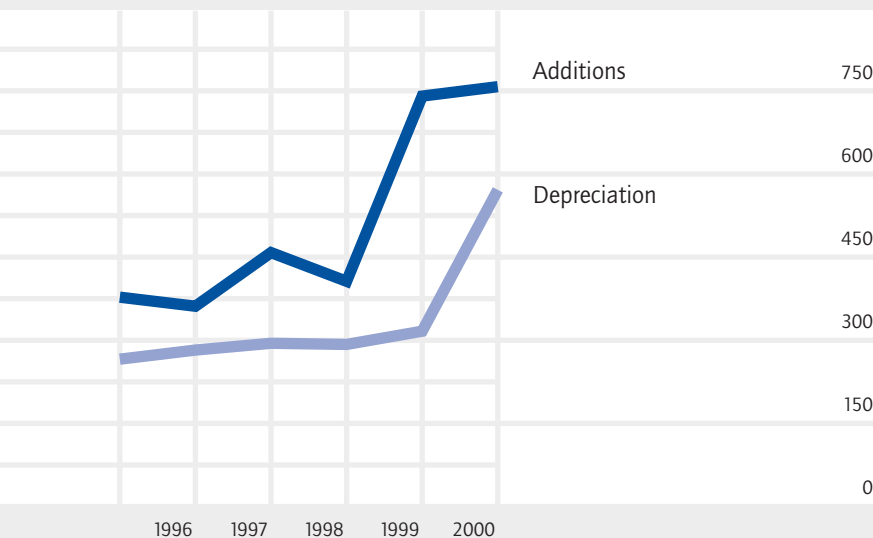
Proposed Dividends

The Executive Board will propose to the Annual General Meeting that net disposable profit of € 161,003,881 be distributed in the form of a dividend of € 1.13 per share plus an extraordinary dividend of € 0.22 per share on the 119,262,134 shares with dividend entitlement.

Shareholders entitled to offset or reclaim corporation tax will receive a gross dividend of € 1.93 per share, including the tax credit.

Intangible and tangible assets

Amount in € million



Risk Management

An Integral Part of our Business

The four Divisions of the Linde Group are active throughout the world, each with its own specific focus. While the Engineering and Contracting Division is characterised by individual projects running over a period of years, the Material Handling Division and Refrigeration Division are mainly involved with the series production of capital goods. On the other hand, the Industrial Gases Division produces and markets a wide range of industrial gases, as well as healthcare products. Such diversity demands a highly sophisticated system for dealing with risk. Risk management is an inseparable part of our business, and of the corporate decision-making process.

Linde's risk management policy is directed at the targeted limitation of risk. Our strategy is based on making the best possible use of opportunities as they arise, only taking risks when a sustainable rise in value can be expected to result.

Linde's principles of risk management have been published throughout the Group in a code of practice. These set out how risk should be identified, evaluated and reported. Individual responsibility has been allocated for managing risk in all the operational units of the Group. Apart from the immediate reporting of sudden changes in the risk situation, overall risk reports are drawn up on a quarterly basis. Threshold values have been introduced which define risk levels and help spot potential occurrences.

Status and key data reporting, combined with short and medium-term planning, provide a precise picture of changes within the operating environment, as well as identifying all main areas which influence the Group. Linde is thus in a better position to recognise and analyse risk. Market and competition studies add to this system of reporting. Special risk determination methods are used in individual projects involving, e.g., investment decisions.

Financial derivative instruments, including forward exchange and options dealing as well as swaps, are used to hedge the inherent risk in interest, currency and price movements. Detailed guidelines have been drawn up with regard to the trading, settlement, accounting and monitoring of such transactions. Derivative instruments are only concluded with first-

class banks and within fixed limits. As well as offsetting risk, derivative trading helps optimise financing activity itself.

The financial exposure from warranty commitments and the risk of asset damage are mainly covered by insurance, with cover levels re-assessed at regular intervals.

Linde places great importance on nurturing a high level of awareness among management for the need to identify and avoid risks. Management within the Group's operational units is expected to ensure that employees are also constantly aware of risk.

Identifiable risk, together with strategic, planning and budgeting activities, are subject to a constant monitoring process by the responsible employees.

The internal auditing system regularly monitors the appropriateness and efficiency of working methods, as well as the safety of systems used inside and outside Germany. Special checks are also run to ensure that the risk management code of practice is being implemented. The internal audit operates free from the influence of line management, enabling it to perform its duties independently from the operative business.

The Linde risk management system has also been subjected to examination by external German and foreign auditors.

Entrepreneurial Risk

Having an international presence not only provides new opportunities, it also harbours risk. The direction in which different economies will develop within Linde's relevant markets is very difficult to predict. Increasing globalisation and the acceleration of competition as a dynamic process have intensified the market process, leading to greater pressure on prices. This is particularly visible in Refrigeration. Food retailers are tending to merge worldwide, giving them increasing procurement leverage. Linde has reacted to this development by implementing a comprehensive



program of restructuring. The Engineering and Contracting Division often works together with partners on major projects, due to the increasing size of the orders involved. These joint ventures are always accompanied by strict risk and cost management. In Material Handling, the struggle for market share has led to an ongoing price war. Here, too, Linde has reacted by rationalising and strengthening its activities in the development of attractively priced equipment and components. In the Industrial Gases Division, the structural downturn in cylinder business has been offset by greater activity reflected in our liquefied and on-site operations.

Credit liabilities have increased in the wake of the AGA takeover. We intend to repay these loans from free cash flow resulting from increased earnings and a cautious investment activity. Derivative financial instruments are being used to hedge potential interest risks. A reasonable level of forward exchange and options dealing is also offsetting currency exposure resulting from global operations. Investment in developing and newly industrialising countries is covered by Federal guarantees.

Personnel Risk

Growth within the Linde Group is greatly dependent on the qualification of its employees. Increasing demand for innovative products, more complex organisational processes, and the expansion of international operations have increased the need for highly qualified staff at the regional level. Linde places emphasis on imbuing its employees with a sense of commitment to the Group. Close contact with universities, competitive compensation systems and extensive opportunities for further training are all part of this strategy to limit personnel risk.

Our risk position has not changed significantly within the reporting period. At present, no risks can be identified which represent a future threat to the existence of the company.

Outlook

Since the beginning of 2001, the mood of uncertainty has deepened with regard to the global economy. Signs are increasingly pointing to the US economy slowing down faster than expected. Nor can it be ruled out that this will have an effect on other regions of the world and lead to a general weakening of the global economy.

On the other hand, basic economic indices for the euro zone remain favourable. The economic situation in Europe is first and foremost dependent on internal economic factors. Although real growth in the second half of 2000 slowed in Europe, a high level of capacity utilisation and strong consumer demand helped maintain stable growth.

The Linde Group is well positioned. Our Divisions are operating in important future-orientated industries and regions, with sales and earnings expected to grow in the current year, too. The factors for success are efficient cost management, coupled with state-of-the-art technologies, products and services.

By focussing on the growth segments of petrochemicals, hydrogen and air separation, as well as pharmaceutical plants, Linde's Engineering and Contracting Division expects to increase sales strongly in the current fiscal year. Part of this calculation is based on a major contract in Malaysia due to be billed. However, while Linde is the general contractor, it is sharing the order with other partners, making the profit margin on sales low. Profits in this Division will be lower than those of the previous year.

Growth in the Material Handling Division is set to continue in 2001. For many companies, innovative logistics concepts play an important part in cost reduction and optimising production and distribution patterns. The Material Handling Division is profiting from increased demand and is supplying the market with appropriate solutions and services through its three brands, Linde, STILL and FIAT OM. High demand for forklift and warehouse trucks is expected to continue in Europe and will make a major contribution to the forecasted increase in sales in the Material Handling Division. Greater networking of development and production, high capacity utilisation and savings in procurement will greatly enhance profits here.

In view of changed market conditions, Linde is intensifying its restructuring efforts in the Refrigeration Division. Our objective here is to achieve a sustained improvement in earnings. In order to strengthen its ability to compete internationally, this Division will concentrate production on a few locations with high capacity utilisation. A significant increase in sales is not expected in 2001, due to the reserved investment behaviour of the retail food trade. However, the Division's earnings position will improve considerably compared to the previous year.

In 2001 our Industrial Gases Division will extend its leading position in Europe and at the same time strengthen its position in the world gas market. The synergies that have been achieved in integrating AGA will improve profits: The decisive factors here are the more efficient use of production and distribution capacities and a comprehensive cost-cutting program. This puts Industrial Gases right on course to become one of the most profitable gas suppliers in the world. In the USA, the most important gas market after Europe, Linde will strengthen its market position regionally. The growing on-site and healthcare businesses will make an important contribution to increasing sales.

Further Increase in Profits in 2001

We expect demand to remain at a good level in the coming year, especially in Europe. Business in North America is becoming increasingly important for Linde. This means, of course, that the slowdown in the US economy will dampen sales and profits. In the Group we are expecting an increase in sales of 8 percent to over € 9 billion and an improvement in profits in excess of the increase in sales.

We intend to do everything within our power to achieve these goals and exceed them where possible.

Financial Situation

Following initial consolidation of AGA, the balance sheet total for the Linde Group increased by € 2.672 billion to € 11.675 billion. Overall, fixed assets increased from € 6.282 billion to € 7.936 billion. Current assets rose by € 1.000 billion to € 3.695 billion.

In expanding the Group's activities, Linde made investments totalling € 979 million. This contrasts with depreciation, including goodwill amortisation, of € 677 million, and other disposals of € 71 million. Following currency translation and other adjustments, fixed assets rose by € 20 million.

Inventories less advance payments rose by € 248 million to € 814 million, while trade receivables increased by 32 percent to € 1.734 billion. This increase is largely due to the initial consolidation of AGA. High levels of stock held for work in progress in the Engineering and Contracting Division also caused a rise in inventories.

Cash and cash equivalents for the Group came to € 521 million, compared to € 398 million in the previous year.

Equity capital increased by € 75 million to € 4.131 billion. Retained earnings increased by € 152 million, while net disposable profit (dividend amount) increased by € 26 million. Minority interests decreased by € 104 million. This is due to the purchase of the remaining shares in Hoek Loos and PanGas.

Overall, equity capital as a percentage of balance sheet total declined from 45.1 percent to 35.4 percent.

Due to the expansion of business, provisions increased by € 804 million. This includes a special provision to cover restructuring measures of € 120 million. The figure of € 2.219 billion covers all recognisable risks.



In order to refinance bank loans used in the acquisition of AGA, Linde set up a Debt Issuance Programme involving the issue of a seven-year Euro bond of € 1 billion. This will be followed by the issue of further notes totalling € 366 million.

Financial debts increased by € 1.440 billion to € 4.180 billion, particularly as a result of consolidating AGA debts.

Earnings Situation

During fiscal year 2000, Linde increased sales by 36.4 percent to € 8.450 billion, 30.3 percent of which was due to the initial consolidation of AGA.

Compared to the increase in sales, expenditure on material and personnel increased under-proportionately by 31.1 percent to € 3.986 billion, and by 34.1 percent to € 2.223 billion respectively.

Depreciation on intangible and tangible assets came to € 570 million, and amortisation of goodwill to € 107 million.

As in previous years, other operating income of € 274 million (previous year: € 187 million) includes income from the disposal of fixed assets and income from investments.

Other operating expenses grew from € 973 million to € 1.544 billion, particularly due to the expansion of business, but also because gases accounted for a higher proportion of sales.

Negative net interest grew by € 166 million to € 187 million due to interest charges, especially in connection with the acquisition of AGA.

Earnings before taxes increased by 15 percent to € 481 million.

The profit margin on sales fell from 6.7 percent to 5.7 percent. Excluding goodwill amortisation on income, the profit margin on sales is 7 percent.

Earnings situation	2000		1999	
	€ million	%	€ million	%
Sales	8,450		6,194	
Changes in inventories and own work capitalised	419		66	
Total output	8,869	100.0	6,260	100.0
Material expense	3,986	45.0	3,040	48.6
Personnel expense	2,223	25.1	1,658	26.5
Depreciation	677	7.6	316	5.0
Balance of other expense and income	- 1,502	- 16.9	- 829	- 13.2
Earnings before taxes	481	5.4	417	6.7
Taxes	207	2.3	156	2.5
Net income	274	3.1	261	4.2

Statements of cash flows (abbreviated)

Amount in € million	2000	1999
Cash flow	+ 999	+ 603
Change in net working capital (1999 including currency exchange effects)	- 261	- 191
Net capital expenditure	- 908	- 4,445
Financing including dividend payments	- 6	+ 3,752
Change in cash and cash equivalents	- 176	- 281

The corporate tax rate increased from 37.5 percent to 43.0 percent. Disregarding amortisation of goodwill, which is not tax-deductible, this would otherwise have decreased to 35.2 percent. Net income, including goodwill, increased by 5 percent to € 274 million, and excluding goodwill by 46 percent to € 381 million.

Cash Flows

Changes in Group structure and effects of currency exchange rates were eliminated in the statement of cash flows for 2000. Cash flow rose by € 396 million to € 999 million. Due to expansion of business, there was a change of € 261 million to net working capital. Capital expenditure accounted for € 908 million. This was financed by reducing cash and cash equivalents by € 176 million.

Capital Expenditure

Capital expenditure totalled € 979 million in fiscal 2000 (previous year: € 4.485 billion). Of this, € 756 million (previous year: € 739 million) were expended on tangible and intangible assets, with € 223 million (previous year: € 3.746 billion) on financial assets.

Main investment activity in 1999 focussed on the acquisition of the Swedish gas company AGA, costing € 3.600 billion. As planned, overall corporate spending was reduced during fiscal 2000. Sales-related investment in tangible assets fell from 11.9 percent to

8.9 percent, and will continue to decline in the future. Major investments have now been completed and have already created a firm foundation for further corporate growth.

At divisional level, spending during the reporting period was directed at strengthening earnings power. This has been achieved by tuning production more finely to demand. Furthermore, expenditure has been targeted at optimising facilities and machines, at new product launches and the streamlining of production processes and working methods in general.

In Germany, investment further decreased to € 176 million, accounting for 18.0 percent of the total volume of capital expenditure. Investment outside Germany came to € 803 million, reflecting the large increase in the number of foreign plants following the takeover of AGA.

The Industrial Gases Division accounted for the lion's share of corporate expenditure, absorbing 79 percent of overall spending, with 17.6 percent falling to the Material Handling Division.

In the Industrial Gases Division, investment amounting to € 773 million was spent mainly at on-site plants supplying customers directly.

Linde built steam reformers for the production of hydrogen for Bayer AG in Brunsbüttel, Germany, Wacker Chemie GmbH in Burghausen, Germany, and Butachimie in Chalampé, France.

Apart from setting up new projects and extending on-site business, considerable investment went into the distribution of cylinder and liquid products in 2000.

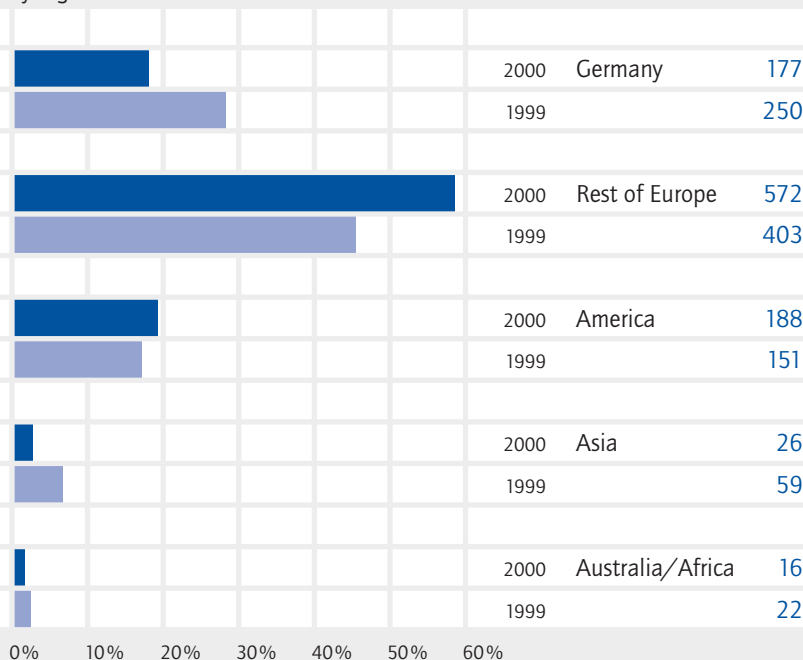
Further funds were directed at the modernisation of gas and filling plants in Eastern Europe.



Capital expenditure

by region

Amount in € million



Linde commissioned air separation plants at several locations to supply its own needs. New plants for the recovery of oxygen, nitrogen and argon were built at Linde Gáz Magyarország RT in Hungary and Linde Sogás LDA in Portugal.

Process Optimisation in Material Handling

In the Material Handling Division, corporate expenditure totalled € 172 million during the fiscal year.

Here, spending mainly involved rationalisation measures which will optimise production and cut costs in all the Division's facilities. Investment also focussed on the start up of series production of an innovative new truck type.

The Linde FH Group has now completely taken over the plant acquired in Merthyr Tydfil in Wales last year. Heavy-duty and forklift trucks for container handling will be manufactured here on a site covering some 20,000 m². Compared to the old facilities, production processes and material flow have been streamlined, enabling faster response times in line with increased customer demand. This has involved total investments in excess of € 12 million.

In the Weilbach foundry, a central unit for the production of counterbalance weights has been completed. In future, this unit will be supplying fully finished modules to assembly lines. Major rationalisation measures have also been completed in the Linde FH plant in Aschaffenburg. These cover the hydraulics area and truck production, including a new tandem welding unit for truck chassis. A new automated parts store for small items has also been added to improve the parts supply.

In Hamburg, STILL GmbH continued on schedule with the construction of a new extension and the restructuring of production. This project will optimise logistics and increase flexibility, with chassis production already under way as a first step in this process.

FIAT OM Carrelli Elevatori S.p.A. invested in a new service center in Milan and re-structured its production in Bari.

In the Refrigeration Division, investments totalling € 30 million concentrated on rationalising sheet metal working and material flows at the Division's main plants. Additionally, a new production plant for Linde's Brazilian subsidiary Seral do Brasil S.A. went on stream in the middle of 2000. The facility is located near São Paulo.

Production of sheet metal parts has been more closely tuned to future demand for refrigerated and freezer display cases, as well as shop equipment. A modern powder-coating unit has also been installed, enabling small runs of customised items. This improvement will allow a more flexible reaction to the specific demands of our customers.

Major technological improvements have also been made to large series production in the Bad Hersfeld plant, Linde's Competence Centre for Shop Equipment. These improvements put Linde way out front of the competition.

New Heat Exchanger Production

The Engineering and Contracting Division has completed its project "large scale plate fin heat exchangers" which involved investments totalling € 21 million. The vacuum brazing furnace installed last year for this purpose is now operating in series production. In the Schalchen plant, a gantry type automatic welding unit for the production of heat exchangers has also started operations.

The new development and project centre of Linde-KCA-Dresden GmbH (LKCA) has greatly improved its competitive position on the pharmaceutical plant planning market.

During the reporting period, Linde filed 255 applications for new patents. As a result, Linde's technology base increased by the end of fiscal 2000 to 1,712 registered patents.

Liquid Hydrogen for Vehicles

Among these innovations are major patents for vehicle hydrogen drives. This market, with its enormous potential for the future, is one in which Linde has expanded its leading position. Linde now offers a full product line – from the production of hydrogen and its distribution, to the supply of specialist vehicle equipment. Just one example of our innovative strength in this field is the patent awarded for a vaporiser. This essential component in a liquid hydrogen drive greatly improves vehicle performance. Another important patent has been awarded for a special storage tank for liquefied hydrogen which greatly extends the operational range of the vehicle.

Following a two-year trial and testing period in the Engineering and Contracting Division, a sophisticated database knowledge management system has now been introduced throughout the Group. This system means that new developments within the Engineering and Contracting Division can now be immediately integrated into contracts demanding a high level of technical refinement and innovation. Linde also develops specialist plant components in its own facilities using its own sophisticated interdisciplinary know-how. One example of this is a newly developed heat exchanger for the expanding market of liquefied natural gas.

Linde received an order from the Deutsches Zentrum für Luft- und Raumfahrt (German Centre for Civil and Space Aviation) to construct a fuel panel as well as super-isolated liquid hydrogen tanks for the test-bed for ARIANE 5, the carrier rocket for European research and communication satellites.

In the chemicals industry, the production of bulk quantities of synthesis gas, a mixture of hydrogen and carbon monoxide, is becoming increasingly important. Linde Engineering and Contracting has developed a process based on a reactor/burner system which offers high efficiency, great reliability and a

Capital expenditure by Division

Amount in € million	2000	1999
Engineering and Contracting	21	37
Material Handling	172	241
Refrigeration	30	50
Industrial Gases	773	557
Other/consolidation	- 17	-
Group	979	885

Research and Development

Linde's research and development activity remains strongly focused on innovations to secure the Group's future success. The budget for Research and Development was increased in fiscal 2000, with emphasis on development projects run jointly within the Group, as well as in conjunction with suppliers and associates.

Group spending on Research and Development in 2000 increased by € 39 million to a total of € 182 million. This represents 2.2 percent of sales and remains unchanged on the previous year. This figure does not include order-related development work in the Engineering and Contracting Division. Worldwide, Linde employs around 1,500 people in Research and Development at 14 different locations. Linde applies active knowledge management to strengthen its internal competence, as well as working closely with universities, research establishments and systems suppliers.



high degree of operating safety. This technology has considerable advantages when realising on-site projects together with Linde Gas AG when high concentrations of carbon monoxide are required.

Hydrogen technology related projects are another major area where synergies are being achieved between our Engineering and Contracting and Industrial Gases Divisions. One example of this is the close cooperation Linde has enjoyed with MAN and Siemens while developing a fuel cell bus, now operating regularly in the German town of Erlangen. A second hydrogen driven fuel cell bus is due to start regular services in Berlin in the spring of 2001. At the same time, Linde is building the hydrogen filling station for the Berlin Transport Corporation.

Dry Cleaning with Gases

Linde is also involved in consumer-orientated research and development. Conventional dry cleaning of textiles often requires the use of solvents which are toxic or impact heavily on the environment. Linde is about to introduce a new method onto the market which will replace these solvents with liquefied carbon dioxide.

Inhaled nitric oxide (INO) for the treatment of newborn babies with hypoxic respiratory failure and high blood pressure in the lungs is another major advance achieved by Linde in the area of healthcare. In 2000, the US Food and Drug Administration approved INOmax[®] for use in the USA. If INOmax[®] is approved by the European Medicinal Evaluation Agency, Linde will be concentrating its efforts in the current fiscal year on the introduction of INOtherapy[™] in Europe, as well as on Research and Development of the potential use of INO in a variety of patient populations and for other diseases.

Fuel Cell Powered Truck

In the meantime, the Material Handling Division has been looking at ways of providing customers with even better ergonomics and cheaper operations. Greater environmental awareness in the use of energy has been a focal point, leading to the development of new lift and traction controllers for our electric trucks that regenerate energy effectively and provide more precise manoeuvrability.

New projects have also been initiated to reduce energy consumption in our engine powered forklift trucks. These ranges now comply with the stricter exhaust gas levels that will be in force from 2003 onwards.

The world's first fuel cell powered truck is based on an electric truck from Linde. The energy used in this prototype comes from a fuel cell which produces the equivalent of 10 kW and replaces conventional batteries.

New hydraulic components have been developed offering an optimum performance, making Linde hydrostatic transmission trucks even more efficient, and providing unsurpassed economic system solutions for our customers.

Cemat 2000 saw the presentation of highly innovative technical design studies such as the futuristic RXX stacker by STILL or the Janus from FIAT OM. These new technologies have aroused considerable interest among users and point the way forward. Forums such as Cemat are important, as they provide a clearer picture of what the customer wants, as well as sounding out the market acceptability of new products. As a result, many of these innovations have been incorporated into our product ranges, with more to follow in the near future.

Low Energy Consumption of Refrigerated Cases

Customer orientation is an essential part of the thinking in the Refrigeration Division, too. Particular attention is being paid to optimising product presentation by creating designs specific to the customer which cannot be confused with the competition. At the same time, the lower energy consumption of our refrigerated cases means reduced operating costs. Reliability is another major Linde strength, guaranteeing that cooling temperatures remain constant, keeping food in peak condition.

Translating customer demand into reality while building new knowledge into market-driven products, systems and services – these are the strengths that safeguard our success in future. This is what drives Linde forward and secures its leading position on world markets.

Safety, Environment and Quality Policy

We have a long and well-established tradition of satisfying our customers' exacting demands for quality. This not only applies to our products, processes and services, it is also true for our approach to environmental protection. The responsible use of natural resources is a matter of high priority to our employees – with the result that no or very few pollutants emerge during the manufacture and use of our products.

Our Engineering and Contracting Division started developing environmental technology back in the seventies, and these activities have been concentrated in LKCA Dresden GmbH from 1994 onwards. In the meantime, Linde has filed over 140 patents and patent applications directly related to environmental technology.

Plant for the Treatment of Biowaste in Thailand

There are many examples worldwide that illustrate the high degree of efficiency and competence that Linde has achieved in environmental protection. One example is the biological waste processing unit in Bangkok in Thailand. This plant was built on the basis of our own patents, and has an annual processing capacity of 400,000 tonnes.

Another example is the pilot plant built in France in conjunction with the European Association of PVC Producers and the Vinyl Institute, USA. This unit recycles PVC waste using environmentally friendly methods to produce the useful components chlorine and heating gas. The slag produced is used in highway construction. This plant is also based on a process patented by Linde.

Following the acquisition of AGA, the Industrial Gases Division has revised its code of practice for safety, environment and quality policy, making it binding for all production locations. The code has been quickly implemented at the operative level, with management ensuring that processing methods are applied uniformly throughout the world.

Certificates for Environmental Management

The quality management systems used in the main operative units of the Industrial Gases Division have been certified according to ISO 9001 and 9002.

Some Group companies in Europe have been awarded additional certificates for their environmental management systems, including ISO 14001, SCC (Safety Certificate for Contractors) and OHSAS 18001 (Occupational Health and Safety Assessment Series) – evidence of the very high standards that Linde believes in and applies throughout its operations.

Our Material Handling Division also implements environmental protection and work safety as an integral part of its daily work. Existing regulations and facilities are subject to regular cross auditing, with employees in different operational areas identifying potential weaknesses and suggesting improvements. This ensures that the workforce keeps safety and environmental protection constantly in mind.

Reduction in Energy and Water Consumption

Hard facts underline Linde's successful policy of conserving natural resources and the determined effort the Group is making to reduce environmental pollution. Since 1993, energy consumption of each forklift truck has been reduced by 46 percent, with water consumption down by 52 percent. The amount of disposable waste has been reduced within the same period by 85 percent, simply by finding alternative uses for it.

In the spring of 2000, our Mainz-Kostheim plant, part of the Refrigeration Division, was certified for applying the ASCA Management System propagated by the Hessian local authorities. This system covers hazardous materials, as well as work and plant safety.

Major environmental improvements have also been achieved with other Linde products. Particularly worth mentioning are the special "ec" versions of our new series of refrigerated multideck cabinets, offering considerable savings in energy consumption. The technology behind these units is based on a patented night blind, combined with an innovative evaporation system providing a low energy flow pattern.

An independent laboratory has confirmed that the energy needed to power these multideck cabinets is 51 percent lower than the average power consumption of similar units of all the other European refrigerated case manufacturers. This is an example of the outstanding quality, competence and innovation that Linde provides in helping its customers achieve their goals.



Employees

New Companies Swell Employee Numbers

The integration of the Swedish gas company AGA into the Linde Gas AG and the initial consolidation of Linde Xiamen Gabelstaplergesellschaft mbH have greatly increased the number of Linde's employees. As of December 31, 2000, the Linde Group workforce stood at 47,126 worldwide – 11,529 more than at the end of 1999.

In Europe, the national business units of AGA and Linde Gas AG are being merged in order to realise planned synergies as quickly as possible. Of the 1,500 people who will be laid off as a result of the merger, 400 are affected in Germany. Here a social plan has been agreed upon. Linde also completed a transfer of employment agreement for employees working for AGA GmbH & Co. KG, and Linde rules will apply equally to all staff from January 1, 2001.

Structures and working methods in all business units in the Refrigeration Division have been extensively optimised. This will lead to a further reduction in the workforce of around 400. This thinning out has been necessary following the concentration of production sites, as well as the restructuring of our distribution and service organisations.

Greater Importance Attached to New Media

Linde is placing emphasis on communicating job opportunities via the Internet. Online information on careers at Linde has been revised and expanded. The online Linde Job Shop now publishes vacancies within the Group worldwide. This enables employees looking for a change for personal or career reasons to apply for a job at other locations within the Linde Group.

We are also near to completing the global Intranet that will cover all Group companies. The Linde Intranet will provide internal information and act as a source of communication, as well as being a means of knowledge transfer.

More Training Opportunities

Linde sees investment in the training of young employees as a means of satisfying its growing demand for qualified personnel in the future. During the fiscal year, 761 young men and women were in training at Linde. Linde is making its contribution to the labour market by providing new IT jobs. Among others, this involves working with training academies on practice-related training courses in the fields of commercial and engineering computing.

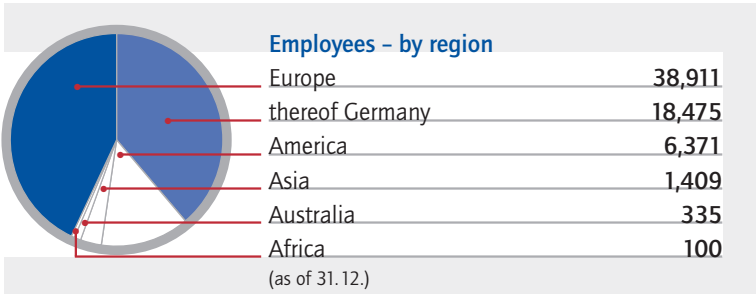


Knowledge management is vital for Linde. That's why we have given such high priority to extending access to our knowledge base throughout the Group.





Linde's personnel policy is directed at developing staff potential and is strongly international in outlook.



Close Contact with Universities

Linde continued to provide funded scholarships and financial awards to students in 2000, as well as promoting in-house qualification. In addition, short practical courses were offered to a large number of people within Germany and abroad, providing initial contact with the working world. Linde also remains committed to helping graduates with academic and dissertation work. The excellent level of contact we have with new potentials underlines the success of our presence at universities and careers fairs.

Developing Staff - An Essential Aspect of our Success

Developing staff means targeting motivation, know-how and the performance of our employees, as well as strengthening their long-term commitment to us as a company.

Competition for qualified staff is becoming tougher all the time. Continual training guarantees that employees further advance their careers and contribute to our commercial success. Here, Linde offers a wide range of specific training programs carried out locally at business units, as well as through central seminars. Making a career today depends on continual expansion of one's knowledge, gaining new skills and learning to cope with new areas of activity.

During the reporting period, our junior management circles proved an important instrument for systematically developing fresh talent. A range of programs helps talented young people to qualify profes-

sionally and personally. The interdisciplinary nature of these circles leads to new networked structures throughout the Group worldwide. Participants have a wide range of areas in which they can develop in different functions. Over 100 junior employees have profited from this program.

As well as developing personnel, Linde intends to place greater emphasis on the international networking of staff.

Social Benefits

In 2000, pension and welfare expenditure by Linde totalled € 117 million. In view of new legislation in Germany, we have decided to re-structure the corporate pension scheme and to promote private pension options.

The number of persons contributing to the corporate health insurance scheme increased by 973 during the fiscal year to 23,657 members and 12,409 dependants. The insurance premium in both the old and new Federal states in Germany remained unchanged at 12.5 percent.

A Word of Thanks to our Employees

The Executive Board would like to thank all employees for their hard work and dedication which contributed greatly to the success of the company.

Solid Performance in Difficult Market

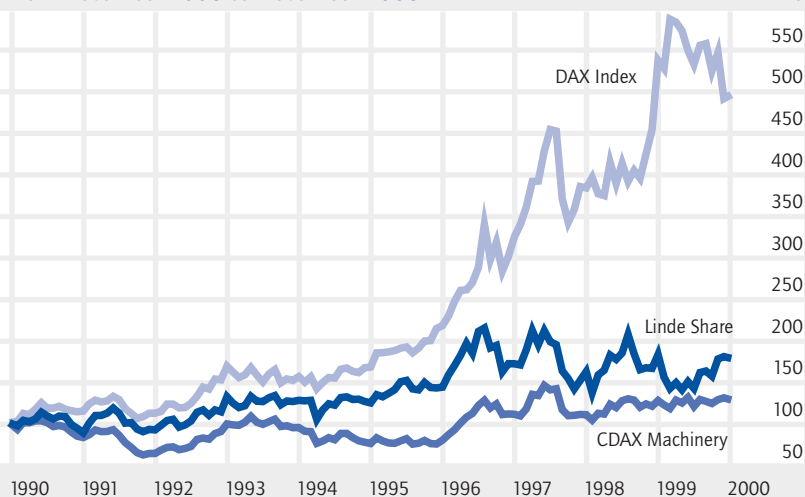
The German stock market got off to a good start in 2000. Buoyed up by stronger market performance of a few companies, the DAX reached a new record peak in March at 8,136 points. However, this level could not be maintained in the months that followed, with the DAX easing back to 6,434 points, a drop of 7.5 percent over the previous year.

The Linde share also made a promising start upwards. By January 10, the share had reached an annual high of € 58.40. However, this price weakened as time progressed, running counter to the movement in the DAX, and reaching its lowest point on March 14 at € 39.50.

Confidence in the Linde share returned on publication of the results for the first half of 2000, earnings showing a healthy move upwards. Evidence that the merger with AGA was proving successful was also seen as a very positive sign. This was reflected in much better share performance during the second half of 2000. The Linde share closed the year at € 51.70, putting it just 5.0 percent lower than one year before. However, the Linde share still performed better overall than the DAX, despite this downward slide.

Linde AG market capitalisation declined by € 310 million to € 6.166 billion compared to the previous year.

Development of Linde Share compared to the DAX and CDAX Machinery Index from December 1990 to December 2000



Higher Dividend due to Extra Distribution

Our earnings situation enables us to pay a high dividend for the fiscal year 2000 again. A dividend of € 1.13 per share will be proposed at the Annual General Meeting. Additionally, the Executive Board is proposing a special dividend of € 0.22 in connection with changes made in the German corporation tax system. The equity capital taxed at 45 percent is to be distributed to shareholders. Including a tax credit of € 0.58 per share for entitled shareholders, this will put the gross dividend at € 1.93. For shareholders, this represents a dividend yield of 3.73 percent related to the share's closing price of € 51.70 at the end of 2000. This means that the Linde share remains strongly positioned in the DAX listing.

Resolutions of the Annual General Meeting on May 17, 2000

At the Annual General Meeting, shareholders resolved to authorise the Executive Board, subject to the approval of the Supervisory Board, to increase nominal capital by up to € 120 million until May 16, 2005. The Meeting also approved conditional capital of € 50 million for the issue of convertible bonds and/or option bonds with a total nominal value of up to € 1 billion until May 16, 2005. The Executive Board was also authorised, subject to the approval of the Supervisory Board, to acquire company shares up to a maximum of 10 percent of nominal capital until November 16, 2001.

Study on Shareholder Structure

A study conducted on shareholders in 2000 focussed on identifying institutional investors. Three large shareholders own a total of 33.2 percent of Linde shares: Allianz (12.5 percent), Commerzbank (10.7 percent) and Deutsche Bank (10 percent). Other institutional investors account for a further 35 percent,

Linde share statistics

		2000	1999
Shares with dividend entitlement in business year	No.	119,262,134	119,262,134
Number of shares (corrected)	No.	119,262,134	93,935,218
DVFA/SG earnings for the Linde Group	€ million	272.6	243.1
Change from the previous year	%	+ 12.1	- 0.3
Dividend paid by Linde AG	€ million	134.8 + 26.2	134.8
Change from the previous year	%	+ 19.4	+ 42.5
Details per share			
Cash dividend	€	1.13 + 0.22	1.13
Tax credit	€	0.58	0.48
Cash dividend + tax credit	€	1.93	1.61
Earnings before goodwill *	€	3.18	2.04
Earnings after goodwill *	€	2.29	2.04
DVFA/SG earnings	€	2.29	2.59
Price at year-end	€	51.70	54.30
Annual high	€	58.40	68.30
Annual low	€	39.50	43.30

* related to number of shares on 31.12.

one third of which is owned by shareholders outside Germany. Roughly 32 percent is held mainly by private investors.

Active Dialogue with Capital Market

The level of investor relations activity remained intense during the reporting period. Apart from our annual Analyst Briefing, regular telephone conferences kept financial analysts and institutional investors up to date with the latest developments in the Linde Group. A series of roadshows and investor conferences took place in Europe and the USA, giving institutional investors an opportunity to put questions to the Executive Board. The year also provided plenty of occasions for analysts and fund managers to hold direct talks with the Executive Board and our Investor Relations managers.

In the second half of 2000, Linde ran a major image campaign in the national and international financial press, as well as through TV spots on major business programs. This has positioned the company well, with emphasis placed on visualising key business areas for the future. The campaign brought a very positive response, confirming that Linde is seen as being of very high future value.

Linde also intends to intensify its dialogue with private investors. For the first time, presentation material used at the Analyst Briefing on April 3, 2001 will be published shortly afterwards on our Website at www.linde.com.

Further information about the Group, including the latest share price, is available on the Linde homepage. Here potential investors can find recommendations from well-known securities analysts and request publications by email.

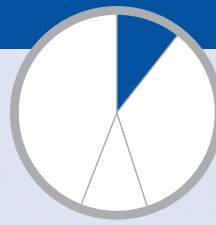
The Shareholders' Hotline is also operating on +49-611-770-284 to answer shareholders' questions and provide further information about the Linde share.

Return on Capital Employed

Linde is using return on capital employed (ROCE) as a key benchmark of the success of its Divisions, and has set 20 percent as a minimum return value. In 2000, this value was well exceeded by Engineering and Contracting, achieving 22 percent (previous year: 23.4). Material Handling achieved 19.5 percent (previous year: 19.9). Due to difficult market conditions Refrigeration only reached 4.1 percent (previous year: 11.0) – restructuring measures should ensure that the target minimum return is achieved in 2002. In the case of Industrial Gases return on capital employed remained almost unchanged at 15.5 percent on a comparable basis (previous year: 15.7). In view of the synergy potential following the AGA acquisition, together with a cautious investment policy, a 20 percent return is expected for 2002. Return on capital employed is lower in the Group than in the Divisions. This is mainly due to goodwill resulting from the AGA takeover. Other factors were low interest returns on assets such as cash and cash equivalents, as well as other assets accounted centrally in the Group. In the reporting year, return on capital employed for the Group was 9.8 percent, compared to 10.2 percent in the previous year. We shall increase this figure to around 15 percent within the next three years.

The world's
four biggest
air
separation
units





- ▶ Orders Up 17 Percent
- ▶ Market for Natural Gas Plants Takes Off
- ▶ High Potential for Pharmaceutical Plants

Amount in € million	2000	1999
Sales	909	1,117
Orders received	1,358	1,162
EBIT	39	43
ROCE in %	22.0	23.4
Capital expenditure	21	37
Employees	3,897	4,040



Well Prepared for the Future

As a state-of-the-art global plant constructor, Linde Engineering and Contracting concentrates on clearly defined business segments and consolidating existing strengths. We are among the market leaders in the design and construction of plants for air separation, ethylene and hydrogen production and natural gas liquefaction, as well as for pharmaceuticals. Our processes are used by industrial sectors constantly growing and gaining in importance. Our strong position in the market today represents a secure base from which we will continue to profit in the future.

The fiscal year 2000 confirmed this strategy, with orders up by 16.9 percent at € 1.358 billion compared to the previous year. We have bolstered our market position through several technically sophisticated projects within the growth segment of pharmaceutical plants. However, the petrochemical and natural gas liquefaction segments have also performed particularly well and the demand for air separation plants increased considerably. For accounting-related reasons, sales decreased in 2000 by 18.6 percent to € 909 million.

Petrochemicals – Linde Builds Biggest Olefin Plant in the World

Linde is currently building the biggest olefin plant in the world in Iran. Thanks to the innovative process solutions involved, this plant will also be the most economic of its kind ever constructed. Our global activities and innovative methods are greatly enhancing our market position in ethylene technology.

By continuing to optimise olefin processing we are creating advantages for our customers.

Competent consulting brings its rewards – like the polymer joint venture between BASF and Shell, where we have won a major contract to build new cracking furnaces for the production of ethylene. Following an extensive economic analysis, we were able to convince the customer that the construction of new Linde furnaces would result in higher yields, lower energy consumption and better availability, as well as being a cheaper alternative to modernising the existing plant.

“Furnace 2000” is the name for a new generation of Linde cracking furnaces offering a high degree of operating safety and ease of maintenance. This innovation will ensure that Linde maintains its leading position in the industrial furnace markets of the future.

The ethylene project in Jilin, China, is just one example that underlines the success of this strategy. Here we are building a cracking furnace which is already partly utilising the Furnace 2000 technology. The new furnace has increased the performance of the plant, first commissioned by us in 1996, by 20 percent.

Linde has also increased its range of processes to produce propylene, as most ethylene plants are gas crackers. These produce ethylene rather than propylene. In the past, demand for propylene by the plastics industry had to be covered using alternative methods. One example is propane dehydrogenation (PDH). For this process, we have tested a new generation of catalysts on a pilot plant scale. We are also producing propylene from refinery off-gas using the CyroPlus method.





Natural gas is an energy carrier with enormous potential for the future: the liquefaction unit shown here is just one area of Linde's know-how in this field.

Natural Gas as a Raw Material for Petrochemicals – Renaissance of a Growth Market

Natural gas and its derivatives are the most environmentally friendly components available to produce petrochemicals, and result in considerably less harmful emissions than crude oil fractions. With our innovative natural gas separation plants, Linde Engineering and Contracting is well positioned to exploit this booming market.

In the last fiscal year, two major orders were awarded by Iran to build state-of-the-art plants totalling in excess of € 300 million. In the Persian Gulf we are building the biggest natural gas separation plant of its kind. This plant will separate ethane from the South Pars natural gas field for use as a feedstock in two petrochemical complexes.

The Iranian National Petroleum Company has also commissioned Linde to build a plant of this type in Bandar Assaluyeh. This plant will produce natural gas in pipeline quality, as well as ethane and heavy hydrocarbons as feedstock for another olefin plant, also

being designed by us. Both natural gas plants will go on stream in 2003.

The market for liquefied natural gas (LNG) is also growing. This is due to its high energy density, constant calorific value and high purity, making it an ideal source of energy for the future. An order from STATOIL to draw up a study of feasibility and pre-engineer an LNG plant at Hammerfest in Norway has led to a breakthrough here. Transporting natural gas from this remote field by seabed pipeline would not have been economically feasible. The liquefaction process has now changed all that, enabling gas to be transported to destination at a reasonable cost by tanker ship.

Linde is also involved in development projects where natural gas is used as an environmentally friendly fuel. Together with Erdgas Südbayern GmbH, we are setting up a combined LNG/CNG filling station where customers can obtain both liquefied and compressed natural gas (CNG).

Hydrogen – Linde Consolidates its Lead

We are the market leader in the design and construction of hydrogen plants, with order books expected to continue growing strongly over the next few years. We intend to continue to extend this leading position over the years.

Growth in the hydrogen market is being driven by the implementation of statutory provisions to reduce the level of sulphur and aromatics in fuels. As part of the "European Clean Fuel Program", Linde was commissioned by Petrogal S.A. in Portugal to build a plant to produce hydrogen which will be used to improve petrol and diesel fuel.





We also supply the chemicals industry with hydrogen. Here we are working in close cooperation with Linde Gas AG on joint projects involving the on-site supply of gas. Examples of this are three steam reformer plants for the production of hydrogen which went on stream in 2000.

Thanks to our many years of experience in hydrogen technology, Linde is involved in all manner of research projects with this gas, the environmentally friendly source of energy of the future.



Air Separation Plants – Orders Double

The number of orders received in our air separation plant section has nearly doubled, with demand being strongly driven by the steel industry.

Fiscal 2000 saw the start-up of the four largest air separators in the world, built by Linde in Cantarell in Mexico. This plant supplies nitrogen used in the exploitation of crude oil by the national oil corporation Petroleos Mexicanos Coportivo (Pemex). The gas is pumped under pressure into the oil-bearing layers to increase the amount of crude oil that can be extracted and, at the same time improve operating safety.

Linde has laid the foundation for future growth by entering into the expanding market of “gas to liquid”. Natural gas in remote areas, which could not be used in the past, is now being converted into diesel fuel without sulphur content. This process requires enormous quantities of oxygen. Linde has vast experience in planning and building high performance air separation plants capable of doing the job.

Plant Components – Innovative Technology Put to Work

Linde develops and manufactures plant components in its own plants using its vast store of technological know-how. Following the successful development and testing of a new series of spiral wound heat exchangers, we have won a contract to supply these key components to the LNG Expansion Project in Western Australia.

Pharmaceutical Plants – Linde strengthened its Market Position

In the pharmaceuticals segment, Linde has become highly specialised in building ingredient plants involving chemical synthesis or gene modification. A further area of significant activity in this segment is the manufacture of plant used in the processing of ingredients into finished pharmaceutical products such as pills, ointments or vaccines.

This is another area in which we have greatly strengthened our market position in Western Europe, in particular due to three large projects for Aventis S.A. and Bayer AG. Now, Linde is working on a major blood plasma project for Aventis Behring GmbH in Marburg, Germany.

In a pilot project run jointly with Rhein Biotech GmbH, a leading German gene technology company, Linde is also developing the technology to produce large quantities of hepatitis vaccine. Hepatitis B is a life-threatening variant of yellow fever. Until now, the vaccine was extremely costly and difficult to produce and its use risk-prone. Together with our processing know-how, the gene technology developed by Rhein Biotech has now been successfully implemented. Linde has a share in this know-how package, which is currently being licensed internationally.

State-of-the-art control rooms ensure that plants run optimally.





In the field of pharmaceutical plants Linde has also proved its competence as a partner.

Research and Development – Processes Geared to Market Needs

Continuous research and development is a decisive factor if we are to maintain our position as a leading plant constructor.

Last year saw the commissioning of a pilot plant to produce linear alpha olefins (LAO) from ethylene. This process is based on new Linde technology developed in cooperation with the Saudi Arabian Basic Industry Corporation (SABIC). We are currently using the results obtained in the pilot project to build a commercial plant with an annual LAO production capacity of 100,000 tons.

We have also developed a new high-performance process for the production of synthesis gas, another major growth market. This catalytic process uses pure oxygen to convert natural gas into synthesis gas highly enriched with carbon monoxide. Increasing

quantities of this product are needed for a wide range of organic synthesis processes. Our new process builds on the proven technology of partial oxidation and steam reforming. The process also provides synergies by allowing us to combine our marketing efforts in this area with Linde Gas AG.

Outlook – Higher Profits and Sales

Over the next few years, Linde Engineering and Contracting is looking forward to sustained higher sales and a return on capital considerable in excess of the industry average.

Our process of ongoing rationalisation continues to strengthen our earnings situation. Our research and development efforts have enabled us to optimise methods and extend our value added chains. This success is backed up by an uncompromising program of risk management and well-focussed marketing.



Cooperating with the Industrial Gases Division results in synergies, for example in the field of air separation plants.



700,000 warehouse
positions on
the move around
the year



Material Handling

34.9% of Group Sales

- ▶ Innovation Secures a Leading Position in the Market
- ▶ Europe Remains the Major Market
- ▶ Cooperation with Komatsu Forces Globalisation

Amount in € million	2000	1999
Sales	2,951	2,617
Orders received	3,124	2,702
EBIT	244	217
ROCE in %	19.5	19.9
Capital expenditure	172	241
Employees	17,310	15,890



Record Sales for Industrial Trucks

The market for industrial trucks grew globally, expanding in some areas by double figures. The continued positive development in logistics, supports this upward trend. Taking the fiscal year overall, global markets produced record figures despite a slowdown in the USA and European economies. The global picture is impressive, with a record of 600,000 industrial trucks sold in 2000 – an increase in sales of 14 percent. Europe proved to be the biggest regional market, recording sales of 248,000 trucks, putting it ahead of the American markets, where some 215,000 units were sold. France and Italy especially influenced the growth of the European market.

The Material Handling Division used this opportunity to greatly increase its sales and order intake. This confirms our strategy, to differentiate clearly between our three brands and to continue to improve our services. All indicators point to further growth. The Linde Group greatly increased its sales, with the number of trucks sold up by 14 percent to 105,000 units. In absolute figures, this represents sales of € 2.951 billion, an increase of 12.8 percent on the previous year. Europe proved to be Linde's most important market, accounting for 89 percent of this figure. However, our strategy of expanding market positions

in America and Asia also began to take effect, with percentage growth in orders even higher than in Europe.

Cooperation with Komatsu Strengthens our Position

May 2000 saw Linde enter into a major agreement with Komatsu Forklift Ltd. (KFL) to cooperate on a worldwide basis. This agreement represents a significant progression in the globalisation of our Material Handling Division.

As a result, FIAT OM Carrelli Elevatori S.p.A. – in which KFL has taken a 10 percent holding – assumed sales and distribution functions as the importer of Komatsu products in Europe.

At the same time, KFL – in which Linde now has a reciprocal 10 percent share – is marketing and distributing Linde equipment in Japan. This puts the second most powerful marketing organisation in Japan at our disposal.

Meanwhile, Komatsu is setting up a distribution and service organisation in China which will operate in parallel with Linde. This organisation will be responsible for Komatsu forklift trucks, built by Linde in its plant in Xiamen. The Xiamen plant will also increase the production of components.

The Linde Reach Stacker lifts and positions containers to the exact centimetre.



Amount in € million	Linde-FH	STILL	FIAT OM
Sales	1,733	1,060	242
Orders received	1,887	1,080	238
Trucks sold	59,599	35,046	12,747



On the North American market, Linde and KFL will both be making additions to their product ranges. This means that we will be adding Komatsu cushion-tired petrol and LPG-driven lift trucks to our ranges, while KLF will distribute Linde warehouse equipment and electric counterbalance trucks.

Successful cooperation with Komatsu will have synergetic effects, which will optimise our value added chain and strengthen growth.

Service Provider for our Customers

Being able to supply comprehensive service packages is becoming an increasingly important factor in the material handling market.

Industrial truck users are tending to move away from direct ownership of their equipment, and are showing greater preference for leasing, contract hire or rental. Customers want to avoid tying down capital over the long term, but still need the flexibility to match handling capacity to meet changing demands rapidly. We have recognised these changes, and are able to offer complete service packages, which include fleet utilisation analysis, up time guarantees and comprehensive fleet management reporting.

In terms of product development Linde is also well prepared for this move. An example is our unique coded logging system – a complete documentation and monitoring program which optimises truck utilisation. The system recognises the driver when he enters his electronic key or PIN code, as well as logging operating times and other truck-related data. This data can then be analysed online. In addition, our warehouse management system guarantees optimal use of truck fleets. These value added services have generated a great deal of interest in the market.

As the logistics market expands so, too, does the demand for services from the Linde Material Handling Division – a change which is reflected in our latest development activities. Companies are increasingly outsourcing their material handling requirements to specialists capable of providing complete supply chain management solutions. Our comprehensive range of products and services is the perfect answer to this growing demand.

Products – Tailored to Customer Needs

Being close to the market is an essential part of product development, and is the only way we can react optimally to specific customer needs. Our three industrial truck groups Linde-FH, STILL and FIAT OM provide specific products for all segments of the market. Our aim is to be an attractive partner for all customers. We provide the ideal conditions to meet this demand, given our broad-based technological approach and multi-layered distribution and service networks.

Our product development process binds together customers, suppliers and all functional areas within the Group involved in the process. At the same time, the technical differentiation of the product ranges that make up our three brands remains a focal part of our strategy.

This puts us aside from our competitors. Each of our brands comprises a complete range of warehouse and counterbalance trucks.

During the last fiscal year, product development concentrated on improving ergonomics, safety and performance. We also took great care in enhancing and developing products such as tow tractors and specialised equipment – products which while only accounting for a relatively small market segment are essential tools for the customers who use them.

Being able to foresee trends in the market and develop new products over a short period is vital. To meet this demand, Linde has further optimised its plants in terms of production processes and quality. The result is a reduction in manufacturing time for all new products, as well as lowering costs and further raising quality levels.



Synergies through Group-wide Production

The Group-wide production of components from our own plants and from external third-party suppliers has led to considerable synergies and cost saving. Separating component and truck development for future generations will further minimise cost and development.

Localised Development and Production

In future, the Linde-FH Group will develop its products at site of manufacture. This means that the development of warehouse trucks will now be the responsibility of our French plant at Châtellerault, while electric four-wheel counterbalance and reach trucks as well as electric tow tractors will be developed in Basingstoke in England and heavy engine and container trucks in our new plant in Merthyr Tydfil in Wales.

Our main plant in Aschaffenburg reached a record production output of over 25,000 trucks. Here is the centre for development and the largest series production of electric and engine powered forklift trucks, as well as hydraulic components.

New hydraulic components have been developed offering an optimum performance, making Linde hydrostatic transmission trucks even more efficient, and providing unsurpassed economic system solutions for our customers.

Similarly, improvements have been made to the drive and control systems of our electric trucks. Advanced DC (Direct Current SEM [Separately Exited Motors]) and AC (Alternating Current) drive technologies are competing against each other. Each system suits particular applications.

The use of electronics to optimise truck control improves overall material handling productivity, and is becoming an increasingly important feature in our trucks. The wide range of innovations was presented at the Cemat 2000 in Hanover and has already elicited an enthusiastic response from our customers. One example of how we are forcing the modernisation of our product ranges can be seen in the significant increase in performance we have achieved with our new electric tow tractors, which are now fitted with advanced AC and Canbus technology.

STILL has completely restructured its pre-production and assembly, as well as its service processes in its main plant in Hamburg. Following the purchase of additional land, an extension is now being built and is due for completion within the next two years. This new site will incorporate state-of-the-art material flow technology. As might be expected, the project caused considerable disruption in 2000 due to relocation of some processes. Nevertheless, production was maintained at all times.

STILL's main focus of development was directed at the conversion of our electric counterbalance trucks to AC power controllers, as well as the improvement of tiller-operated warehouse equipment by incorporating Separately Exited Motors and Canbus technology.

Our Reutlingen plant, which produces reach and order picking trucks, as well as VNA-system trucks, also underwent a radical modernisation of its ranges. These innovations will greatly lower the service cost, as well as reducing energy consumption. A further spin-off has been the optimisation of the assembly process itself.

FIAT OM modernised its warehouse truck range, and now offers a choice of products less than two years old in terms of development. As a provider of a full range of products, FIAT OM has been performing particularly well. Last year also saw the transfer of the service centre from Rozzano to Lainate, near Milan. This has been a very important step, enabling us to guarantee the supply of spare parts overnight.

The Bari plant produces and supplies counterbalance trucks. Here, the processes and manufacturing will be completely restructured and modernised over the next two years. Preparations for the production of Komatsu trucks for the European market were also completed on schedule.

Growth in the Hydraulics Section

Order intake of the Linde Hydraulics Section totalled at € 130 million, with sales at € 136 million. The high growth figures over the previous year of 34 and 15 percent respectively are mainly due to the expansion of export business.

STILL's order picker/
stacker is an economic
solution for narrow
aisle warehouses.





Outlook Remains Positive

Bearing in mind the record figures and the intensive competition in the market, we are convinced that our multi-brand marketing strategy based on clearly differentiated products and service packages provides an excellent base for even higher growth in the Material Handling Division.

Logistics has a major influence on our customers' value added process and represents a high potential for rationalisation. Industrial trucks play an important part here. Redefining supply chains to include e-commerce products is providing an additional impulse for new equipment and services. Linde is using the e-commerce platform to market and sell used trucks through a newly created Internet portal.

As the US market shows, fluctuations in the industry have considerably flattened out, due to the greater importance attached to logistics and the rental business. Changes are now more likely to be found in the structure of the product mix with regard to the relation of counterbalance trucks to warehouse trucks. However, full-range suppliers can compensate for these changes much easier.

Linde trucks are used where precision and a jog-free ride are needed.

Our service business is also virtually free from cyclical change thanks to the high number of units we already have in the market. Nevertheless, this is an area in which we intend to continue to build our operations, as services are the basis for long-term customer relations. Therefore we shall exploit to the full any market potential particularly outside of Europe by setting up our own additional distribution channels, and by strategic acquisitions.

We will continue to increase the high level of profitability of our Material Handling Division in the future. Our strategy is to remain on course for further growth.



China's demand for frozen and refrigerated food is growing



Refrigeration

11.1 % of Group Sales

- ▶ Global Process of Concentration among Food Retailers
- ▶ High Market Share Retained, but Growth Sluggish
- ▶ Cost Savings through Restructuring

Amount in € million	2000	1999
Sales	935	892
Orders received	927	929
EBIT	12	30
ROCE in %	4.1	11.0
Capital expenditure	30	50
Employees	6,798	6,535



Set for the Future

Globalisation and concentration are the main factors influencing the capital goods market in the food retailing sector. A small number of large companies, operating on an increasingly global basis, is fast becoming the dominant feature of this market. Linde tuned in to these key accounts on a worldwide basis by greatly expanding its own international presence. This involved making acquisitions in Great Britain, France and Brazil. Broad-based restructuring also provided an offensive answer to increasing competitive pressure.



Restructuring Measures

Despite these difficult trading conditions, Linde remains market leader in Europe. And while we are still not satisfied with earnings in the Refrigeration Division, a new course has been marked out for the future. Our restructuring and cost reduction measures will take full effect in 2002 and will bring annual savings of around € 60 million.

At the same time, production capacities are being trimmed and concentrated over a smaller number of plants. As a result, our modern facilities in Beroun in the Czech Republic will be running at higher throughput, although the measures have involved laying off 400 employees elsewhere. At the same time, we are bundling procurement activity and optimising production throughout. Lean organisations and faster processing will contribute greatly to reducing production time and cost. This, together with a new IT order processing system and the tighter integration of suppliers into the production chain, will also lead to shorter reaction times.

Full Service – the Key to Market Leadership in Europe

For many years now, Linde has enjoyed an excellent reputation among its major clients in Germany and Europe. This has gone hand in hand with a policy of continuous improvement to our products and services. Not only do we supply refrigerated and freezer display cases on a component basis, we also take on sole responsibility for the planning and realisation of major supermarket projects. This includes the design and installation of refrigerated display cases and systems, as well as customised service packages. It is our outstanding professionalism that has led the major food retail chains to choose Linde as a system partner when entering new markets.

Air-conditioned fruit and vegetable display cases with an additional moisture control keep goods fresh longer.

Markets Consolidating in Western Europe

Sales in our Refrigeration Division reached € 935 million during the reporting period, 4.8 percent up on the previous year.

There is a growing tendency for markets in Western Europe to consolidate, while expansion in Eastern Europe, Latin America and South-East Asia continues. This relative stagnation in the retail food sector in Western Europe has been accompanied by an increasingly bitter price war, resulting in falling margins and lower investment. The tough competition for major contracts, increasingly being put out to international tender, exerted price pressure on refrigerated display cases and systems aimed at the commercial sector.



Our refrigeration know-how has made us the preferred partner for food stores.

Investment activity among food retailers in Germany, France, Italy and Spain slowed. In Austria, however, Linde is top supplier for the two leading retail chains, with sales up 20 percent. We also managed to strengthen our market presence in Scandinavia.

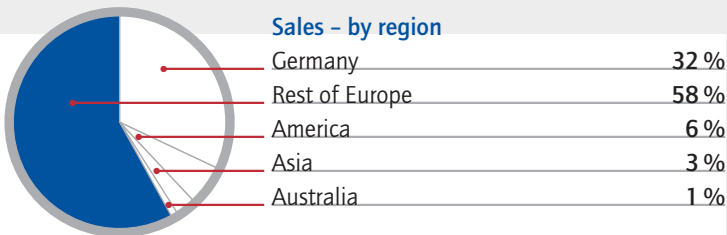
Following a tough price war among food retailers in Great Britain, demand for refrigerated display cases moved significantly on this market. Increasingly, demand is turning away from the expensive customer-specific refrigerated cases once produced in our British plant in Chew Stoke, and is looking for more attractively priced and more standardised alternatives. This explains why we had no choice but to close this plant

at the end of 2000. However, the move by British customers to more competitively priced refrigerated cases produced in Linde plants elsewhere improved our competitive position in Great Britain overall, with the plants supplying this demand now running at even higher throughput.

In Eastern Europe, we were able to strengthen the good position we already enjoy in the Czech Republic, Slovakia, Poland and Hungary. We also set up a network of competent sales and service partners in the Ukraine, Bulgaria and Russia.

Sales Up by 40 Percent in Latin America

Sales increased by 40 percent in Brazil during the reporting year. Further growth in the Mercosur region of South America was secured by our rapidly expanding subsidiary Seral do Brasil S.A. in São Paulo. Seral is already market leader for non-refrigerated shop equipment and check-outs in Brazil, the biggest market in the region. Currently, the company is expanding its product-related and technical competence in refrigerated display cases in a drive to achieve market leadership in this core segment, too. Our new factory on the periphery of São Paulo effectively created the right conditions to turn this goal into reality.



Linde offers full store outfitting services, as well as supplying the refrigerated and freezer display cases.





Targeted Growth in Asia

South-East Asia has largely overcome its economic crisis and has opened its markets to global retailers. Linde Refrigeration is profiting from the renewed economic growth in the region.

We are concentrating on international retail companies operating in South-East Asia, as well as on some leading local retail chains in the region. Our strategy is to strengthen the technical competence of our local partners. We expect our production facilities in Thailand to produce cost advantages, as well as enabling us to achieve shorter delivery times in the region.

Our new energy-efficient roll-in cabinet range also offers considerable savings to major discounters. Only very simple refrigeration units are needed to run these models, resulting in lower investment and reduced maintenance cost.

Research and Development Provides Numerous Innovations

Legal requirements now demand a reliable cooling chain from producer to retailer, calling for even greater operating reliability of refrigerated display cases. Specified product temperatures must be kept to exactly. Our refrigeration technology know-how fully meets this challenging demand – providing our customers with full solutions comprising refrigerated display cases, control and monitoring units and matching refrigeration systems. Reducing energy consumption is yet another area where we are concentrating development activities. This is the criterion that determines whether a food retailer can offer products in an attractive manner and at low cost.

Our air-conditioned fruit and vegetable cabinets with optional humidity control are a further group of products that offer several major advantages to food retailers and consumers. Not only does food remain fresh and moist longer, vitamins and other important trace elements benefit from improved shelf life.

We have also improved our Long Distance Service system (LDS). Sensors and controllers in all refrigerated cases can now be networked within the same store

One of many special solutions for our customers: a refrigerated sushi bar.



Our latest generation of refrigerated multideck cabinets is an answer to both aspects. Not only do these units consume considerably less energy, their new design offers even greater productivity per unit floor space. Our new series of refrigerated multideck cabinets is modular in design, with a reduction of up to one third of the number of components used compared to previous models. This new cabinet system already accounts for more than 20 percent of Linde's annual sales of supermarket display cases using external refrigeration units.



A supermarket in Vienna, complete with refrigerated and freezer display cases from Linde.

to a central server. The server monitors and records display case temperatures, with LDS effectively recognising any deviations from pre-set levels. A central service unit can monitor several stores simultaneously by Internet or direct data transfer. This enables service technicians to intervene rapidly before major damage occurs to machine or food.

New Design for Plug-in Refrigerated Display Cases

New distribution channels in the food industry mean that goods must be presented in an entirely new way. Increasing amounts of impulse and convenience products are being sold at filling stations, rail station shops, canteens or cinemas. Together with leading food producers, Linde is designing customised brand-matched solutions to meet this demand. Plug-in refrigerated and freezer display cases provide additional attractive support to the presentation of refrigerated products, at the same time enhancing the supplier's image.



Three-Point Strategy for Future Success


Linde already holds second place worldwide and is market leader in Europe. We intend to secure future growth by remaining a reliable supplier for our business associates in the growth markets of Eastern Europe, Latin America and Asia.

Our first priority is to secure a high market share on all the market segments we serve. This we shall achieve by continuing to ensure customer satisfaction, building even greater customer loyalty. This is founded on our stable and regionally directed, broad-based marketing and distribution strategy, with special focus on key account customers. This strategy will be enhanced by further integrating product management and development activities into the structure. Linde is seen as a competent and reliable partner at the regional level by both the broader market and our key account customers. We are the company that provides customised solutions fast, flexibly and on demand.

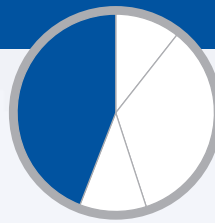
The restructuring measures we have introduced will bolster our leading position on the market and help us achieve our earnings targets in 2002. The measures taken will ensure that we continue to supply products and services globally at Linde's well-known level of quality and at competitive prices.

We will continue to offer our customers real added value in future, too. This we shall achieve through innovative services and products, constantly being optimised in terms of presentation, ergonomics and energy consumption.

Convenience shops are one way of shopping quickly and easily. Linde supplies the necessary plug-in refrigerated and freezer display cases.

A photograph of an industrial facility, likely a refinery or chemical plant. In the foreground, several large, white, cylindrical pipes run parallel to each other, supported by a red metal framework. The pipes extend into the distance. In the background, there are various industrial structures, including tall distillation columns, smaller tanks, and a complex network of pipes and walkways. The sky is clear and blue. A blue callout box with white text is positioned on the left side of the image, pointing towards the pipes.

Hydrogen and
carbon monoxide
directly supplied
to the customer
via pipeline



Industrial Gases

44.8% of Group Sales

- ▶ Position as Major Global Supplier Reinforced
- ▶ Successful Integration of AGA
- ▶ Strong Growth in Healthcare Segment
- ▶ On-Site Business Continues to Expand

Amount in € million	2000	1999
Sales	3,784	1,615
Orders received	3,774	1,604
EBIT	519	234
ROCE in %	15.5	15.7
Capital expenditure	773	557
Employees	18,661	8,690



Presence on International Markets Strengthened

Linde is market leader for industrial gases in Europe and a leading supplier worldwide. As a result of the takeover of the Swedish gas company AGA AB, the Industrial Gases Division now has new sales regions and areas of applications for its products and services. This important move has further strengthened our strategic position, particularly in Northern Europe, as well as in North and South America.

Strong Growth outside Germany

As the fourth largest gas producer in the world, our sales rose strongly by 14.2 percent to € 3.784 billion during the reporting period. Real growth was also recorded in Germany again, following years of stagnation on this market. This is due to the acquisition of new customers in the tank and on-site gas business, as well as a generally improved economy.

Sales were particularly invigorated by foreign business, which grew by 18.9 percent to € 2.990 billion, increasing the share of foreign sales from 76 to 79 percent. This is an impressive confirmation of Linde's long-term strategy to achieve greater growth outside Germany. The gas business did particularly well outside Europe, among others due to the strength of the US Dollar.

In Western Europe, sales increased by 4.2 percent to € 1.564 billion, with our gas companies in Italy, Portugal and Spain achieving particularly good results. But business in the Eastern European countries is also expanding strongly, with double-figure growth rates recorded in Poland, Hungary, Rumania and the Czech Republic.

Linde Gas AG contributed around 34 percent to Group sales overall, expanding overseas business in targeted regions on the American continent and in Asia. In the USA and South America, we strengthened

our position through the growth of on-site and health-care business. Good business was also recorded in Australia and China.

Gases and Healthcare a Strategic Target

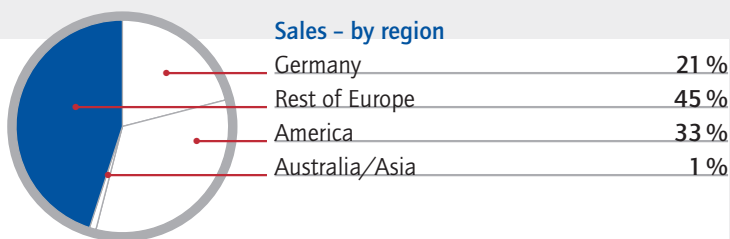
We have now bundled our activities in the field of medical gases into a single independent healthcare segment. Parallel to this, we have split the classic gas business into industrial and specialty gases, as we believe this focuses more clearly on the needs of the market.

The industrial gases segment comprises cylinder, tank and on-site business, as before. With sales of around 88 percent, this remains the major segment within the Industrial Gases Division.

Cylinder Business Consolidated

Our cylinder business continues to make the largest contribution to the industrial gases segment, accounting for 52 percent of sales. In line with the general trend in the industry, growth is weaker here than in the tank and on-site segments, due to technological developments and the different degrees of maturity of these markets. We have prepared for this by strengthening our distribution network and extending our services through customer service centres. Additionally, we are now offering all-round gas cylinder management as a new service to our customers. Further support comes from our online cylinder distribution service via the Internet.

Linde experienced particularly high growth in its cylinder business in Eastern Europe and South America, and despite generally difficult market conditions, we have reinforced our position worldwide. In Germany, the decline of recent years came to a halt.





The fuel cell is proving a valuable stimulus for the development of hydrogen powered drives.



In recent years, Linde has become increasingly committed to the production of future-oriented energy carriers. This trend continued in 2000. Liquefied natural gas is an environmentally friendly fuel with a high calorific value and high level of purity. Together with the oil company OMV in Vienna, we have started to set up a network of public natural gas filling stations in Austria.

Hydrogen – Tomorrow's Major Growth Market

Demand for hydrogen is expected to grow strongly in future, for example in the chemicals and electronics industries, the food industry and in refineries. Soon, large quantities of hydrogen will be needed to process heavy crude oil residues. Stricter environmental laws on the desulphurisation of fuels will add to the importance of this gas. We are well prepared for this and have extensive knowledge of the whole field of hydrogen as an environmentally friendly energy carrier. This is backed by the global hydrogen production know-how that Linde Engineering and Contracting offers.

Linde is currently involved in trials for alternative engine fuels with nearly all the leading German vehicle manufacturers. The latest example of this is a joint project involving MAN, Siemens and Ludwig-Bölkow-Systemtechnik to develop a fuel cell bus. The vehicle runs on gaseous compressed hydrogen. In this project, Linde has developed the hydrogen gas system and filling station complete with peripheral equipment.

New Opportunities for Tank Business

The acquisition of new customers in our tank business has caused sales to rise sharply. Our liquefaction capacities ran at full capacity in fiscal 2000. In order to offset lower average margins we intend to rationalise and optimise distribution.

The integration of AGA in Europe means that Linde now has more production sites and a denser customer network. This has had very positive effects on efficiency. Transport resources can be used optimally, and delivery routes better planned. At the same time, we are lowering costs by delivering to customers at night, and by providing an electronic distance control system that monitors tank filling levels for our major customers.

The tank business is also gaining positively from new applications technology. One area we are paying close attention to here is the laser market, an important growth segment of the future. In addition to offering new gases for laser cutting, Linde has started to market LASGON®, a new laser welding gas. This shielding gas is used in the automobile industry for the welding of precision components.

On-Site Business Takes Off

Highest growth in the industrial gases segment was recorded by our on-site business, where customers are supplied directly by pipeline from plants located at the customer's site of production.

In keeping with our strategy of expanding the hydrogen business in the high tech area, Linde is now supplying Wacker Chemie GmbH in Burghausen with



Linde produces oxygen and the treatment apparatus for care in the home as a therapy for patients with respiratory illnesses.

gaseous hydrogen for the production of silicon wafers, the base product used in chip production.

We have also extended our lead in the production of ultra-pure gases. Using a standard plant, we are supplying Philips GmbH in Hamburg with ultra-pure nitrogen for the production of semi-conductors. Texas Instruments Deutschland GmbH in Freising is also being supplied by us with this gas. Additionally, we are providing Infineon Technologies AG in Regensburg with ultra-pure nitrogen and oxygen for the production of semi-conductors.

Linde also won a contract to supply the French company Butachimie in Chalampé with ultra-pure hydrogen for the next 15 years. The hydrogen is being supplied from a new plant which went on stream in April 2000, and will be used to produce a basic component needed in the manufacture of nylon. This deal represents a major contribution to the expansion of our hydrogen business in Western Europe.

Another major boost to our pipeline business has come from an order to supply Bayer AG in Brunsbüttel with hydrogen and carbon monoxide from a steam reformer.

Alongside the chemicals and electronics industries, the steel producing sector remains a major customer for Linde's on-site business. Steelworks in Třinec in the Czech Republic and in Dunaújváros in Hungary are being supplied from our air separation plants. We have also signed an agreement with AST in Terni, part of the Thyssen-Krupp Group, to supply oxygen, nitrogen and argon. This will further strengthen our market position in central Italy. In addition to this, a new air separation plant went on stream at Thyssen-Krupp Stahl AG in Duisburg. For the first time, we have achieved full recovery of the much sought but rare gases krypton and xenon by means of low temperature rectification alone.

The Industrial Gases Division is also optimistic about further growth in its specialty gases segment. This particularly applies to the supply of gases, equipment and services to the semi-conductor industry. This segment is being supplied from our new specialty gases facilities in Unterschleißheim near Munich and in Singapore.

Healthcare – Business Expands into New Applications

Healthcare is also proving to be a segment with very promising potential for growth.

Following the takeover of AGA, Linde is now one of the world's leading suppliers of gases for medical and healthcare use. This includes specialist know-how for the treatment of patients with certain respiratory disorders. Linde now provides the gases, state-of-the-art treatment apparatus and appropriate services, as a single mobile package calling at hospitals or the patient's home.

During fiscal 2000, the Linde healthcare segment reported sales of € 450 million – an increase of 25 percent on the previous year.

Among others, this growth is due to the successful introduction of inhaled nitric oxide (INO) in the USA. INO is used to treat newborn babies with certain respiratory dysfunctions. An application has been made for registration of this treatment in Europe and Japan, with approval expected in the course of the year 2001.

AGA Integration Progressing Smoothly

Following the EU anti-trust authority's approval of the AGA takeover in February 2000, the first phase of integration has now started. Over a four-month period, a series of project groups analysed business processes, systems and applications. This was followed by the formulation of concepts for the new organisation. The company, which was transformed into Linde Gas AG on August 8, 2000, has now made a successful start to phase two of this process. Integration is in full swing and will optimise procurement, production, distribution, sales and administration. The merger is expected to produce synergies resulting in savings of € 100 million by the end of 2002.

Of the 1,500 employees who have been laid off following the takeover, around 400 are based in Germany. Negotiations on compensation, social plans and transfer contracts for around 700 AGA employees in Germany have been concluded successfully with the employee representatives.

Authorisation by the EU for the AGA takeover was subject to conditions fulfilled on schedule by the end of September 2000. This included divesting the AGA gas business in Austria, which was subsequently sold to L'Air Liquide. This move has since been approved by the Austrian anti-trust authority. A Sale and Purchase Agreement was signed with Air Products and Chemicals, Inc. for part of AGA's gas operations in the Netherlands. The approval procedure is currently under way with the Dutch anti-trust authorities.

Research and Development – Strong Basis for Future Growth

Our development activities are concentrating on application and processing technology which will win new markets and contribute to long-term growth.

Linde's DryWash® process represents an entirely new direction in the dry-cleaning of textiles. Liquid carbon dioxide replaces conventional dry-cleaning fluid, with its negative effects on the environment, at the same time cutting processing time by half. The new technology has the added advantage of being odour-free and more gentle on the textiles.

Another Linde innovation is LISY®tec, a system for the simple and safe handling of gas cylinders. Cylinder valve and pressure regulator are integrated into one fitting and are fully shrouded by a protective cap. This user-friendly panel ensures the safe withdrawal of autogenous and shielding welding gases.

A similar system has also been developed for medical cylinders. The new panel has a rapid coupling system and a flow regulator, making it easy to operate with respiratory oxygen apparatus.

Another Linde first that assures customers one-hundred percent supply is our new distance control system for monitoring filling-levels in pressure cylinders. The system operates telemetrically, triggering a signal when a defined residual amount has been reached. The data is then processed, automatically initiating a re-supply order.

Ideal Conditions for a Bright Future

In acquiring AGA, the Industrial Gases Division has greatly strengthened its position on the market, both regionally, as well as in terms of the products and services it now offers. This is an ideal baseline for even greater success in future – all supported by our outstanding application technology. We expect good growth on the global gas market over the next few years, and intend to exploit this to the full. In particular, we intend to build on our healthcare and specialty gases segments, as well as strengthening on-site business.

Apart from sales growth, we are placing considerable importance on improved profits. In keeping with this thinking, Linde intends to continue its course of cost-cutting, while making more efficient use of production and distribution capacity and maintaining its restrictive investment policy.



Our air separation plant has gone on stream at Thyssen-Krupp Stahl AG in Duisburg and provides full recovery of the rare gases krypton and xenon.

ASCA

Work safety and technical operations safety monitoring in production facilities. Conceived by the State of Hessian Government, Germany.

CAN Bus Technology

CAN (Controller Area Network) bus technology is a standardised serial communication data bus protocol used to exchange data between different control devices and vehicle sensors/actuators.

Cash Flow

Used in the analysis of balance sheets, company operations and shares. Cash flow data shows the financial position and earnings power of an enterprise. Cash flow (i.e., sales or financing surplus) describes the inflow of cash and cash equivalents from sales and other sources within a specific period.

Chemical Synthesis

Production of chemical products from chemical base products.

Consolidation

Integration of the individual financial statements of all companies within a Group, thereby eliminating inter-company transactions.

Convenience Products

Refrigerated or frozen food that can be quickly cooked as it has been prepared beforehand.

Convertible Bond/Warrant

A type of debenture issued by a joint stock company where either the right to repayment of coupon value and interest exists or an option to convert the bond into a specific number of company shares.

Crude Oil Fraction

Crude oil is refined into groups of basic components. Each group is described as a fraction.

Debt Issuance Programme

Outline agreement to issue financial instruments such as bonds on the capital market.

Direct Current Drive

Direct current drive is the standard form of drive unit used today in battery-powered industrial trucks. Such drives generally use direct current series or separately excited motors.

DVFA/SG Method

Joint recommendation by the German Association for Financial Analysis and Investment Consulting (DVFA) and the Schmalenbach Association – German Association for Business Management (SG) for the computation of ratios used in financial statement analysis.

EBIT

Abbreviation for "Earnings before Interest and Taxes".

EBITDA

Abbreviation for "Earnings before Interest, Taxes, Depreciation and Amortisation".

E-Business

Abbreviation for "Electronic Business". A generic term for business conducted via electronic media such as the Internet.

E-Commerce

Abbreviation for "Electronic Commerce". E-Commerce is best understood as a sub-set of E-Business and refers to all types of transactions via electronic media (especially Internet). Sales and purchasing are the central activities of E-Commerce.

Ethylene

A gaseous, non-toxic hydrocarbon. Important petrochemical intermediate, especially for the manufacture of plastics such as polyethylene.

European Clean Fuel Program

EU Directive for the phased reduction of emissions (pollutants) from automobile fuels by the year 2005.

Evaporator System

Component that makes up the refrigerating circuit. When refrigerant evaporates this removes heat from the surrounding area, having a cooling effect.

Financial Instruments, Derivatives

Derivative instruments are financial instruments whose value is determined by underlying host instruments (securities, currencies and raw materials).

Goodwill

Goodwill is the accounting term used to describe the difference between purchase price and asset value of an acquired company.

Healthcare

Collective concept for corporate activities in the area of medical care.

Impulse Items

Products which have to be attractively promoted in stores as they are generally purchased spontaneously.

ISO 9000

International standard laid down by the International Organization for Standardization (ISO) on quality assurance in development, production, assembly and maintenance.

ISO 9001/9002

Internationally valid standards that apply to quality management systems.

ISO 14001

International set of standards of the International Organization for Standardization (ISO) which apply globally to environmental management systems.

Linear Alpha Olefins

Pre-product used in the production of lubrication and engine oils.

Mercosur

Regional economic community in Latin America comprising Argentina, Brazil, Paraguay and Uruguay. Chile and Bolivia are associate members.

OHSAS 18001

Occupational Health and Safety Assessment Series Document No. 18001 is a publication similar to a standard. It sets out the criteria for certifying a management system on operating and work safety.

Option Bonds

Bonds with an option coupon attached which entitles purchase of a pre-determined number of shares within a certain period at a specific price.

Oxidation, Partial

Partial chemical reaction of a substance with oxygen.

Propylene

Gaseous, unsaturated hydrocarbon, technically important raw material for other substances.

Reactor/Burner System

Device for preheating or warming containers in which chemical synthesis takes place.

Risk Management

Systematic method of identifying and assessing potential risk, including selecting and implementing measures to deal with it.

Roadshow

Members of the Executive Board and the investor relations team inform institutional investors at several important financial centres.

Separately Exited Drive

Direct current electric drive with easy controllability as the field is controlled separately allowing regenerative braking.

Shareholder Value

Expression of how profitably a company uses capital provided to it by the shareholders.

Steam Reformer

Plant which uses steam and heat to convert natural gas or other light hydrocarbons into synthesis gas.

Supply Chain Management

Company-wide coordination of complete value added chain. The objective is to optimise the whole transformation process in terms of content, task and operating environment.

Swap

Generic type of currency exchange deal.

Synthesis Gas

Mixture mainly comprising hydrogen and carbon monoxide.

Financial Statements **2000**



Linde

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Linde Group Balance Sheet in € '000

Assets	Note	31. 12. 2000	31. 12. 1999
Goodwill		3,285,801	-
Intangible assets		101,125	103,014
Tangible assets		4,381,180	2,359,996
Financial assets		168,214	219,085
Fixed assets	1	7,936,320	2,682,095
Payments for the acquisition of shares of AGA AB	2	-	3,599,958
Inventories	3	1,755,855	1,345,192
Less payments in advance from customers		- 941,358	- 778,792
		814,497	566,400
Receivables and other assets	4	2,359,243	1,730,884
Investment securities	5	263,843	282,662
Cash and cash equivalents	6	257,310	115,240
Current assets		3,694,893	2,695,186
Deferred charges	7	44,083	25,262
Balance sheet total		11,675,296	9,002,501

Liabilities and Shareholders' Equity	Note	31. 12. 2000	31. 12. 1999
Capital subscribed		305,311	305,311
Capital reserve		2,595,863	2,595,863
Retained earnings		1,033,337	881,255
Minority interests		35,522	139,287
Net disposable profit		161,004	134,766
Equity capital	8	4,131,037	4,056,482
Special tax-allowable reserve	9	12,882	7,529
Provisions for pensions and similar obligations		814,983	651,157
Other provisions	10	1,403,938	764,058
Provisions		2,218,921	1,415,215
Financial liabilities		4,179,938	2,740,166
Other liabilities		1,079,303	756,078
Liabilities	11	5,259,241	3,496,244
Deferred charges		53,215	27,031
Balance sheet total		11,675,296	9,002,501

Linde Group Income Statement in € '000

	Note	2000	1999
Sales	13	8,450,279	6,193,923
Changes in inventories and own work capitalised	14	418,357	65,642
Total output		8,868,636	6,259,565
Other operating income	15	274,078	187,262
Material expense	16	- 3,986,321	- 3,039,673
Personnel expense	17	- 2,222,890	- 1,657,814
Depreciation on tangible and intangible assets	18	- 676,834	- 315,128
Other operating expense	19	- 1,544,010	- 973,147
Investment income	20	7,020	6,933
Depreciation on financial assets and investment securities	18	- 111	- 1,072
Net interest income	21	- 193,518	- 26,506
Profit on ordinary activities		526,050	440,420
Taxes on profit		- 207,117	- 156,324
Other taxes		- 44,556	- 23,374
Net income	22	274,377	260,722

**Linde AG Balance Sheet** in € '000

Assets	Note	31. 12. 2000	31. 12. 1999
Intangible assets		51,246	26,757
Tangible assets		157,737	169,380
Financial assets		3,078,335	3,107,201
Fixed assets	1	3,287,318	3,303,338
Inventories	3	457,449	441,538
Less payments in advance from customers		- 304,422	- 250,995
		153,027	190,543
Receivables and other assets	4	3,431,155	3,083,797
Investment securities	5	224,315	266,066
Cash and cash equivalents	6	30,460	11,130
Current assets		3,838,957	3,551,536
Balance sheet total		7,126,275	6,854,874

Liabilities and Shareholders' Equity	Note	31. 12. 2000	31. 12. 1999
Capital subscribed		305,311	305,311
Capital reserve		2,595,863	2,595,863
Retained earnings		509,503	509,503
Net disposable profit		161,004	134,766
Equity capital	8	3,571,681	3,545,443
Special tax-allowable reserve	9	9,347	-
Provisions for pensions and similar obligations		466,605	454,181
Other provisions	10	373,800	323,398
Provisions		840,405	777,579
Bank debt		1,318,027	2,073,551
Other liabilities		1,386,815	458,301
Liabilities	11	2,704,842	2,531,852
Balance sheet total		7,126,275	6,854,874

Linde AG Income Statement in € '000

	Note	2000	1999
Sales	13	1,808,913	2,217,831
Changes in inventories and own work capitalised	14	- 43,722	- 122,820
Total output		1,765,191	2,095,011
Other operating income	15	97,337	113,443
Material expense	16	- 928,734	- 1,065,998
Personnel expense	17	- 581,376	- 645,252
Depreciation on tangible and intangible assets	18	- 60,785	- 84,421
Other operating expense	19	- 308,802	- 334,213
Investment income	20	241,713	116,521
Depreciation on financial assets and investment securities	18	- 767	- 460
Net interest income	21	- 87	3,688
Profit on ordinary activities		223,690	198,319
Taxes on profit		- 61,476	- 48,490
Other taxes		- 1,210	- 1,544
Net income		161,004	148,285
Retained earnings		-	- 13,519
Net disposable profit		161,004	134,766



Fixed Assets in € '000

	Acquisition and Manufacturing Cost		
	1. 1. 2000	Changes and adjustments	Additions
Linde Group			
Goodwill	-	3,222,734	169,742
Franchise, industrial property rights and similar rights and values and licences thereunder	195,787	103,375	55,321
Payments in advance	1,897	52	226
Intangible assets	197,684	3,326,161	225,289
Land freehold and leasehold and buildings, including buildings on non-owned land	1,293,490	504,130	66,648
Technical equipment and machinery	2,327,520	2,009,771	311,692
Fixtures, furniture and equipment	1,382,420	1,175,626	263,495
Payments in advance and plant under construction	278,969	32,751	58,957
Tangible assets	5,282,399	3,722,278	700,792
Investments in affiliated companies	208,860	- 157,529	2,174
Loans to affiliated companies	3,684	- 3,579	-
Investments in associated companies	10,200	1,155	1,029
Investments in related companies	26,666	49,081	21,903
Loans to related companies	418	184	48
Investment securities	3,598	1,258	354
Other loans	9,524	9,675	2,945
Financial assets	262,950	- 99,755	28,453
Fixed assets, Linde Group	5,743,033	6,948,684	954,534
Linde AG			
Franchise, industrial property rights and similar rights and values and licences thereunder	53,950		37,027
Payments in advance	1,099		-
Intangible assets	55,049		37,027
Land freehold and leasehold and buildings, including buildings on non-owned land	297,115		4,323
Technical equipment and machinery	274,527		8,753
Fixtures, furniture and equipment	192,473		18,702
Payments in advance and plant under construction	7,267		7,100
Tangible assets	771,382		38,878
Investments in affiliated companies	3,190,598		21,159
Loans to affiliated companies	-		-
Investments in associated companies	10,355		21,772
Loans to related companies	244		-
Other loans	1,967		316
Financial assets	3,203,164		43,247
Fixed assets, Linde AG	4,029,595		119,152

Disposals	Transfers	31. 12. 2000	Depreciation		Net Book Value	
			During fiscal year	Cumulative to end of fiscal year	31. 12. 2000	31. 12. 1999
-	-	3,392,476	106,675	106,675	3,285,801	-
32,564	2,009	323,928	27,179	223,782	100,146	101,117
81	- 1,115	979	-	-	979	1,897
32,645	894	3,717,383	133,854	330,457	3,386,926	103,014
29,979	37,998	1,872,287	53,467	742,437	1,129,850	750,068
67,049	78,527	4,660,461	255,636	2,618,701	2,041,760	839,984
133,079	84,115	2,772,577	232,879	1,724,232	1,048,345	490,976
7,347	- 201,534	161,796	998	571	161,225	278,968
237,454	- 894	9,467,121	542,980	5,085,941	4,381,180	2,359,996
17,998	- 1,986	33,521	78	1,148	32,373	166,313
31	-	74	-	-	74	3,684
-	-	12,384	-	768	11,616	9,432
3	1,986	99,633	181	400	99,233	26,447
151	-	499	-	-	499	418
75	-	5,135	25	388	4,747	3,282
2,447	-	19,697	3	25	19,672	9,509
20,705	-	170,943	287	2,729	168,214	219,085
290,804	-	13,355,447	677,121	5,419,127	7,936,320	2,682,095
5,305	446	86,118	12,538	35,525	50,593	25,658
-	- 446	653	-	-	653	1,099
5,305	-	86,771	12,538	35,525	51,246	26,757
6,422	1,438	296,454	12,835	218,722	77,732	86,915
11,559	3,285	275,006	12,044	241,104	33,902	33,998
10,041	170	201,304	23,368	164,643	36,661	41,200
32	- 4,893	9,442	-	-	9,442	7,267
28,054	-	782,206	48,247	624,469	157,737	169,380
70,684	- 1,973	3,139,100	767	95,962	3,043,138	3,095,403
-	-	-	-	-	-	-
-	1,973	34,100	-	768	33,332	9,587
101	-	143	-	-	143	244
561	-	1,722	-	-	1,722	1,967
71,346	-	3,175,065	767	96,730	3,078,335	3,107,201
104,705	-	4,044,042	61,552	756,724	3,287,318	3,303,338



Annex

Segment Information in € million

	Engineering and Contracting		Material Handling	
	2000	1999	2000	1999
Fixed assets and AGA acquisition	142	139	690	608
Inventories	- 26	- 167	595	559
Trade receivables	59	92	668	608
Other assets	64	159	113	125
Cash and cash equivalents	430	388	-	-
Balance sheet total	669	611	2,066	1,900
Capital employed	170	185	1,307	1,195
Provisions and special tax-allowable reserve	372	327	374	340
Trade payables	75	67	260	243
Other liabilities	52	32	125	122
Balance sheet total	669	611	2,066	1,900
Sales	909	1,117	2,951	2,617
EBITDA	59	61	363	320
Depreciation on tangible assets	- 20	- 18	- 119	- 103
EBITA	39	43	244	217
Amortisation of goodwill	-	-	-	-
EBIT	39	43	244	217
Net interest	- 3	- 3	- 27	- 12
Earnings before taxes	36	40	217	205
Return on capital employed (ROCE) in %	22.0	23.4	19.5	19.9
Profit margin on sales in %	4.0	3.6	7.4	7.8
DVFA/SG cash flow	51	49	276	242
Change in net working capital	41	- 17	- 20	- 91
Capital expenditure	21	37	172	241
AGA acquisition	-	-	-	-
Employees (31.12.)	3,897	4,040	17,310	15,890

Refrigeration		Industrial Gases		Other		Group	
2000	1999	2000	1999	2000	1999	2000	1999
121	128	3,490	1,640	3,493	3,767	7,936	6,282
136	130	199	86	- 90	- 42	814	566
289	271	662	304	56	39	1,734	1,314
21	38	279	148	193	- 27	670	443
-	-	-	-	91	10	521	398
567	567	4,630	2,178	3,743	3,747	11,675	9,003
292	294	3,090	1,650	3,462	3,482	8,321	6,806
176	164	1,079	269	231	323	2,232	1,423
66	73	210	102	12	11	623	496
33	36	251	157	38	- 69	499	278
567	567	4,630	2,178	3,743	3,747	11,675	9,003
935	892	3,784	1,615	- 129	- 47	8,450	6,194
34	49	965	447	- 76	- 124	1,345	753
- 22	- 19	- 446	- 213	37	38	- 570	- 315
12	30	519	234	- 39	- 86	775	438
-	-	-	-	- 107	-	- 107	-
12	30	519	234	- 146	- 86	668	438
- 8	- 3	- 86	- 14	- 63	11	- 187	- 21
4	27	433	219	- 209	- 74	481	417
4.1	11.0	15.5	15.7			9.8	10.2
0.4	3.0	11.4	13.6			5.7	6.7
32	38	746	342	- 106	- 68	999	603
- 7	- 62	- 180	- 79	- 95	58	- 261	- 191
30	50	773	557	- 17	-	979	885
-	-	-	-	-	3,600	-	3,600
6,798	6,535	18,661	8,690	460	442	47,126	35,597



Linde Group Statements of Cash Flows in € '000

	2000	1999
Net income	+ 274,377	+ 260,722
Depreciation on fixed assets	+ 676,945	+ 315,454
Addition to pension provisions	+ 49,831	+ 27,245
Net addition to special tax-allowable reserve	- 2,074	- 573
Cash flow	+ 999,079	+ 602,848
Changes		
Inventories net of payments in advance from customers	- 107,519	- 55,960
Trade receivables	- 95,877	- 279,330
Trade payables	- 28,814	+ 73,525
Other net working capital (1999 including effects from currency translation)	- 28,328	+ 70,962
Total change in net working capital	- 260,538	- 190,803
Operating cash flow	+ 738,541	+ 412,045
Capital expenditure	- 978,904	- 885,180
AGA acquisition	-	- 3,599,958
Proceeds from the disposal of fixed assets	+ 70,500	+ 39,557
Net capital expenditure	- 908,404	- 4,445,581
Increases in capital	-	+ 1,453,924
Change in minority interests	- 113,397	+ 122
Dividends paid	- 142,525	- 103,698
Change in loans and bank debt	+ 249,987	+ 2,401,795
Financing including dividend payments	- 5,935	+ 3,752,143
Change in cash and cash equivalents	- 175,798	- 281,393
Opening balance of cash and cash equivalents	+ 397,902	+ 679,295
Increases from changes in Group structure	+ 299,499	-
Effects due to currency translation	- 450	-
Closing balance of cash and cash equivalents	+ 521,153	+ 397,902

General Information

The notes to the Financial Statements for the Linde Group and for Linde AG are combined. Positions summarised in the balance sheets and income state-

ments to improve clarity are explained individually in the notes.

Scope of Consolidation

The Group Financial Statements comprise Linde AG and 39 domestic companies, as well as 289 non-German companies in which Linde AG has a direct or indirect majority of the voting rights. Two companies have been consolidated on a pro-rata basis. In the reporting year, 156 companies have been incorporated for the first time, of which 135 are part of the AGA Group.

17 domestic and 50 non-German companies have not been incorporated because of their minor significance in terms of the Group's assets, financial

situation and earnings.

In accordance with regulations on associated companies, 1 domestic and 3 non-German companies have been included.

The equity method was not applied to 66 associated companies due to their relative insignificance.

The major companies of the Linde Group are listed on pages 78 to 79. A list of the complete shareholdings of the Linde Group and Linde AG is held at the Commercial Register of the Local Court (Amtsgericht) of Wiesbaden.

Changes to Group structure had the following effects on the Group Financial Statements for 2000:

Balance Sheet	
€ million	
Fixed assets	1,138.6
Current assets	597.9
Balance sheet total	1,736.5
Equity/special tax-allowable reserve	22.7
Provisions	733.6
Liabilities	980.2
Balance sheet total	1,736.5

Income Statement (excerpts)	
€ million	
Sales	1,967.6
Other operating income	118.4
Personnel expense	465.6
Depreciation	324.7
Other operating expense	494.9
Net interest income	- 56.6



Principles of Consolidation

Capital consolidation is based on the book value method, whereby book values are offset against the pro-rata equity capital of Group companies on the date of acquisition or initial consolidation. Wherever possible, the excess of the purchase price is allocated to the appropriate balance sheet items. Any remaining credit balance – in anticipation of the move over to preparing financial statements in accordance with international accounting standards – is capitalised from fiscal year 2000 as goodwill and amortised over its expected useful life. In previous years acquired goodwill was offset against retained earnings.

Consolidation based on the equity method follows the same principles. Intercompany profits and losses, income and expenditure, and accounts receivable and payable involving the consolidated companies have been eliminated.

Intercompany profits and losses of associated companies are not significant and have therefore not been eliminated.

Pro-rata net disposable profits of the consolidated companies and consolidation measures affecting results are posted under Group retained earnings. This has the effect that the same amount of net disposable profit is shown in the balance sheets of Linde Group and Linde AG.

Accounting and Valuation Principles

The Financial Statements of companies consolidated in the Linde Group have been prepared on the basis of standard accounting and valuation principles. Any valuations in the accounts of associated companies which use different principles have been retained because of their minor significance.

Purchased intangible assets are reported at historical costs less straight-line amortisation. The amortisation period for goodwill is between 10 to 40 years.

Tangible assets are reported at historical or manufacturing cost less scheduled depreciation based on expected useful life. Expected useful life is 25 to 50 years for buildings, 6 to 15 years for technical equipment and machinery and 4 to 10 years for fixtures, furniture and equipment.

Mainly in German companies assets are depreciated using the diminishing balance method, but changing to the straight line method where this would result in higher depreciation charges. Additions in the first half of the financial year are depreciated at the full rate for the year, while assets acquired later in the year are depreciated at half the annual rate. Low-value assets are written off completely in the year of acquisition. Where permitted under taxation rules, additional depreciation is applied in Linde AG.

The straight-line depreciation method is applied in the Linde Group Financial Statements.

Shares in affiliated companies and in related companies are reported at historical cost or market value, if lower. In the Group Financial Statements, shares in the main associated companies are capitalised at pro-rate value using the book value method. Loans made at no interest or a low interest rate are shown in the balance sheet at their discounted value or the lower value admissible under applicable tax rules.

Inventories are reported at lower of cost or market. The manufacturing cost includes the direct costs and production and material overheads. For certain inventories of a similar type the last in/first out method is used. This assumes that stocks acquired last were consumed or disposed of first. Appropriate allowances are made for inventory risks arising from storage time, reduction in usability etc. The valuation of receivables and other assets includes an appropriate adjustment for all identifiable losses.

Provisions for direct pension obligations for German consolidated companies are calculated according to the actuarial principles specified in s. 6a of EStG (German Income Tax Act). The implicit interest rate is 6 percent and the figure is based on the 1998 life expectancy tables drawn up by Dr. Klaus Heubeck. Foreign companies have created pension provisions based on comparable principles, which reflect their national laws.

The value of the remaining provisions reflects all quantifiable risks and uncertain obligations.

Liabilities are shown at the amount repayable.

Derivatives in the form of forward contracts, options and swap arrangements are used as a hedge against changes in interest rates, exchange rates and price changes. Derivative instruments are used to

optimise financing as well as for hedging purposes, and are subject to detailed guidelines which lay down fixed limits. Where valuation units based on the underlying transaction can be established, these are shown in the balance sheet. Provisions are established to cover negative movement on the market of other derivative financial instruments.

Foreign Currency Translation

In the individual financial statements, foreign currency receivables are, if necessary, translated at the lower bid rate applicable at balance sheet cut-off date. Hedged receivables are shown at the relevant forward rate.

Liabilities in foreign currency are valued at either the higher of ask rate on date of transaction or ask rate at balance sheet cut-off date.

In the consolidated Financial Statements, balance sheet items and depreciation of non-German consoli-

dated companies are shown at the average bid/ask rate at balance sheet cut-off date. Other items in the Income Statement – including, for the first time, net income – are converted at the annual average rate of exchange shown in €.

Conversion differences between cut-off date rate and average exchange rate were € 13.2 million and are posted to retained earnings in accordance with international accounting standards.

Exchange Rate for Currencies of Major Importance for the Group Financial Statements

		Average exchange rate on balance sheet cut-off date	Annual average exchange rate
		31.12.2000	2000
		€ 1 =	€ 1 =
Argentina	ARS	0.930500	0.923594
Australia	AUD	1.675400	1.588205
Brazil	BRL	1.811600	1.68465
Czech Republic	CZK	35.040000	35.584843
Denmark	DKK	7.462800	7.453784
Great Britain	GBP	0.623300	0.609443
Hungary	HUF	265.175000	260.723333
Mexico	MXN	8.920000	8.736275
Norway	NOK	8.271000	8.113106
Sweden	SEK	8.840000	8.442896
Switzerland	CHF	1.522100	1.557854
USA	USD	0.930500	0.923594



Notes to Balance Sheet

1 Fixed Assets

Movement in individual fixed assets are shown on pages 56 to 57. Changes and adjustments shown in the additional column result from changes in the Group structure and differences arising from currency translation.

2 Payments for the Acquisition of Shares of AGA AB

In the previous year payments for the acquisition of AGA AB shares were shown at € 3,599,958 thousand. In 2000, Linde Gas AG paid an additional € 23,567 thousand for the remaining shares.

3 Inventories

	Linde Group		Linde AG	
	2000	1999	2000	1999
€ '000				
Raw materials, supplies, utilities	227,763	186,428	66,018	66,435
Work in progress	797,333	580,849	196,251	239,237
Finished goods	552,698	459,808	57,986	62,777
Payments in advance to suppliers	178,061	118,107	137,194	73,089
	1,755,855	1,345,192	457,449	441,538

4 Receivables and Other Assets

	Linde Group		Linde AG	
	2000	1999	2000	1999
€ '000				
Trade receivables	1,733,953	1,313,855	157,888	158,718
(of which with a residual term of > 1 year)	(16,192)	(6,673)	(244)	(1,299)
Receivables from affiliated companies	35,632	44,263	3,094,671	2,812,460
(of which with a residual term of > 1 year)	(-)	(-)	(-)	(-)
Receivables from related companies	36,447	50,244	7,987	8,216
(of which with a residual term of > 1 year)	(1,506)	(3,773)	(-)	(-)
Other assets	553,211	322,522	170,609	104,403
(of which with a residual term of > 1 year)	(29,260)	(16,988)	(83)	(72)
	2,359,243	1,730,884	3,431,155	3,083,797

Other assets include accrued interest and tax refunds of € 76.9 million for the Group and € 75.2 million for Linde AG.

5 Investment Securities

Investment securities include shares and fixed-interest securities.

6 Cash and Cash Equivalents

Cash and cash equivalents relate to cheques, cash on hand and credit balances with banks.

7 Deferred Charges

This item includes, among others, deferred tax assets on those consolidation measures that affect profit or loss totalling € 7.8 million.



8 Equity Capital

In May 2000, the Annual General Meeting approved three new tranches of authorised capital, each of € 40 million, making a total of € 120 million.

Tranche I authorises the Executive Board, subject to approval by the Supervisory Board, to increase share capital by May 16, 2005 through one or several issues of bearer shares in return for cash contributions up to € 40 million. Shareholders shall be granted subscription rights subject to certain restrictions (exclusion of subscription rights to an amount of € 3.5 million to be issued as employee shares).

Tranche II authorises the Executive Board, subject to approval by the Supervisory Board, to increase share capital by May 16, 2005 through one or several issues of bearer shares in return for cash contributions up to € 40 million, with shareholders to be granted subscription rights. However, subscription rights may be excluded up to an amount equalling 10 percent of share capital if the issue price is not significantly lower than the share price of the shares already being traded on the stock market.

Tranche III authorises the Executive Board, subject to approval by the Supervisory Board, to increase share capital by May 16, 2005 through one or several

issues of bearer shares in return for cash or non-cash contributions up to € 40 million. Shareholders' subscription rights may be excluded if an increase in capital by non-cash contributions is performed with the object of acquiring a company or a participating interest in a company.

Apart from this, a general provision exists to exclude subscription rights where peak amounts are involved, or as a measure to safeguard the rights of holders/claimants of convertible bonds or warrant-linked bonds to exercise their issue rights.

The Annual General Meeting also approved a conditional increase in share capital of up to € 50 million. The conditional increase in capital covers the rights of holders/claimants of convertible bonds or warrant-linked bonds to a total nominal value of € 1 billion with a maximum term of 20 years, the Executive Board having been authorised to issue such bonds up to May 16, 2005.

Subscribed capital remained unchanged over the previous year at € 305,311,063.04. As of balance sheet cut-off date 119,262,134 shares had been issued.

Capital reserve

The capital reserve of Linde AG remains unchanged at € 2.596 billion.

Retained earnings	
€ '000	
Balance at January 1, 2000, Group	881,255
Group net income appropriated to retained earnings	111,606
Net effect of currency translation and consolidation	40,476
Balance at December 31, 2000, Group	1,033,337

9 Special Tax-Allowable Reserve

Special tax-allowable reserve of non-German subsidiaries has been established in accordance with relevant national regulations. Special reserves in

Linde AG are shown in accordance with s. 6b EStG (German Income Tax Act).

10 Other Provisions

	Linde Group		Linde AG	
	2000	1999	2000	1999
€ '000				
Provisions for taxes	342,583	135,880	17,940	19,725
Other provisions	1,061,355	628,178	355,860	303,673
	1,403,938	764,058	373,800	323,398

- Other provisions include amounts for
- outstanding invoices and expenditure missing from billed goods and services
 - personnel expenditure
 - warranty obligations and risks resulting from pending transactions
 - other obligations and risks from current business

11 Liabilities

Linde Group	2000			2000	1999
	Residual term up to 1 year	Residual term over 1 up to 5 years	Residual term over 5 years	Total	Total
€ '000					
Bonds and other notes	460,496	401,622	1,000,000	1,862,118	-
Bank debt	1,001,088	1,289,988	26,744	2,317,820	2,740,166
(of which secured by liens on property)				(13,701)	(14,735)
Financial debt	1,461,584	1,691,610	1,026,744	4,179,938	2,740,166
Trade payables	615,605	6,471	587	622,663	495,604
Liabilities from bills accepted and bills issued	9,988	-	-	9,988	9,378
Liabilities to affiliated companies	26,645	-	-	26,645	15,438
Liabilities to related companies	6,538	-	-	6,538	3,673
Other liabilities	173,216	216,857	23,396	413,469	231,985
(of which for taxes)				(167,338)	(90,973)
(of which for social security contributions)				(34,291)	(22,569)
(of which secured by liens on property)				(5,113)	(4,090)
Liabilities excluding financial debt	831,992	223,328	23,983	1,079,303	756,078
Total liabilities	2,293,576	1,914,938	1,050,727	5,259,241	3,496,244
(of which secured by liens on property)				(18,814)	(18,825)



Bonds and other notes totalling € 1.862 billion include liabilities totalling € 495.7 million comprising commercial papers and private placements.

As part of the € 4 billion debt issuance programme, Linde Finance B.V. has issued bonds with a

coupon of 6.375% totalling € 1 billion, as well as partially listed debentures totalling € 366.5 million. These bonds and debentures have been issued in different currencies.

Linde AG	2000			2000	1999
	Residual term up to 1 year	Residual term over 1 up to 5 years	Residual term over 5 years	Total	Total
€ '000					
Bank debt	317,969	1,000,058	-	1,318,027	2,073,551
(of which secured by liens on property)				(93)	(156)
Trade payables	51,316	92	-	51,408	49,029
Liabilities to affiliated companies	1,263,826	-	-	1,263,826	352,931
Liabilities to related companies	303	-	-	303	175
Other liabilities	71,273	5	-	71,278	56,166
(of which for taxes)				(20,547)	(16,620)
(of which for social security contributions)				(853)	(937)
(of which secured by liens on property)				(5,113)	(4,090)
Total liabilities	1,704,687	1,000,155	-	2,704,842	2,531,852
(of which secured by liens on property)				(5,206)	(4,246)

12 Contingent Liabilities, Commitments

	Linde Group		Linde AG	
	2000	1999	2000	1999
€ '000				
Bills endorsed and negotiated	27,113	35,671	23,598	22,257
Guarantees	11,751	6,829	151,762	36,643
Warranties	63,007	42,690	490,071	113,787

Other financial commitments

€ 57.2 million (previous year: € 52.5 million).

Other financial commitments as at December 31, 2000 for the Linde Group were € 795.0 million (previous year: € 594.0 million) and for Linde AG

These relate to obligations arising from rental and leasing contracts, capital expenditure orders, call commitments etc.

13 Sales

Sales by Division and geographical region are shown in the tables below. Further segment information is given on pages 58 and 59.

By division	Linde Group		Linde AG	
	2000	1999	2000	1999
€ '000				
Engineering and Contracting	908,692	1,116,574	542,920	749,415
Material Handling	2,950,782	2,616,514	803,539	753,658
Refrigeration	935,276	891,983	465,637	462,795
Industrial Gases	3,783,892	1,614,851	–	267,004
Other	55,527	51,656	–	–
Consolidation	- 183,890	- 97,655	- 3,183	- 15,041
	8,450,279	6,193,923	1,808,913	2,217,831

By region	Linde Group		Linde AG	
	2000	1999	2000	1999
€ '000				
Germany	2,015,291	1,916,805	710,889	1,007,089
Other EU countries	3,327,029	2,525,690	580,145	547,751
Rest of Europe	915,626	596,029	127,877	209,250
America	1,746,600	642,515	199,333	177,219
Asia	248,587	247,577	107,496	152,963
Africa	75,024	103,570	50,465	81,021
Australia	122,122	161,737	32,708	42,538
	8,450,279	6,193,923	1,808,913	2,217,831



14 Changes in Inventories and Own Work Capitalised

	Linde Group		Linde AG	
	2000	1999	2000	1999
€ '000				
Changes in stocks of finished goods and work in progress	226,785	- 49,247	- 46,337	- 135,264
Other internal work capitalised	191,572	114,889	2,615	12,444
	418,357	65,642	- 43,722	- 122,820

15 Other Operating Income

Other operating income rose from € 187.3 million to € 274.1 million. This item includes income from the sale of investment funds, from the disposal of fixed assets, of which € 71.9 million was from the disposal of financial assets, currency exchange profits, income from commercial undertakings and revenue from the reversal of provisions.

Income in the Linde Group from the reduction of special tax-allowable reserve totalled € 4.2 million (previous year: € 1.4 million).

16 Material Expense

	Linde Group		Linde AG	
	2000	1999	2000	1999
€ '000				
Cost of raw materials, supplies and utilities, goods purchased	3,676,077	2,738,179	862,267	987,178
Services purchased	310,244	301,494	66,467	78,820
	3,986,321	3,039,673	928,734	1,065,998

17 Personnel Expense

	Linde Group		Linde AG	
	2000	1999	2000	1999
€ '000				
Wages and salaries	1,738,744	1,313,604	457,088	508,565
Social security contributions	367,530	259,970	82,550	91,708
Pensions	113,032	81,875	41,392	44,701
Welfare	3,584	2,365	346	278
	2,222,890	1,657,814	581,376	645,252

The average number of employees (excluding trainees) by Division is as follows:

	Linde Group		Linde AG	
	2000	1999	2000	1999
Engineering and Contracting	3,834	3,949	2,370	2,441
Material Handling	16,453	15,121	3,290	3,415
Refrigeration	6,639	6,308	3,208	3,206
Industrial Gases	18,923	8,556	-	1,237
Other	435	425	344	342
	46,284	34,359	9,212	10,641

18 Depreciation

Depreciation charged by Linde AG on fixed assets during 2000 as required under German tax law (s. 6b EStG) totalled € 6.5 million.

The impact on net income of Linde AG of the special depreciation for 2000 and prior years as provided under German tax law was minor.

19 Other Operating Expense

Other operating expense increased from € 973.1 million to € 1.544 billion. This figure includes € 189.1 million for rent and leasing charges (previous year: € 121.8 million), € 122.3 million for statutory levies and insurance premiums (previous year: € 96.2 million), € 272.9 million for freight (previous year: € 124.9 million), € 134.8 million for third-party repairs and servicing (previous year: € 89.4 million)

and € 208.6 million for travel, representation and marketing (previous year: € 134.7 million). The total figure also includes € 45.0 million expenses for restructuring measures in the Refrigeration Division. Amounts allocated to special tax-allowable reserve for the Linde Group came to € 2.6 million (previous year: € 0.8 million).

20 Investment Income

	Linde Group		Linde AG	
	2000	1999	2000	1999
€ '000				
Income from profit transfer agreements	1,451	1,335	31,344	36,703
Income from investments (of which from affiliated companies)	2,581 (284)	4,550 (2,144)	212,532 (211,942)	80,193 (79,948)
Income from associated companies	3,148	1,231	749	540
Expense from loss sharing agreements	160	183	2,912	915
	7,020	6,933	241,713	116,521



21 Net Interest Income

	Linde Group		Linde AG	
	2000	1999	2000	1999
€ '000				
Income from long-term loans	2,335	597	111	185
(of which from affiliated companies)	(12)	(-)	(-)	(-)
Other interest and similar income	67,569	48,289	156,296	49,113
(of which from affiliated companies)	(542)	(279)	(125,741)	(16,792)
Interest and similar charges	263,422	75,392	156,494	45,610
(of which to affiliated companies)	(597)	(183)	(55,057)	(5,941)
	- 193,518	- 26,506	- 87	3,688

22 Net Income

Net income for the Group includes profit attributable to minority interests totalling € 5.6 million and losses attributable to minority interests totalling € 3.8 million.

Total Remuneration of the Supervisory Board and Executive Board

In 2000, total remuneration paid to the members of the Supervisory Board totalled € 1,290,629 (previous year: € 1,304,577).

Total remuneration paid to members of the Executive Board of Linde AG totalled € 6,049,971 (previous year: € 3,676,413) and a total of € 6,101,803 (previous year: € 3,811,013) for the Group.

Total remuneration to former members of the Executive Board and their dependants totalled € 1,455,730 (previous year: € 1,424,964).

A total of € 13,718,807 (previous year: € 13,819,381) was recorded for pension liabilities in respect of former members of the Executive Board and their dependants.

The names of the members of the Supervisory Board and Executive Board are listed in the overview on page 3.

Wiesbaden, March 2001

Linde Aktiengesellschaft
Executive Board

Full	Grafoner	Belloni	Brahms
Krossa	Schling	Schmohl	Tandler

Auditor's Opinion

We have audited the annual financial statements, together with the bookkeeping system, of Linde AG, Wiesbaden, as well as the consolidated financial statements and its report on the position of the Company and the Group prepared by the Company for the business year from January 1 to December 31, 2000. The preparation of these documents 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, as well as on the consolidated financial statements and the report on the position of the Company and the Group based on our audit.

We conducted our audit of the annual and consolidated financial statements in accordance with § 317 HGB ["Handelsgesetzbuch: German Commercial Code"] and the German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (IDW). 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 and the consolidated financial statements in accordance with principles of proper accounting and in the report on the position of the Company and the Group are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Company and the Group and evaluations of possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the internal control system relating to the accounting system and the evidence supporting the disclosures in the books and

records, the annual and consolidated financial statements and the report on the position of the Company and the Group are examined primarily on a test basis within the framework of the audit. The audit includes assessing the accounting and consolidation principles used and significant estimates made by Executive Board, as well as evaluating the overall presentation of the annual and the consolidated financial statements and the report on the position of the Company and the Group. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations. In our opinion, the annual and the consolidated financial statements give a true and fair view of the net assets, financial position and results of operations of the Company and the Group, respectively, in accordance with principles of proper accounting. On the whole the report on the position of the Company and the Group provides a suitable understanding of the Company's and the Group's position and suitably presents the risks of future development.

Frankfurt/Main, March 7, 2001

KPMG Deutsche Treuhand-Gesellschaft
Aktiengesellschaft

Wirtschaftsprüfungsgesellschaft

Zielke	Bauer
German Public Auditor	German Public Auditor

Other Board Memberships

as of Dec. 31, 2000

Supervisory Board

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

Dr. Hans Meinhardt

Chairman of the Supervisory Board of Linde AG
Membership of other German supervisory boards:

External offices:

Beiersdorf AG (Chairman)
KarstadtQuelle AG (Chairman)
Karstadt Warenhaus AG (Chairman)
Linde Gas AG (Chairman)

Membership of comparable domestic and foreign boards:

External offices:

nv W.A. Hoek's Machine- en Zuurstoffabriek
(Deputy Chairman of the Supervisory Board)

Jakob Staub

Deputy Chairman of the Supervisory Board of Linde AG,
Chairman of the Works Council of Linde Refrigeration,
Refrigeration and Shop Equipment Business Unit,
Cologne-Sürth

Dr. Henning Schulte-Noelle

Second Deputy Chairman of the Supervisory Board
of Linde AG,
Chairman of the Executive Board of Allianz AG
Membership of other German supervisory boards:

External offices:

BASF AG
Dresdner Bank AG
E.ON AG
Münchener Rückversicherungs-AG (Deputy
Chairman)
Siemens AG
ThyssenKrupp AG

Group offices:

Allianz Versicherungs-AG (Chairman)
Allianz Lebensversicherungs-AG (Chairman)

Membership of comparable domestic and
foreign boards:

External offices:

Vodafone Group Plc (Member of the Board
of Directors)

Group offices:

Assurances Générales de France (Deputy President
of the Executive Board)
Elvia Versicherungen (Deputy President of the
Executive Board)
Fireman's Fund (Member of the Board of Directors)
RAS (Deputy President of the Executive Board)

Dr. Josef Ackermann

Member of the Executive Board of Deutsche Bank AG
Membership of other German supervisory boards:

External offices:

Eurex Frankfurt AG
Membership of comparable domestic and
foreign boards:

External offices:

Eurex Zürich AG (Member of the Executive Board)
Stora Enso, Helsinki (Member of the Executive
Board)
Vodafone Group Plc (Member of the Board of
Non-Executive Directors)

Group offices:

Deutsche Bank Luxemburg SA (Chairman of the
Executive Board)

Dr. Karl-Hermann Baumann

Chairman of the Supervisory Board of Siemens AG
Membership of other German supervisory boards:

External offices:

Allianz AG
Deutsche Bank AG
E.ON AG
mg technologies ag
Schering AG
Siemens AG (Chairman)
ThyssenKrupp AG
Wilhelm von Finck AG

Dr. Gerhard Beiten

Attorney-at-Law,
Member of the Executive Board of the Landesverband
Bayern der Deutschen Schutzvereinigung für Wert-
papierbesitz e. V. (DSW)

Membership of other German supervisory boards:

External offices:

Atecs Mannesmann AG
IWKA Industrierwerke Karlsruhe Augsburg AG
MVS Miete Vertrieb Service AG

Rüdiger Bouillon

Department Head on the Main Executive Committee of IG Bergbau, Chemie, Energie; Humanisation of Collective Bargaining Policy

Membership of other German supervisory boards:

External offices:

Linde Gas AG (Deputy Chairman)

Otto Forchel

Trade Union Secretary on the Executive Board of IG Metall, Frankfurt

Membership of other German supervisory boards:

External offices:

Alcatel SEL AG

Alcatel Deutschland GmbH

DaimlerChrysler Rail Systems GmbH

Gernot Hahl

Chairman of the Works Council at the Worms plant, Linde Gas AG

Joachim Hartig

Chairman of the Works Council, Linde Material Handling, Industrial Trucks and Hydraulics Business Unit, Aschaffenburg

Klaus Heinrich Hofmann

Head of Production, Linde Material Handling, Industrial Trucks and Hydraulics Business Unit (from November 11, 2000)

Dr. Wolfgang H. Jentsch

Former Deputy Chairman of the Executive Board of BASF AG

(until May 17, 2000)

Membership of other German supervisory boards:

External offices:

BASF AG

Linde Gas AG

Hans-Dieter Katte

Chairman of the Works Council, Linde Engineering and Contracting, Process Engineering and Contracting Business Unit, Höllriegelskreuth

Dr. Martin Kohlhausen

Spokesman for the Executive Board of Commerzbank AG

Membership of other German supervisory boards:

External offices:

Bayer AG

Heraeus Holding GmbH

Hochtief AG

Infineon Technologies AG (Deputy Chairman)

KarstadtQuelle AG

Schering AG

Group offices:

RHEINHYP Rheinische Hypothekenbank AG

(Chairman)

Membership of comparable domestic and foreign boards:

External offices:

Assicurazioni Generali S.P.A. (Member of the Executive Board)

DaimlerChrysler AG (Member of the Shareholder Committee)

Group offices:

Commerzbank International S.A. (CISAL)

(Chairman of the Board of Directors)

Commerzbank (Schweiz) AG (President of the Executive Board)

Commerzbank (South East Asia) Ltd. (Chairman of the Board of Directors)

Rainer Schmidt

Chairman of the Works Council, STILL GmbH, Hamburg plant

Hermann J. Strenger

Chairman of the Supervisory Board of Bayer AG

Membership of other German supervisory boards:

External offices:

Bayer AG (Chairman)

Commerzbank AG

Membership of comparable domestic and foreign boards:

External offices:

Agfa-Gevaert N.V. (Deputy Chairman of the Executive Board)

Prof. Dr. Jürgen F. Strube

Chairman of the Executive Board of BASF AG
(from May 17, 2000)

Membership of other German supervisory boards:

External offices:

Allianz Lebensversicherungs-AG
Bertelsmann AG
Commerzbank AG
Hapag-Lloyd AG
Hochtief AG

Membership of comparable domestic and foreign boards:

External offices:

Germany Fund (Member of the Board of Directors)
Central European Equity Fund (Member of the Board of Directors)

Group offices:

BASFIN Corporation (Chairman of the Board of Directors)

Otmar Zimmermann

Head of Commercial Services, Germany, Linde Gas AG
(until July 1, 2000)

Executive Board

In addition to their individual management functions within the Group and Group companies, members of the Executive Board of Linde Aktiengesellschaft are members of the following German supervisory boards and comparable domestic and foreign boards:

Gerhard Full

President and Chief Executive Officer of the Executive Board

Dr. Peter Grafoner

Deputy President and Chief Executive Officer of the Executive Board
(from September 1, 2000)

Dr. Aldo Belloni

Member of the Executive Board

Hero Brahms

Member of the Executive Board

Membership of other German supervisory boards:

External offices:

Deutsche Post AG
Georgsmarienhütte Holding GmbH

Group offices:

Linde Gas AG

Hubertus Krossa

Member of the Executive Board

Membership of other German supervisory boards:

External offices:

Bauknecht Hausgeräte GmbH

Group offices:

STILL GmbH

Falko Schling

Member of the Executive Board

Dr. Hans-Peter Schmohl

Member of the Executive Board
(from February 1, 2000)

Membership of other German supervisory boards:

External offices:

EADS Airbus GmbH

Group offices:

STILL GmbH (Chairman)

Gerold Tandler

Member of the Executive Board

Membership of other German supervisory boards:

External offices:

Walter Bau-AG

Group offices:

Linde Gas AG

Management Structure

as of Jan. 1, 2001

Executive Board	Divisional Responsibilities	Group Management Duties
Gerhard Full (President and Chief Executive Officer)	Industrial Gases	Group Headquarters, Executive Management
Dr. Peter Grafoner (Deputy President and Chief Executive Officer)		Organisation, IT
Dr. Aldo Belloni	Engineering and Contracting	Patents
Hero Brahms		Accounts, Taxes, Business Administration, Controlling
Hubertus Krossa	Material Handling (C)*	Marketing
Falko Schling	Refrigeration (T)*	Central Technical Functions
Dr. Hans-Peter Schmohl	Material Handling (T)*	
Gerold Tandler	Refrigeration (C)*	Treasury, Personnel (Labour Director)

* (T) = Technical Operations (C) = Commercial Operations

Group Headquarters	Engineering and Contracting	Material Handling	Refrigeration	Industrial Gases
	Process Engineering and Contracting Business Unit	Industrial Trucks and Hydraulics Business Unit	Refrigeration and Shop Equipment Business Unit	Linde Gas AG
Corporate Communications, Corporate Planning (Gerhard Full)	Management Board	Management Board	Management Board	Executive Board
Organisation, IT (Dr. Peter Grafoner)	Franz Habicht	Erwin Bruckmoser	(Hubertus Krossa)	(Gerhard Full) (President and Chief Executive Officer)
Business Administration, Controlling	Dr. Markus Raab	Dr. Ferdinand Megerlin (Spokesman)	Stephan Schaller	Lennart Selander (Deputy Chief Executive Officer)
Heinrich Schmitz	Werner Schwarzmeier	Ralf Mock		Dr. Gunnar Eggendorfer
Accounts, Taxation		STILL GmbH		Dr. Rainer Goedl
Dr. Klaus Gröhn		Management Board		Dr. Folker Metzler
Treasury		Horst Peter Jäger		
Erhard Wehlen		Norbert Pfeiffer		
Marketing (Hubertus Krossa)		Jens Reinecke		nv W.A. Hoek's Machine- en Zuurstoffabriek
Personnel		FIAT OM Carrelli Elevatori S.p.A.		Executive Board
Dr. Lutz Klingelhöfer		Management Board		Bernard Fortuyn
Legal		Dr. Daniele Signorini		
Hans-Georg Haeseler				
Technical (Falko Schling)				

Further Information on Linde Group Holdings

as of Dec. 31, 2000

	Country	Equity capital	Sales	Earnings after payment of taxes on profits	Total workforce
		€ '000	€ '000	€ '000	
Engineering and Contracting					
Linde-KCA-Dresden GmbH	D	63,200	147,059	3,269	536
Selas-Linde GmbH	D	921	30,883	1,088*	68
Linde (Australia) Pty. Ltd.	AUS	917	32,186	- 1,174	8
Lotepro Corporation	USA	9,464	30,293	839	32
Selas Fluid Processing Corp.	USA	6,362	51,758	297	84
The Pro-Quip Corporation	USA	11,144	106,725	1,896	386
Material Handling					
Linde Fördertechnik GmbH	A	7,787	35,882	1,441	102
Linde Materials Handling Pty. Ltd.	AUS	13,163	45,495	819	181
Linde Carretillas e Hidraulica, S.A.	E	23,152	96,391	5,738	183
Fenwick Linde Group France	F	84,304	439,977	16,275	1,868
Lansing Linde Group Great Britain	GB	126,811	442,502	3,663	1,775
Linde Güldner Italiana S.p.A.	I	18,677	94,812	3,596	99
Linde Milenz Truck A/B	S	6,583	42,643	1,214	103
Linde-Xiamen Gabelstaplergesellschaft mbH	TJ	40,452	55,061	- 12,405	704
Linde Lift Truck Corporation	USA	19,832	85,963	2,489	148
STILL GmbH	D	61,565	648,311	26,528*	3,293
STILL WAGNER GmbH & Co. KG	D	22,405	113,979	3,216	593
STILL N.V.	B	5,269	35,036	1,413	112
STILL, S.A.	E	9,592	40,363	968	88
STILL & SAXBY S.A.R.L.	F	44,531	249,224	2,299	1,068
STILL Materials Handling Ltd.	GB	9,442	46,099	3	69
STILL ITALIA S.p.A.	I	12,077	61,485	3,785	74
STILL Intern Transport B.V.	NL	8,165	54,248	1,118	199
FIAT OM Group	I	52,895	239,872	- 380	1,433
Refrigeration					
Linde Kältetechnik Ges.m.b.H.	A	10,507	73,298	3,060	257
Seral do Brasil S.A. - Indústria Metalúrgica	BR	3,066	45,169	- 1,843	409
LKS KälteSchweiz AG	CH	11,467	51,197	1,683	276
Linde Refrigeration Group France	F	6,504	72,666	- 12,096	367
Linde Refrigeration Group Great Britain	GB	5,969	178,950	- 13,338	856
Linde Refrigeration Group Italy	I	20,206	59,332	777	318

	Country	Equity capital	Sales	Earnings after payment of taxes on profits	Total workforce
		€ '000	€ '000	€ '000	
Industrial Gases					
Linde Gas AG	D	2,249,684	566,229	151,298	2,499
Tega-Technische Gase und Gasetechnik GmbH	D	478	41,630	1,735	142
Linde Gases Group Austria	A	67,272	89,161	7,998	343
Linde Gas Pty. Ltd.	AUS	38,842	34,438	8,462	134
AGA Group Brazil	BR	64,292	130,288	6,023	640
PanGas	CH	131,707	70,719	12,928	281
AGA Group Columbia	CO	35,678	41,870	10,478	246
Linde Technoplyn a.s.	CZ	112,768	80,676	6,617	635
AGA Group Denmark	DK	6,538	35,610	3,631	146
Abelló Linde, S.A.	E	43,032	61,772	3,340	319
Linde AGA Gases Group France	F	73,932	183,898	10,286	766
AGA Group Finland	FIN	97,152	106,856	16,501	385
Linde Gases Group Great Britain	GB	31,959	53,866	2,362	258
Linde Gas Ungarn AG	H	44,108	55,438	9,210	730
Linde Gases Group Italy	I	68,033	85,239	421	207
AGA Group Mexico	MEX	74,085	60,628	4,893	446
AGA Group Norway	N	36,896	88,415	12,512	337
nv W.A. Hoek's Machine- en Zuurstoffabriek	NL	215,229	424,193	26,246	1,809
AGA Group Netherlands	NL	17,727	55,461	10,972	224
LINDE GAZ POLSKA Spolka z o.o.	PL	37,478	30,796	- 2,552	426
AGA Group Puerto Rico	PR	11,551	38,361	4,148	250
AGA S.A.	RA	- 8,574	49,173	- 7,096	287
AGA Group Chile	RCH	37,745	31,841	3,946	218
AGA AB	S	690,565	265,540	156,579	1,017
Linde Gas Inc.	USA	74,670	163,621	- 7,814	79
AGA Group USA	USA	96,893	415,192	8,022	1,508
AGA Gas C.A.	YVA	33,051	33,546	3,073	178
Other					
MATRA-WERKE GmbH	D	5,223	55,527	3,675*	94

* profit and loss pooling agreement

Ten-Year Summary

		1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
Sales	€ million	3,534	3,852	3,667	4,074	4,236	4,500	4,881	5,490	6,194	8,450
Domestic	%	53.9	50.2	43.9	40.9	39.8	36.7	32.9	32.8	30.9	23.8
Foreign	%	46.1	49.8	56.1	59.1	60.2	63.3	67.1	67.2	69.1	76.2
Results											
Earnings before taxes	€ million	244	244	160	214	291	325	369	418	417	481
Net income	€ million	129	130	91	126	184	202	229	259	261	274
DVFA/SG income	€ million	149	143	111	132	172	190	213	244	243	273
Earnings per share ¹⁾²⁾	€	2.17	2.10	1.61	1.89	2.04	2.26	2.54	2.90	2.04	2.29
Dividend	€ million	53	53	49	54	69	75	84	95	135	135+26
Dividend per share ¹⁾	€	0.77	0.77	0.72	0.77	0.82	0.90	1.00	1.13	1.13	1.13+0.22 ³⁾
Number of shares ¹⁾	'000s	68,345	68,436	68,834	69,997	84,054	84,054	84,054	84,054	119,262	119,262
Asset Structure											
Fixed assets ⁴⁾	€ million	1,011	1,188	1,278	1,401	1,544	1,762	2,020	2,200	6,282	7,936
Inventories less											
payments in advance	€ million	205	255	321	270	354	480	431	510	566	814
Trade receivables	€ million	811	786	777	793	847	902	1,043	1,035	1,314	1,734
Cash and cash equivalents	€ million	844	807	608	598	932	834	746	679	398	521
Other assets	€ million	155	140	203	193	195	275	274	367	443	670
Total assets	€ million	3,026	3,176	3,187	3,256	3,872	4,253	4,514	4,791	9,003	11,675
Capital Structure											
Equity capital	€ million	1,433	1,506	1,513	1,566	2,058	2,183	2,360	2,482	4,056	4,131
Provisions	€ million	873	894	935	943	1,012	1,091	1,178	1,309	1,415	2,219
Financial liabilities	€ million	213	267	258	303	303	445	354	347	2,740	4,180
Other liabilities	€ million	507	509	481	444	499	534	622	653	792	1,145
Total capital	€ million	3,026	3,176	3,187	3,256	3,872	4,253	4,514	4,791	9,003	11,675
Statement of Cash Flows											
Capital expenditure	€ million	481	495	413	427	477	567	569	584	885	979
Depreciation	€ million	217	261	263	254	245	281	293	333	315	677
DVFA/SG cash flow	€ million	373	409	387	406	456	512	556	612	603	999
Employees (31. 12.)											
		28,535	30,424	29,636	29,618	30,068	30,746	32,112	33,371	35,597	47,126
Domestic	%	69.6	63.5	60.7	58.8	57.9	55.9	52.9	51.8	49.3	39.2
Foreign	%	30.4	36.5	39.3	41.2	42.1	44.1	47.1	48.2	50.7	60.8
Key Ratios											
Equity ratio	%	47.4	47.4	47.5	48.1	53.2	51.3	52.3	51.8	45.1	35.4
Return on capital employed (ROCE) %		-	-	-	13.5	15.6	14.5	15.3	16.4	10.2	9.8
Profit margin on sales before taxes %		6.9	6.3	4.4	5.3	6.9	7.2	7.6	7.6	6.7	5.7
DVFA/SG cash flow as											
percentage of sales	%	10.6	10.6	10.6	10.0	10.8	11.4	11.4	11.1	9.7	11.8

1) related to the number of shares on 31. 12.; figures for 1991 to 1998 adjusted to reflect 1999 share split of 1:10

2) after goodwill

3) special dividend

4) 1999: fixed assets and payments of € 3.600 billion for the acquisition of shares of AGA AB

Scheduled dates

Press Briefing on Annual Results

April 3, 2001
Frankfurt/Main

Analyst Briefing

April 3, 2001
Frankfurt/Main

Interim Report January – March 2001

May 16, 2001

Annual General Meeting 2001

May 29, 2001, 10.00 am
International Congress Center, Munich

Dividend Payment

May 30, 2001

Interim Report for 1st Half 2001

August 23, 2001

Autumn Press Conference

November 15, 2001
Wiesbaden

Interim Report January – September 2001

November 15, 2001

Annual General Meeting 2002

May 14, 2002, 10.00 am
International Congress Center Munich

Annual General Meeting 2003

May 27, 2003, 10.00 am
International Congress Center Munich

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