

Annual Report of the Linde Aktiengesellschaft 2001

Growth Results from the Ability
to Bundle Forces



Our Report On

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Competence – Key to Success

Despite the downturn in the global economy, the Linde Group increased its sales by 7.4 percent in 2001 to more than € 9 billion. This economic success, Linde's leading technologies and the high level of competence of its employees are an impressive confirmation of the overall strategy of the Group. We continue to expand our international business and are strengthening the market positions of our three Business Segments Gas and Engineering, Material Handling and Refrigeration. This is our key to further earnings-based growth. Our highly innovative products and services already ensure us a lead position in tomorrow's markets.

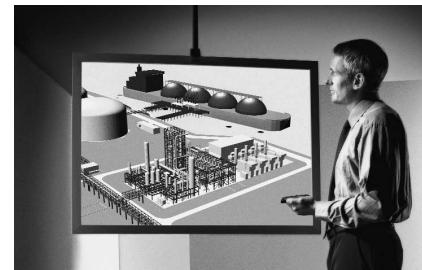


Gas and Engineering Business Segment

Linde Gas Division: Linde is among the leading group of gas suppliers worldwide. Whether for use in industry, medicine, the field of environmental protection, or in research and development – we supply our customers with the right gas for every need, together with suitable application technology. To this we add customer-tailored services and specialized hardware. We are focussing on product areas with a high future potential, such as medical gases and hydrogen. At the same time, we are expanding our on-site business, where we supply major users with industrial gases from plants located directly on their own sites.



Linde Engineering Division: Outstanding know-how in the planning, project management and construction of turn-key industrial plants used, for example, to produce hydrogen and synthesis gases, or for the treatment of natural gas – these are the elements that secure our leading competitive position worldwide. Over 1,800 patents document the innovative drive of this Division. We are concentrating on tomorrow's markets for hydrogen, liquefied natural gas and olefins, as well as our specialist competence as plant constructors in areas such as cryogenics, pharmaceuticals and environmental technology. A strategy that will ensure our future growth.



Material Handling Business Segment

The Material Handling Business Segment is also making rapid headway, further extending its international lead. Each of our three brands, Linde, STILL and OM Pimespo, offers a full range of forklift trucks and material handling equipment, as well as comprehensive service packages – from financing to full fleet management. The result is a product range that meets the most discerning customer demands, helping them keep pace with the growth in international goods traffic. Our multi-brand strategy increases our innovative potential through internal competition. It also guarantees a dense sales and service network around the globe, as well as optimal market-oriented solutions for every type of logistics application.

Refrigeration Business Segment

As Europe's market leader, we supply industrial refrigerated and freezer display cases and cabinets, as well as refrigeration technology for all areas of the retail food trade. Our lead in research and development means that we set the pace in terms of design, energy consumption and environmental protection. We offer comprehensive solutions for food stores, together with an extensive sales and service network. We are also present in the emerging markets of Eastern Europe, Asia and South America, and in strong demand by our customers, who are expanding in these economic regions.

Supervisory Board

Dr. Hans Meinhardt

Chairman,
former Chairman of the Executive Board,
Linde AG

Joachim Hartig*

Chairman of the Works Council,
Material Handling Division, Linde AG,
Aschaffenburg Works

Jakob Staub*

Deputy Chairman,
Chairman of the Works Council,
Refrigeration Division, Linde AG,
Cologne-Sürth Works

Klaus Heinrich Hofmann*

Divisional Director, Material Handling
Division, Linde AG

Dr. Henning Schulte-Noelle

Second Deputy Chairman,
Chairman of the Executive Board,
Allianz AG

Hans-Dieter Katte*

Chairman of the Works Council,
Engineering Division, Linde AG,
Höllriegelskreuth Works

Dr. Josef Ackermann

Member of the Executive Board,
Deutsche Bank AG

Dr. Martin Kohlhaussen

Chairman of the Supervisory Board,
Commerzbank AG

Dr. Karl-Hermann Baumann

Chairman of the Supervisory Board,
Siemens AG

Rainer Schmidt*

Chairman of the Works Council,
STILL GmbH, Hamburg Works

Dr. Gerhard Beiten

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

Dr. Manfred Schneider

Chairman of the Executive Board,
Bayer AG
(from May 29, 2001)

Rüdiger Bouillon*

Department Head of Main Executive
Committee of IG Bergbau, Chemie,
Energie; Responsible for Humanization of
Collective Bargaining Policy

Hermann J. Strenger

Chairman of the Supervisory Board,
Bayer AG
(until May 29, 2001)

Otto Forchel*

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

Prof. Dr. Jürgen F. Strube

Chairman of the Executive Board,
BASF Aktiengesellschaft

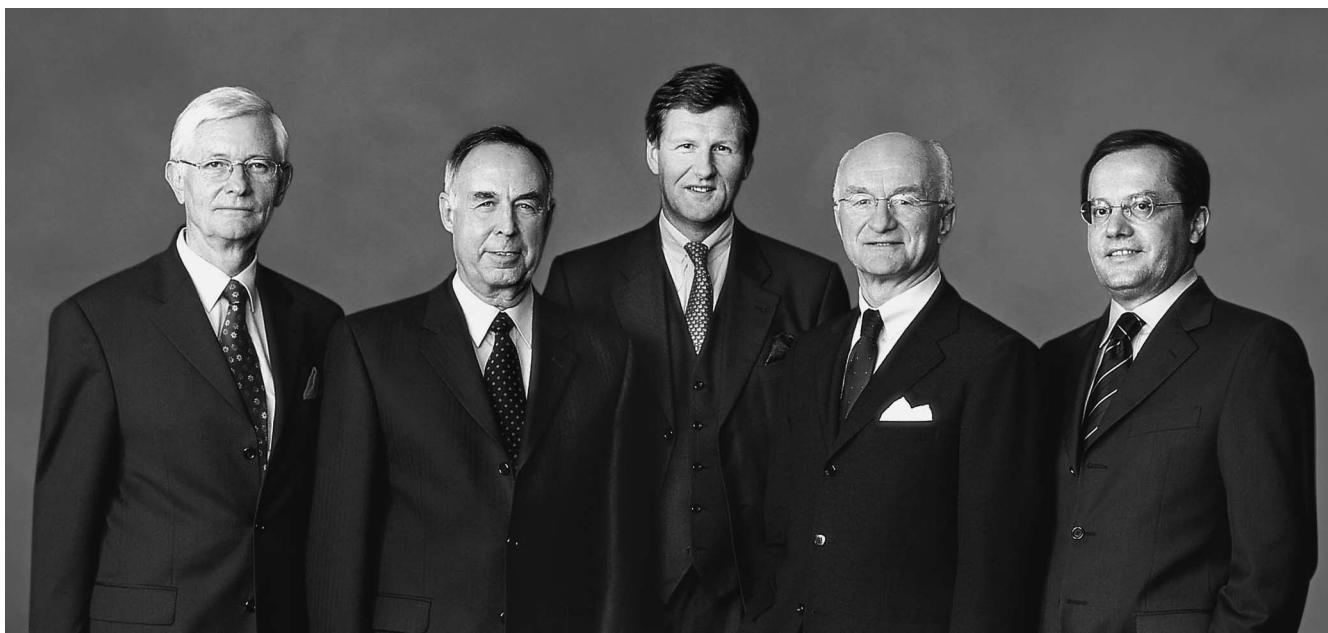
Gernot Hahl*

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

* Employees' representative

Membership in other supervisory boards and
comparable German and foreign controlling bodies
are shown on pp. 92 and 93.

Executive Board



H.-P. Schmohl

G. Full

H. Krossa

H. Brahms

A. Belloni

Gerhard Full
President and Chief Executive Officer
Born in 1936
Diplom-Wirtschaftsingenieur
Member of the Executive Board
since 1978
Business Segment
Gas and Engineering

Dr. Aldo Belloni
Born in 1950
Doctorate in Engineering Science
Member of the Executive Board
since 2000
Business Segment
Gas and Engineering

Hero Brahms
Born in 1941
Diplom-Kaufmann
Member of the Executive Board
since 1996
Chief Financial Officer,
Labor Director

Hubertus Krossa
Born in 1947
Diplom-Kaufmann
Member of the Executive Board
since 2000
Business Segment
Refrigeration

Dr. Hans-Peter Schmohl
Born in 1944
Doctorate in Engineering Science
Member of the Executive Board
since 2000
Business Segment
Material Handling

No Longer Members of the Executive Board:

Dr. Peter Grafoner,
since May 2, 2001
Deputy President and Chief Executive Officer

Falko Schling,
since March 15, 2001

Gerold Tandler,
since May 31, 2001



Dear Shareholders,

The global economy worsened considerably during the course of fiscal year 2001. The Supervisory Board has been closely following the effects that this situation has had on the company.

The Supervisory Board carried out its duties in accordance with the legal provisions and the statutes of the company. These duties involve monitoring the Management, who provided us with detailed personal and written reports at our meetings on the state of the business as well as the economic and financial situation of the company. The Executive Board informed the Chairman of the Supervisory Board on all significant developments and decisions taken. Moreover, both Chairmen held regular consultations on the Group's strategic direction and its risk management.

Meetings and Committees

The Supervisory Board held four ordinary and two extraordinary meetings during fiscal 2001.

In our meetings, in addition to reviewing current business developments we also dealt with those major individual transactions for which the Executive Board requires our approval. All necessary approvals were granted, including the merger of Linde Gas AG with Linde AG in the summer of 2001 after the objectives for the carve-out of the gas business which took place at the end of 1999 could no longer be pursued. In November 2001, we approved the capital expenditure program for 2002 for the Group. The Executive Board informed us of the e-business strategy already introduced within the Group, and about those activities still planned. We also determined that the Board has successfully completed the integration of the AGA AB group and is actively pursuing the related synergies. We also established that the restructuring measures in the Refrigeration Business Segment were progressing well. The outlook for the Group and its individual Business Segments, as well as the medium-term corporate plan, including financial, capital expenditure and personnel plans, were important areas discussed in depth with the Executive Board. At our meeting in March 2002, we discussed the key elements of the Management Incentive Program to be presented for approval at the Shareholders' Meeting in May 2002. With the introduction of this compensation scheme, the members of the Executive Board and senior management will be able to participate in the long-term increase in value of the company.

In three meetings, the Supervisory Board's Standing Committee mainly dealt with matters relating to the Executive Board, making the appropriate decisions.

The Mediation Committee, formed under Article 27 (3) of the German Co-Determination Act had no occasion to meet during the year.

Financial Statements

The financial statements as of December 31, 2001 for Linde AG and the Linde Group, as well as the Management Report on Linde AG and the Linde Group have been audited by KPMG Deutsche Treuhand-Gesellschaft Aktiengesellschaft Wirtschaftsprüfungs-gesellschaft, Berlin and Frankfurt am Main, who had been appointed as auditors by the

Shareholders' Meeting on May 29, 2001. The auditors have rendered unqualified audit opinions on the above statements.

All documents relating to the financial statements and the audit reports were issued to all members of the Supervisory Board and examined in detail during its balance sheet meeting held on March 15, 2002. The auditors presented the results of their audit at this meeting and answered questions put to them by the Supervisory Board. The Supervisory Board's own examination of the financial statements and related documents presented by the Executive Board and the auditors revealed no grounds for objection. We concur with the results of KPMG's audit. Accordingly, we hereby approve and adopt the financial statements as drawn up by the Executive Board. We also approve the Executive Board's proposal on the appropriation of profits.



Dr. Hans Meinhardt

Membership of the Supervisory Board and Executive Board

Mr. Hermann Josef Strenger, member of the Supervisory Board since 1986 and its Chairman from March 21, 1996 until May 13, 1997 relinquished his seat on the Supervisory Board at the end of the Shareholders' Meeting on May 29, 2001. His exceptional commitment to Linde was particularly apparent on the death of Dr. Wolfgang Schieren, when he declared his readiness to step in as provisional Chairman of the Supervisory Board, with all the responsibilities this entails.

Dr. Manfred Schneider, Chairman of the Executive Board of Bayer AG, was elected by the Shareholders' Meeting as successor to Mr. Strenger.

Mr. Falko Schling left the Executive Board with effect from March 15, 2001, as did Dr.-Ing. Peter Grafoner, Deputy President and CEO of the Executive Board, with effect from May 2, 2001. Following his 10-year membership of the Executive Board, Gerold Tandler retired on May 31, 2001.

With effect from June 1, 2001 we have appointed Mr. Hero Brahms to the position of Labor Director. Mr. Brahms has been a member of the Executive Board since 1996.

We would like to thank the Executive Board and all employees for their hard work during the last fiscal year. Their commitment played a major part in the success of the company.

Wiesbaden, March 15, 2002

For the Supervisory Board

A handwritten signature in blue ink, appearing to read "Hans Meinhardt".

Dr. Hans Meinhardt
Chairman of the Supervisory Board



Ladies and Gentlemen,

2001 was a year of global economic downturn. This affected nearly all sectors of the economy, with very few companies able to circumvent these difficult conditions.

Linde, nevertheless, had a successful 2001 – we continued to grow, and with sales up by 7.4 percent, exceeded the € 9 billion mark for the first time and we also strengthened our earning power. Operating results (EBITA) of our three Business Segments improved by 10.6 percent, with Group earnings before taxes on income up 5.0 percent.

That we have achieved this success despite the global economic slump confirms our corporate strategy of operating in different business areas. Each of Linde's Business Segments has a strong position in its own markets and different business cycles as well as capital expenditure needs, which further offset economic risk.

Our goal is earnings-oriented growth. We intend to realize this by further internationalizing our business, by strengthening our leading positions in the market and continuously improving the technology we offer and employ. This strategy is accompanied by vigorous cost control management.

Linde can look to the future with confidence – not least because we have taken appropriate measures in all Business Segments during the last fiscal year to further increase profitability and efficiency.

Market demands are constantly changing – our new corporate structure introduced on January 1, 2002 will enable us to continue to meet these demands. Our activities are now concentrated in three Business Segments – Gas and Engineering, Material Handling and Refrigeration.

Prior to this new organizational directive, Linde Gas AG was merged into Linde AG during fiscal year 2001 and our gas and engineering businesses were combined to form the Gas and Engineering Business Segment. As the planned acquisition of Messer Griesheim GmbH could not be realized due to anti-trust restrictions, there was no further need to retain the gas business as carved-out in 1999 on a stand-alone basis. Linde Gas and Linde Engineering are now bundled in the Gas and Engineering Business Segment, with each Division retaining responsibility for its own results.

On the basis of this new organizational structure, Linde is pursuing ambitious goals in all its Business Segments. We intend to be the most profitable and innovative gas company in the world. Our target is to achieve an EBITDA margin of 30 percent in this Segment in 2003 – putting us in the lead ahead of the competition in the international gas markets. In Europe, we have a leading position in the market, and we intend to strengthen this further.

In the USA, too, we intend to improve our market position. Here, we are looking to the growth market of healthcare – as well as to hydrogen and synthesis gases as part of our on-site business. Especially in this latter market we have identified numerous synergies between our Gas and Engineering Divisions which give us decisive competitive advantages. Linde Engineering is the international market and technology leader for the construction

of hydrogen and synthesis gas plants, while Linde Gas, as the operator of such plants, has the appropriate operational know-how.

There are also good prospects of growth in the Material Handling Business Segment. By developing innovative products, optimizing our production plants and increasing efficiency in our sales organizations, we have created the conditions for extending our global market leadership and exploiting savings potential.

By clearly focussing on the individual requirements of our customers, we are continually increasing our range of services. We intend to use the whole value-added chain even more intensively – from production to sales, maintenance and repair, right up to the marketing of used forklift trucks. This way, we can always find the right solution for our very varied customer requirements.

In the Refrigeration Business Segment we have come much closer to achieving our goal of cost leadership. A key aspect in this are our extensive restructuring measures, in particular the concentration of production in five locations, each with a different product focus, which will greatly improve our competitive ability.

We will further strengthen the productivity and earning power of the Refrigeration Business Segment and improve its market position in Europe, offering new products tailored more closely to customer needs.

The current leading positions that our Business Segments enjoy in their markets, coupled with a strategy of concentrating activities on growth markets, will ensure that Linde is also successful in future. In the coming years, we intend to considerably improve return on capital employed (ROCE) at the Group level, currently standing at 9.0 percent. We will also make lasting improvements to the balance sheet structure and generate more free cash flow in an effort to reduce our financial debt quickly. As planned, the total capital expenditure rate is being cut back to 7 percent of sales.

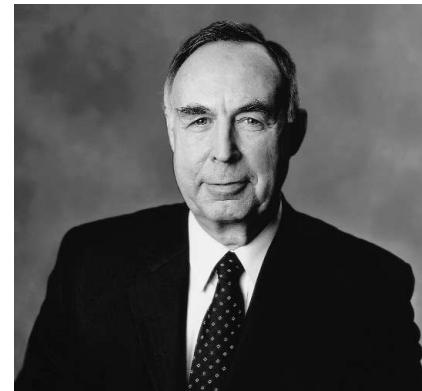
The goals described are challenging. However, I am quite sure that we will achieve them, benefiting from the specialist skills and know-how of our employees and their personal commitment, as well as from the high quality of our customer-oriented products and services. These and our innovative strength will ensure the achievement of our targets.

And these values will in turn be honored in the long term – by customers and shareholders alike.

Yours,



Gerhard Full



Gerhard Full

Overview

Following record growth in 2000 of around 4.5 percent, the global economy cooled down considerably during fiscal 2001. With real growth at just 1.5 to 2 percent, this was the lowest global rate of economic expansion since 1991. Following the unexpectedly hard landing of the US economy, other countries and regions also started to head downwards – even before the terror attacks in the USA. In the wake of September 11, nervousness by investors and consumers added further emphasis to the economic downturn. For the first time since the oil crisis in 1973/74, the three most important industrialized countries USA, Japan and Germany all found themselves simultaneously in or on the threshold of recession.

Overall economic growth among European countries slowed too, with Germany at the tail end of the league table. As exports started to fall away, earnings expectations were also revised downwards. Capacity utilization slackened and spending on plant and equipment declined markedly. At the same time, the construction industry continued to plummet, while private consumption stagnated.

Linde Group Continues to Grow

Despite this depressing economic backdrop, the Linde Group continued its pattern of earnings-led growth in fiscal year 2001. Compared to the previous year, sales increased by 7.4 percent to € 9.076 billion (2000: € 8.450 billion).

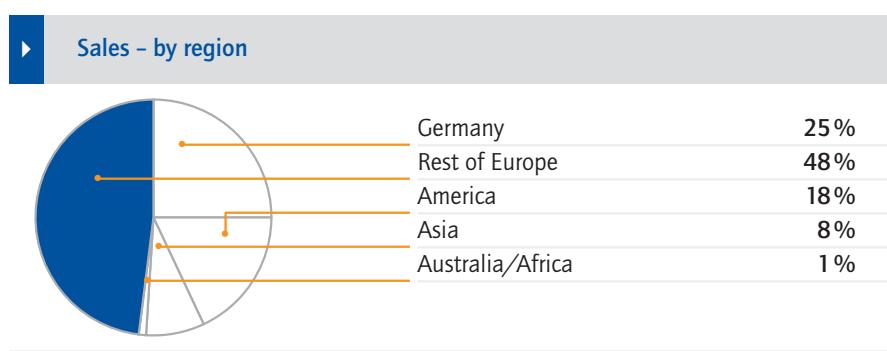
Earnings have also greatly improved. Earnings before taxes on income climbed by 5.0 percent to € 505 million (2000: € 481 million), even though costs for central administrative functions were considerably higher and, at the same time, income from the sale of investments was lower. The Group's operating profit margin on sales remained steady at 5.6 percent (2000: 5.7 percent). Return on capital employed (ROCE) came to 9.0 percent – putting it below last year's level of 9.8 percent.

Group net income increased by nearly € 15 million against the previous year, finishing at € 289 million.

Earnings per share were also up, gaining from € 2.29 to € 2.39. When adjusted for amortization on goodwill, this figure is € 3.30 (2000: € 3.18).

Orders Taken Increased

Notwithstanding the flat economy, orders taken for the Group came to € 9.145 billion, showing a further improvement in demand on what was already a very high figure for



2000 (€ 9.083 billion). Orders on hand at the end of 2001 stood at € 6.723 billion (2000: € 6.491 billion).

As part of our goal to bring about a lasting improvement in earning power, capital expenditure in fiscal 2001 was concentrated on improving technology and cost leadership in all Business Segments. In line with this, spending came to a total of € 717 million. This represents a scheduled reduction on the previous year of € 262 million.

As of December 31, 2001 a total of 46,400 people were employed by the Linde Group. This is 726 fewer than at the end of fiscal year 2000. This decrease is mainly due to restructuring in the Gas and Engineering and Refrigeration Business Segments. In the Material Handling Business Segment, on the other hand, expansion of sales and service activities has resulted in higher numbers being employed.

Gas and Engineering: Bundling of Competencies

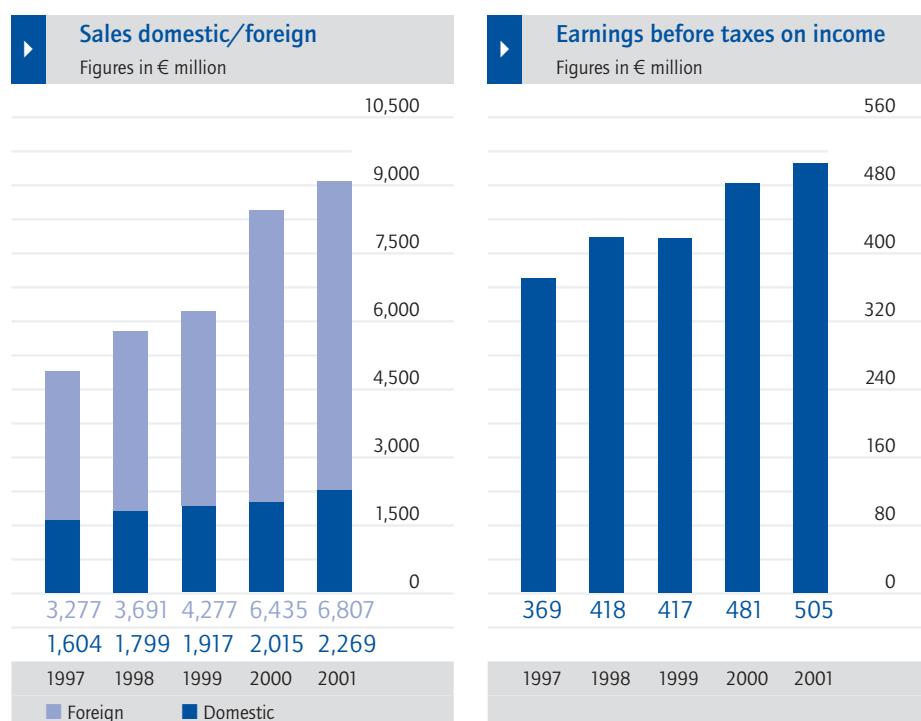
Making more efficient use of the many synergies arising from our gas business and engineering activities – that is the strategy behind combining these two areas to form the Gas and Engineering Business Segment.

During fiscal 2001, sales increased by 10.3 percent to € 4.996 billion. Of this, € 3.867 billion or 77.4 percent came from foreign business. The operating result (EBITA) improved by 12.2 percent to € 626 million.

Linde Gas: Sales and Earnings Improved

During the last fiscal year, Linde Gas continued its integration of AGA, acquired in 2000, at the same time strengthening its position as one of the leading gas companies in the world.

Despite the serious slump in demand in North America and the unfavorable economic development in some South American countries, sales increased by 2.5 percent to



€ 3.877 billion. Industrial gases rose by 1.3 percent and healthcare by 10.5 percent. On a comparable basis, if figures are adjusted to take account of divestments made to satisfy the anti-trust authorities, sales actually increased by 4.4 percent. Foreign business contributed 78.6 percent of sales in the Gas Division.

The operating result increased by € 56 million to € 575 million, further strengthening earning power.

We will continue to concentrate future activities on product ranges which offer high growth potential – for example, healthcare and hydrogen. We are already one of the leading suppliers of pharmaceutical gases. At present, we are rapidly expanding our sales networks to meet the demand for our inhaled nitric oxide product INOmax™, now also approved as a pharmaceutical in Europe.

We also expect a strong increase in demand for hydrogen, thanks to new applications for this gas in the chemicals and petrochemicals industries. We intend to exploit this potential to the full by working closely with Linde Engineering.

Linde Engineering: Considerable Increase in Sales

During fiscal 2001, Linde Engineering further strengthened its global competence in the dynamically growing markets for hydrogen, natural gas, synthesis gases and ethylene. Major orders have been taken – for example, the construction of a natural gas processing plant in Norway.

Sales improved greatly in fiscal 2001, up 34.0 percent to € 1.218 billion (2000: € 909 million). Orders taken, on the other hand, fell by 11.5 percent to € 1.202 billion (2000: € 1.358 billion). The improved operating result, up from € 39 million to € 51 million, corresponds to an increase of 30.8 percent.

As market leader for hydrogen and synthesis gas production plants, this Division is ideally positioned for tomorrow's markets. In particular our expanding business with on-site plants is ensuring solid growth.

More information on the Hammerfest Project is given on page 50.

Demand for liquefied natural gas is growing dynamically at around 8 percent annually, again putting us in a good position. Linde Engineering has a profound understanding of the technologies involved in natural gas separation and processing. This know-how is currently being channeled into the construction of a natural gas liquefaction plant near Hammerfest (Norway) and will prove itself under difficult climatic conditions.

Sales – by Business Segment

Figures in € million

	1997	1998	1999	2000	2001
Gas and Engineering	2,065	2,272	2,631	4,527	4,996
Linde Gas	1,408	1,453	1,615	3,784	3,877
Linde Engineering	729	904	1,117	909	1,218
Material Handling	2,150	2,396	2,617	2,951	3,158
Refrigeration	639	784	892	935	887
Group	4,881	5,490	6,194	8,450	9,076

EBITA
Figures in € million

	2001	2000
Gas and Engineering	626	558
Linde Gas	575	519
Linde Engineering	51	39
Material Handling	255	244
Refrigeration	19	12
Business Segments	900	814

Material Handling: Market Leadership Extended

In the Material Handling Business Segment, our three-brand strategy has again proved successful. Global market share rose from 18.5 to more than 20 percent, further extending our market leadership – in spite of tough trading conditions.

Although markets for industrial trucks are contracting worldwide, sales increased by 7.0 percent to € 3.158 billion, with orders taken up by 2.2 percent to € 3.193 billion. This success is also reflected on the earnings side – the operating result for this Business Segment improved by 4.5 percent to € 255 million. Here, we are profiting from the measures carried out during fiscal 2001 to modernize our key plants, resulting in lower production costs and higher productivity.

We shall continue to bolster our competitive lead by continuing to develop innovative products, and by further extending our range of services, in conjunction with our dense sales and service networks and close customer orientation.

Alongside Europe, America and China are becoming increasingly important markets for the Material Handling Business Segment.

Refrigeration: Operating Result Improved

The Refrigeration Business Segment also felt the effects of the weak economy in fiscal year 2001, a situation which led to more concentration in the retail food trade, now comprising ever fewer suppliers. This development accentuated pressure on prices within the industry, in turn having the same effect on its suppliers. This has been exacerbated by considerably lower capital expenditure in the retail food trade compared to the previous year.

This explains the 5.1 percent fall in sales to € 887 million. The Business Segment also experienced lower order levels at € 900 million, somewhat below last year's figure (2000: € 927 million).

Nevertheless, the extensive restructuring measures carried out during fiscal 2001 are beginning to bear first fruit. This can be seen in the operating result of € 19 million which shows a marked improvement over the previous year.

Restructuring Measures Take Effect

As part of our restructuring measures to achieve a lasting improvement in earning power we have concentrated production in five locations and expanded our site in Beroun in the Czech Republic. This has led to a considerable improvement in efficiency, as well as providing an opportunity to make use of further savings potential.

Product innovations specifically tailored to individual customer needs and our improved sales and distribution network – these are the key factors creating more business opportunities for the Refrigeration Business Segment – despite difficult market conditions.

Business Performance at Linde AG

Linde's corporate structure changed considerably following its merger with Linde Gas AG, effective January 1, 2001.

Sales rose by € 845 million to € 2.654 billion. Of this increase, € 751 million stem from the merged gas division. At the same time Linde Engineering recorded an increase in sales of € 72 million to € 614 million as compared to the previous year. In this Division, sales are heavily dependent on the completion and commissioning of large-scale projects which run over several years.

Increased interest charges, particularly relating to acquisitions in the Gas Division, as well as lower income from investment in other companies reduced earnings before taxes on income, down from € 222 million to € 145 million. At the same time, taxes on income were down from € 51 million to € 10 million due to lower earnings in Germany. Unappropriated profit stands at € 135 million. This enables a dividend payment of € 1.13 per share.

The dividend payment therefore remains unchanged compared to the previous year. An additional bonus of € 0.22 per share was paid out for fiscal 2000. This was due to a change in the corporate income tax law related to the classification of equity for tax purposes.

Linde's balance sheet total increased by € 732 million to € 7.858 billion in particular as a result of the merger with Linde Gas AG and changes in Group financing. Financial liabilities were reduced from € 1.318 billion to € 103 million. At the same time, other liabilities increased by € 1.387 billion to € 3.184 billion. This is due to the changes made to our financing arrangements by taking up debt through Linde Finance B.V. in the Netherlands.

Due to the growth in operations, the equity ratio has declined to 45.1 percent (2000: 50.1 percent).

In May 2001, the Shareholders' Meeting authorized the company to acquire up to 10 percent of own stocks, expiring November 28, 2002.

As of year end 2001, Linde AG employed 12,674 people – 2,969 more than at the end of 2000. The increase resulted in particular from the reintegration of 3,016 employees of Linde Gas AG.

Proposed Dividend

Linde AG is reporting unappropriated profit of € 134,766,211 for fiscal 2001. With the endorsement of the Supervisory Board the Executive Board will propose to the Shareholders' Meeting to be held on May 14, 2002 payment of a dividend of € 1.13 per share on 119,262,134 shares entitled to dividend.

Major Events Occurring after the Balance Sheet Date

In January 2002 Linde sold its indirect holdings in Dresdner Bank AG, amounting to around 1 percent, for a consideration of € 284 million to Allianz AG in the course of the latter's take-over of Dresdner Bank AG.

In 2002 Linde will convert its reporting from the German Commercial Code (HGB) to International Accounting Standards (IAS). This change will facilitate comparison with our competitors on a world-wide level and enhance the transparency of our reporting.

At the end of February 2002, Linde AG and the BOC Group in Windlesham, UK, signed an agreement to collaborate on air separation and synthesis gas plants. Under the terms of the agreement, Linde will use its engineering resources to supply BOC with these plants in future. The agreement also involves BOC taking a 30 percent stake in Linde Process Plants Inc. in Tulsa, USA, which will now operate under the name Linde BOC Process Plants LLC. The new company will integrate the know-how and resources of BOC's existing technology center in Murray Hill, USA.

Risk Management

The key to being a successful entrepreneur is to fully exploit opportunities as they arise, at the same time recognizing any risks attached and keeping them under control.

Risk management at Linde is inexorably linked to our business processes and is a major element in corporate decision making. Each of our Business Segments demands its own differentiated risk management system, tailored to its own risk profile.

The principles on which this comprehensive system of risk management is based have been laid down in corporate guidelines. These guidelines contain precise instructions relating to the identification, assessment and reporting of risk. In addition to our quarterly system of reporting, we have also introduced a system of immediate reporting when situations suddenly change. Threshold values for risk and the probability of its occurrence have been precisely defined in order to assess risk potential. Responsibilities have been allocated to managers in all sections of the company who are charged with ensuring that the system is properly adhered to.

In Addition to Quarterly Reporting, Instantaneous Reporting Introduced to Chart Sudden Changes in Risk

The success of our comprehensive risk management system depends greatly on the full integration of all operating companies in the Group's reporting system. Status and key data reports provide a concrete picture of changes within the external business environment and highlight all key internal data. Apart from the data on which external reporting is based, internal reports are also produced monthly. Planning data is a further yardstick, enabling us to recognize at an early stage risk generated through changes in our business, its structure or environment. Regular market and competition analyses round off this detailed system of reporting.

Linde places considerable emphasis on its employees cultivating an awareness for recognizing and avoiding risk. Management in all areas of the company is therefore required to sensitize all our employees into developing and retaining a heightened awareness for risk.

Working and Processing Methods Are Regularly Monitored for Efficiency

The internal auditing team also regularly monitors the efficiency of operating procedures and processes in the risk management system, as well as the security of the systems used, and reports its findings regularly to the Executive Board.

Moreover, the risk management system has been examined by our auditors in Germany and abroad.

Insurance cover offsets cases of damage and liability risks, thus ensuring that any financial consequences inherent in such risks are limited or entirely ruled out.

Major areas of risk, such as those which might negatively affect the company's business development, its financial position or earnings, are described below. Other risk scenarios are considered improbable at present.

Business Risk

Increasing globalization means greater competition, in turn putting more pressure on prices. This is felt in all of Linde's Business Segments.

In the Linde Gas Division, cylinder business is declining due to changes in the structure of the market. This downturn is being compensated through tank and on-site business. In the healthcare section, organizational structures and procedures have been tailored to match the particular risk profile of this market.

The size and volume of orders received by the Engineering Division is increasing. The risk involved in pricing and completing such orders is controlled through a strict risk and cost management system.

Material Handling's Early Warning System Can Deal with Fluctuations in Sales Throughout the Business Cycle

In our Material Handling Business Segment, the cost structure of our products has been optimized while we continue to develop them technically. As a result, we have extended our market leadership and improved our competitive position. Having introduced an early warning system, we can absorb fluctuations in the business cycle by adjusting operations in good time.

Concentration in the retail food trade is leading to greater pressure on prices and more competition in the Refrigeration Business Segment. We are countering this through extensive rationalization and restructuring measures which will increase our efficiency and productivity. These measures are already proving successful.

Strategic acquisitions and targeted capital expenditure form the basis of the Linde Group's future success. However, extensive and careful analysis is performed before such plans are turned into reality. This ensures that we are aware of future risk in good time and able to minimize it.

Operative Risk

As part of risk prevention, all Business Segments of the Linde Group are provided with detailed and binding guidelines on project and quality management, product and work safety, as well as environmental protection.

Preventative maintenance and regular training of employees is one way of countering risks that might otherwise lead to the breakdown of plant and machinery.

The ongoing process of reporting and benchmarking sensitizes each and every Group company to keep funds commitment to a minimum – thus reducing risk associated with working capital. Naturally, this involves the optimization of logistic procedures and involving suppliers at an early stage of product development. Careful selection of suppliers is regarded by Linde as an essential means of limiting supply risk.

The Target – Minimizing the Tying Up of Capital

Financial Risk

The Group is controlling financial risk systematically by defining appropriate guidelines for risk policy including liquidity, market and credit risk. The guidelines cover these areas in terms of the precise type of risk they represent and set out management decision-making processes to counteract them.

Appropriate risk strategies are defined by the Treasury Committee, taking into account current developments in the markets. This Committee meets on a monthly basis, or more frequently if necessary.

In order to counteract liquidity risk and ensure that sufficient funds are at our disposal, money and capital market programs have been established and confirmed credit facilities negotiated with first-class banks.

The risks arising from interest and currency fluctuations are limited within an appropriate range. Our policy is to hedge transactions related to operational activities or the financing of the Group. This is achieved using financial instruments such as derivatives, the type and application of which are precisely defined. This particularly applies to currency forward transactions or interest rate and currency swaps. The counterparty banks and the limits for individual types of transactions have also been precisely defined. Functional separation is the principle applied in concluding, monitoring and settling such transactions.

Derivative Financial Instruments, Especially Currency Forward Transactions or Interest Rate and Currency Swaps Are Used to Hedge Against Risk

Personnel Risk

Our Business Segments' leading positions also depend on the extent to which we succeed in attracting qualified employees and senior managers and winning their long-term commitment. We maintain close contacts with universities and offer extensive training and qualification programs, as well as an attractive system of compensation and social benefits – making us an employer people want to work for in future.

No significant risks threatened the Linde Group during 2001. Seen from today's position, no risks have been identified for the future which could endanger the existence of the company.

Outlook

Economies all round the world are in a weak state at the beginning of 2002. How long this phase will last, and how extreme it will be, is very difficult to predict at present. While there are signs that the global economy is already stabilizing, considerable risks are attached to this prognosis.

How the economy moves in the USA will play a decisive role in deciding the way the global economy develops. There are clear indications that uncertainty among companies and consumers is beginning to disappear, and that the US economy is returning to normal. Monetary and fiscal policy both tend to support this. We assume that the US economy will stabilize in the first half of this year, picking up speed in the second half.

The expected recovery in the USA will have a direct knock-on effect on other regions, and pave the way for a global upturn. This should enliven the export-based German economy in turn.

Linde Group's business model based on three Business Segments has proved its worth, especially during times of economic uncertainty. Because of their different positions in the business cycle, alternating capital expenditure needs and strong market positions, our Business Segments have provided the Group with stability. Based on this solid foundation, sales and earnings will increase again during current fiscal year 2002. This forecast is backed up by measures undertaken to increase efficiency, new technologies and product innovations, as well as the expansion of our service packages.

Gas and Engineering Growing Strongly

Placing Linde's gas and engineering businesses under a common roof to create the Gas and Engineering Business Segment will enable us to exploit even more effectively the many synergies occurring between these two Divisions. We see above-average opportunities in the markets for hydrogen and synthesis gas, as well as for our on-site business. Bearing this in mind, we expect even more growth in terms of sales and earnings for this Business Segment in 2002.

Good Prospects in Healthcare – Market of the Future

In Linde's Gas Division, all signs also point to further growth. Apart from hydrogen, demand for which will certainly increase due to its many applications in the chemicals and petrochemicals industries, and its future as an energy carrier, good opportunities for growth also exist in the healthcare sector. Linde is a leading supplier of medical gases and is currently expanding its sales network for its nitric oxide product INOMax™, now also a registered pharmaceutical in Europe.

Out of the integration process of AGA, we again expect synergies to result in a further € 50 million in cost savings.

Here, too, we predict further improvements in sales and earnings in fiscal year 2002 – taking us another significant step forward to becoming the world's most profitable gas company.

Linde's Engineering Division will also profit from concentrating on the growth markets for hydrogen, natural gas and synthesis gas, as well as ethylene. Demand for liquefied natural gas is forecast to increase by 60 percent by the year 2010, while demand for ethylene is expected to grow by about 60 percent by the year 2012.

Linde Engineering is world market leader for the construction of plants producing these gases – placing it in a good position to participate in this dynamic growth.

For this reason, we expect increases in sales, orders taken and earnings in the current fiscal year.

The Material Handling Business Segment intends to forge ahead with its multi-brand strategy in future, at the same time continually extending its services. We are securing our competitive lead through innovative products like the trucks we shall be unveiling to the public this April at CEMAT – the world's biggest trade fair for industrial trucks.

With this business model we will strengthen our market leadership – even during difficult economic conditions. At the same time our aim is to increase our market share in major regions such as America and China.

How the industrial truck market will develop in 2002 is very difficult to predict. We expect sales and earnings in this Business Segment to reach the same high level as last year.

In the Refrigeration Business Segment, extensive restructuring measures designed to increase our earning power are starting to bite. Concentrating production and expanding production facilities in Beroun in the Czech Republic has led to greater efficiency and further cost savings.

Apart from this, the re-organization of our sales networks in the major European markets is further improving our competitive ability.

In view of these moves, earnings in fiscal year 2002 are expected to improve greatly, although sales will probably stagnate.

We are continuing to hold capital expenditure at lower levels. In 2002, spending will come to around € 700 million. We have also introduced measures to reduce the level of funds tied up in current assets. In the current fiscal year, priority is being given to further reducing financial liabilities.

Current uncertainties regarding the global economy made it impossible to make concrete predictions on how business will develop overall for the Linde Group at the time that this report went to press. However, we remain cautiously optimistic for fiscal year 2002. As soon as trends become clearer, we shall provide a more precise forecast.

***Material Handling Aims
for Higher Market Shares in
America and China***

***Refrigeration – Restructuring
Boosts Earning Power***

Financial Situation

The balance sheet total has been reduced by € 209 million to € 11.466 billion as a result of cutting back on capital expenditure and by reducing net current assets.

€ 717 million was spent on expanding Group activities. This is set against depreciation of € 689 million and disposals amounting to € 89 million. Due to currency translation and other adjustments, fixed assets decreased by € 19 million. Fixed assets overall decreased by € 80 million to € 7.856 billion.

Due to expanding activities, inventories less payments in advance increased by € 38 million to € 852 million, while trade receivables increased by € 106 million to € 1.840 billion. At the same time, other assets declined by € 177 million to € 376 million. This decrease is connected with tax reimbursements and payments received from the disposal of investments in other companies.

Cash and cash equivalents came to € 424 million, compared to € 521 million in the previous year.

Equity increased by € 145 million to € 4.276 billion. Retained earnings increased by € 180 million to € 1.213 billion. Due to dividend payments, unappropriated profit decreased by € 26 million to € 135 million.

Equity as a percentage of balance sheet total improved from 35.4 percent to 37.3 percent.

Compared to last year, provisions remained almost unchanged at € 2.217 billion. While provisions for pensions and similar obligations increased by € 27 million and provisions for taxes by € 71 million, other provisions declined by € 100 million to € 961 million. This decrease is mainly due to take-up resulting from restructuring. Provisions cover all recognizable risks.

By freeing up capital, we were able to reduce the Group's financial debt by € 382 million to € 3.798 billion. Of this, € 3.355 billion has been financed through securities issued on the capital markets. These comprise € 1.894 billion in private placements and commercial papers amounting to € 460 million, as well as a 6.375 percent euro bond of € 1.000 billion issued in 2000 as part of the debt issuance program.

Earnings Situation

This is the first time that the Company's income statement is shown using the cost of sales method.

In fiscal year 2001, sales increased by 7.4 percent to € 9.076 billion. After deduction of cost of sales, gross profit came to € 2.908 billion – 2.6 percent higher than the previous year (2000: € 2.833 billion). This relatively slight increase compared to overall sales growth is due to the higher amount that Linde Engineering Division contributed to total sales. This Division has a structurally lower sales margin.

Other operating income of € 237 million includes income from the disposal of assets, which was around € 51 million lower than in the previous year.

Due to the expansion of activities, other operating expenses increased by 5.9 percent to € 214 million.

The negative financial result improved by € 5 million to € 182 million, following repayment of financial debt.

This leaves earnings before taxes on income of € 505 million, an improvement of 5.0 percent on the previous year. The operating profit margin on sales decreased slightly from 5.7 percent to 5.6 percent. This figure comes to 6.8 percent when adjusted for amortization on goodwill.

At 42.8 percent, the income tax rate remains at the same level as the previous year (2000: 43.0 percent). When adjusted for amortization on goodwill which cannot be offset against tax, this figure comes to 35.3 percent. Net income improved by 5.5 percent to € 289 million (2000: € 274 million).

Earnings

	2001		2000	
	€ million	%	€ million	%
Sales	9,076	100.0	8,450	100.0
Cost of sales	6,168	68.0	5,617	66.5
Gross profit	2,908	32.0	2,833	33.5
Marketing and selling expenses	1,284	14.1	1,270	15.0
Research and development costs	168	1.9	171	2.0
Administration expenses	684	7.5	689	8.2
Other operating income	237	2.6	274	3.2
Other operating expenses	214	2.3	202	2.4
Financial result	- 182	- 2.0	- 187	- 2.2
Earnings before taxes on income and amortization of goodwill	613	6.8	588	6.9
Amortization of goodwill	108	1.2	107	1.2
Earnings before taxes on income	505	5.6	481	5.7
Taxes on income	216	2.4	207	2.5
Net income	289	3.2	274	3.2

You will find the complete cash flow statement on page 72.

Cash flow (abbreviated)

Figures in € million

	2001	2000
Cash flow	981	903
Changes in net working capital	58	- 198
Cash flow from investing activities	- 552	- 695
Dividend payment and changes to minority interests	- 164	- 256
Reduction (2000: increase) in cash and cash equivalents	72	- 4
Repayment (2000: take-up) of loans	- 395	250

Cash Flow Statement

A cash flow of € 981 million was available in 2001, compared to € 903 million in the previous year. Capital tied up in net working capital was cut back by € 58 million, giving an operative cash flow of € 1.039 billion (2000: € 705 million). Considerably lower amounts were used for capital expenditure compared to the previous year, down from € 695 million to € 552 million.

Taking into account dividend payments and reduced levels of cash and cash equivalents amounting to € 72 million, this left € 395 million which was used to reduce debts.

Capital Expenditure Increases Earning Power

Linde's capital expenditure policy is directed at bringing about a lasting increase in the Group's earning power and growth. Spending has therefore focused on extending technology and cost leadership in all Business Segments.

During fiscal year 2001, overall capital expenditure came to € 717 million (2000: € 979 million), of which € 47 million was spent on financial assets. Spending on tangible and intangible assets amounted to € 632 million. Related to sales, this corresponds to a scheduled reduction of 8.9 percent over the previous year to 7.0 percent.

Expenditure in individual Business Segments aimed at buttressing our positions in growth markets, as well as extending existing production plants in order to increase productivity and efficiency.

**Gas and Engineering
Use Capital Expenditure
to Expand On-Site
and Healthcare Business**

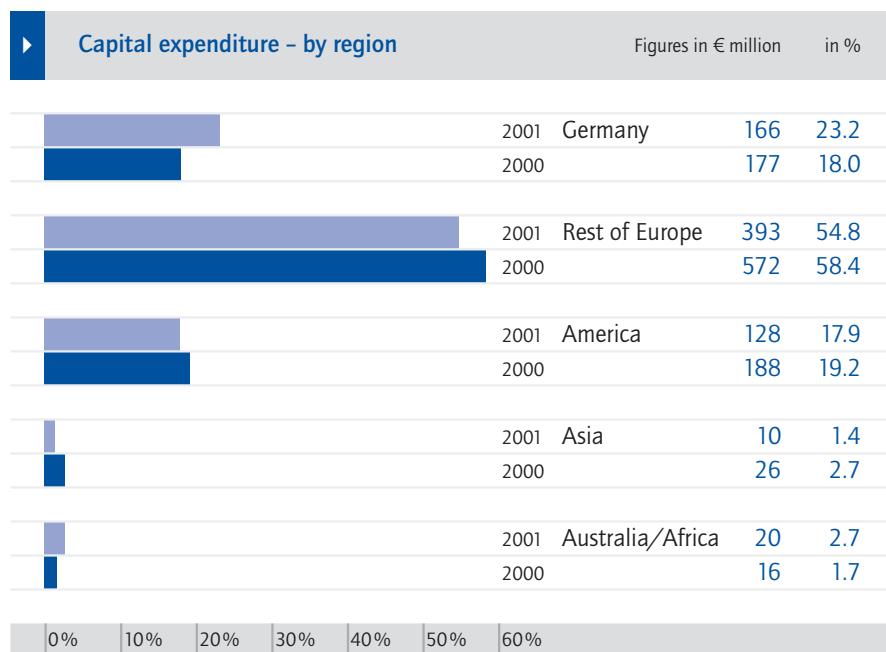
In the Gas and Engineering Business Segment, capital expenditure amounted to € 475 million during fiscal 2001. This corresponds to 66.3 percent of total capital expenditure. These funds were particularly directed at expanding on-site business and the growing healthcare section. At the same time, customer support has been optimized within the framework of the AGA integration. Further spending has also been directed at well-targeted additions to our range of production processes and applications.

▶ Capital expenditure – by Business Segment		2001	2000
Figures in € million			
Gas and Engineering		475	794
Linde Gas		440	773
Linde Engineering		35	21
Material Handling		215	172
Refrigeration		28	30
Other/consolidation		- 1	- 17
Group		717	979

Capital expenditure in the Material Handling Business Segment came to € 215 million. Here, emphasis has been placed on further rationalization in a drive to reduce production costs and increase plant productivity. This has resulted in further improvements to product quality, at the same time greatly cutting back production times. The technical production conditions necessary for the start-up of a new series of forklift models have also been created. This aside, considerable sums of money have been invested into expanding our leasing fleets.

Capital expenditure in the Refrigeration Business Segment totaled € 28 million and was mainly directed at restructuring. Particular attention was paid to the bundling of production in five sites and concentrating on key products.

Considerable spending has also been made to introduce a new range of industrial refrigerated cases.





A blurred background image of a landscape with a bridge over water, creating a soft, dreamlike atmosphere.

► Ideas Are Born from the Constant
Search for Perfection



Research and Development: The Basis for Future Success

Capital expenditure on research and development is the basis for the sustained competitive ability of a company. In fiscal year 2001, Linde directed its efforts at continually optimizing products and processes throughout the Group. We also concentrated on new developments that will satisfy the specific needs of customers in future growth markets.

Research and Development Costs at Same High Level as Previous Year

Overall, spending on research and development came to € 168 million – nearly the same as last year's high level. Worldwide, 1,552 employees were working in research and development, securing the future of the company.

During fiscal 2001, Linde registered 243 new patents – proof of the innovative strength of the Group. This means that our technologies were covered by a total of 1,808 patents by the end of 2001.

Use of Environmentally Friendly Energy Sources Enhanced

New Method for Storing Liquid Hydrogen Enables Greater Vehicle Laid-up Time

Linde Gas further intensified its R&D activities relating to the use of natural gas and hydrogen as environmentally friendly energy sources for application in automobile engines. This included a new method for storing liquefied hydrogen (LH₂) in vehicles. This recooling system for LH₂ fuel tanks holds the fuel at minus 253 degrees Celsius, enabling it to be stored for over twelve days without evaporation losses – a considerable improvement with regard to laid-up time.

Structural and thermal studies have helped us introduce fuel tanks with improved shapes more readily adaptable to the interior space available in vehicles.

During fiscal 2001, the Gas Division constructed a new combined natural gas filling unit integrated into a normal ARAL filling station in Munich. This filling station now offers natural gas in both liquefied and compressed form.

Linde Engineering further improved its procedures and processes during the last fiscal year, coming up with innovative solutions for numerous projects fulfilling a wide range of customer requirements.

Significant progress has also been made with two highly advanced processes. These relate to the technology used to separate ternary mixtures and a new method for producing synthesis gases.

In the past, the separation of ternary mixtures required at least two rectification columns. By introducing a vertical separating wall into a column, separation can now be carried out in just one apparatus. This new technology considerably reduces plant costs, particularly for the production of argon in air separation plants – as well as further strengthening our leading market position.

We are also working on an innovative process for producing synthesis gas in a large-scale pilot plant. This process has the advantages of low operating costs and reduced capital expenditure. An added advantage of this technology is the considerable reduction in steam used, compared to traditional methods.

Pilot plant – see glossary

Research and development in the Material Handling Business Segment has been directed at optimizing the ergonomics, functionality and the economical running of our products.

In keeping with these aims, Linde's Material Handling Division completed the development of a new generation of forklift trucks. The new compact hydrostatic Linde drive system in combination with a low emissions internal combustion engine considerably reduces operating and life cycle costs. Optimal handling for the driver, improved ergonomics in the driver's workplace and unusually low noise and vibration levels increase driver safety and comfort, at the same time ensuring that the driver can concentrate on the main thing – handling the load.

Better Operating Characteristics for Forklift Trucks

We are meeting the growing demand for functionality and safety by applying state-of-the-art electronics to lifting and steering mechanisms. As a result, working with our forklift and warehouse trucks is practically fatigue-free.

We have improved the operating characteristics of our products by electronically networking the driving, lifting and steering functions. For example, optimum adaptation of the truck's drive speed to the mast movement in our new systems equipment for high-bay warehouses allows palettes to be moved in and out practically jog-free. Or take our CAN bus technology that directly connects vehicles, warehouse logistics and fleet management – creating a much needed key technology for integrated product solutions in the future.

In our Refrigeration Business Segment, development activities are being directed at innovative freezer and refrigerated display cases, as well as environmentally friendly cooling systems.

The new refrigeration range Evolution 5 fulfils all ecological demands, guarantees a high level of temperature safety and is cheaper to run than comparable units.

We are also the first manufacturer to successfully use carbon dioxide (CO₂) as a natural refrigerant in our refrigeration systems. These systems emit no harmful substances to the ozone layer and are much more economical to run compared to traditional systems. The principle is simple: refrigerated display cases are cooled directly with CO₂ – no secondary cooling circuit is necessary.

***The Natural Coolant
Carbon Dioxide Has the Double
Advantage of Lower
Environmental Impact and
Greater Cost Efficiency***

During fiscal 2001, this Business Segment also developed an energy-saving refrigeration system for discount markets with a dual function as a heat pump, simultaneously producing in-store heating.

Quality, Safety and Environmental Protection: Challenge and Duty

Achieving the highest quality and safety levels while ensuring maximum environmental protection has been a challenge and duty to us for decades because of the direct bearing on all our products, production processes, applications and services.

Not surprisingly, this was our goal again when we introduced new quality, safety and environmental protection systems in 2001 throughout the Linde Group. These systems are also designed to sharpen employee awareness of the need to use natural resources responsibly.

Quality

The Gas Division's traditionally high standards of safety, environmental protection and quality have now been combined into binding corporate guidelines known as the Safety, Environment and Quality Policy (SEQ). SEQ applies to all management levels and underlines the importance we attach to this policy as part of our corporate operations. The full text of the SEQ can be viewed under the Internet address www.linde-gas.com.

Certification to Worldwide Quality Management Systems Standards Extended

Certifying plants in compliance with global quality management systems also made good progress in the reporting year. Systems that meet the ISO 9000 standards are now operating in most of our companies and Linde has also had several plants certified to meet ISO 14001 in Austria, Finland, France, Germany, Poland, Spain and Sweden.

In the Material Handling Business Segment, a uniform system of supplier assessment has been introduced, improving existing preventative quality assurance measures. This numeric coding system collates information relevant to quality assurance throughout the processing chain – from procurement and production to final application by the customer. As a result, we can now more actively influence the quality of products and production processes.

Safety

High safety levels, low accident statistics – that is the positive balance which evidences the quality and efficiency of our plant safety management systems.

Certified safety management systems are firmly established at all Linde Gas plants in Austria, Finland, Germany, Hungary, Poland and Spain. These complement existing management systems already in place in the fields of quality control and environmental protection.

Environmental Protection Is Part of the Product

Products and services in all Linde Business Segments must comply with the highest standards of environmental protection. In many cases, our product ranges have a direct benefit to the environment, as they contribute to the careful use of our natural resources.

The Engineering Division's extensive know-how in the field of environmental protection is well illustrated by its processes and plants to purify and treat waste-water and sludge, exhaust gases and bio-waste. During the reporting year, this Division constructed several waste-water treatment plants, and in Barcelona the world's biggest plant for the production of biogas from waste was commissioned. Further orders have been received from Italy, Portugal and Spain for plants for the mechanical and biological treatment of waste.

In the Material Handling Business Segment, environmentally friendly drive systems are increasingly being used to power our products. Both Linde Material Handling Division and STILL GmbH now include natural-gas-driven forklift trucks in their programs. Both groups also offer a bio-forklift running on fuel and hydraulic oils derived from regenerative resources.

The Refrigeration Business Segment is also making a major contribution towards environmental protection. This is among other things achieved by low environmental impact refrigeration systems which use CO₂ as a natural refrigerant. These systems can also be coupled to heat pumps, reducing heating costs – an additional benefit for our customers.

Environmental Protection at Plant Level

Numerous improvements to environmental protection at the plant level have been carried out in fiscal 2001.

New to the Gas Division is a system of precise environmental data monitoring, recording exact levels of waste, energy and raw material consumption. Using this data, performance in terms of environmental impact can be monitored at individual plants and interventions made to rectify the situation where necessary. The data obtained also enables us to make use of additional cost saving potential.

Linde's Material Handling Division also modernized its production methods through well-targeted capital expenditure – at the same time lowering environmental impact. The addition of a modern dry dust removal plant to the cupola furnace at the Aschaffenburg foundry has resulted in higher smelting efficiency and lower levels of waste gas.

***Modernization of Production
Processes Means Less
Environmental Pollution***

Moreover, environmental pollution has been further reduced by converting paint spraying equipment for forklift components from the wet method to cathode immersion, allowing the use of low solvent water-based paints.

Employees

As of December 31, 2001, the Linde Group employed 46,400 people worldwide – 726 fewer than at the end of fiscal year 2000.

In Linde's Gas Division, foreign activities were sold off and plants closed down as part of the AGA integration process. This resulted in laying off 151 people in Germany and 821 employees outside Germany.

Restructuring measures to increase productivity and efficiency in the Refrigeration Segment led to the closure of four production sites in Germany and abroad. This move, combined with further optimization of structures and production processes, resulted in 434 layoffs in this Business Segment.

On the other hand, global expansion of sales and service activities in the Material Handling Segment resulted in the creation of 581 new jobs.

Linde Global Intranet

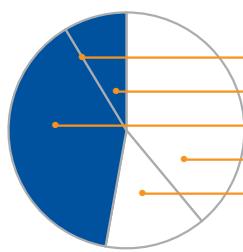
The vast know-how and experience of our employees is an essential foundation for Linde's future success. We are therefore optimizing this high knowledge potential by creating intelligent networks.

Linde Global Intranet – Integration by Providing Instant Information from All Business Segments

Linde Global Intranet started officially at the beginning of fiscal year 2001. This is a powerful instrument for disseminating information, communications and knowledge. Linde Global Intranet provides information on all major events occurring within Linde's Business Segments. It also offers a complete overview of jobs available, including further training opportunities and existing company agreements, as well as setting out the corporate strategy of the Group as a whole. This gives the Intranet an important integrative function.

Moreover, the new medium plays a major role in knowledge transfer, realized through specialist forums or the presentation of interdisciplinary projects that transverse our different Business Segments. Linde Global Intranet also opens up new possibilities for further training and updating – for example, through so-called "e-learning".

► Employees – by Business Segment



Gas and Engineering	21,650
Linde Gas	17,689
Linde Engineering	3,961
Material Handling	17,891
Refrigeration	6,364

as of 31.12.2001

The Internet itself is also becoming an increasingly important source of recruitment. We use the Internet as a major form of presentation, publishing all vacant jobs on our homepage at www.linde.com and at different job center sites.

Intensive Contact with Universities

Once again in fiscal year 2001, contacts with universities were intensified, while a specialist team for graduate recruitment was set up, drawing on all Business Segments within the Group. This team is representing Linde with growing success at university fairs and similar recruitment shows, making selective contact with suitable students and graduates.

For many years now, Linde has offered schoolchildren and students a chance to take part in a short practical course at one of our companies in Germany or abroad. The objective is to give young people a first feel of daily working life, or to help them with practical diploma dissertations by providing an opportunity for close contact. This concept has proved highly successful – a large number of employees who started work with us during the last fiscal year had either already completed a practical course, or had had their diploma thesis supervised by the company.

Alongside the opportunities that already exist for students in Germany and abroad, Linde has now added a "bourse" for practical courses and diploma dissertations as part of its Internet presence.

Linde also supports particularly talented undergraduates at universities, providing grants and scholarships.

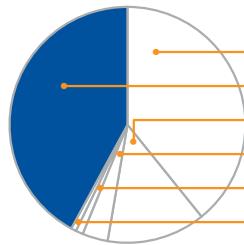
Technical Training at Linde

Linde has a long tradition of providing qualified technical and commercial training. However, we set high standards – young people must learn from the outset of their working life that their performance makes an important contribution to the Group's economic success.

Bearing this in mind, two new technical skills have been introduced into our training catalogue: process electronics technician and IT systems technician. This increases the number of trades and administrative skills taught by Linde to 27, with particular emphasis placed on technician training. Aside from administrative fields, training in information technology has grown in importance.

The number of trainees increased by 18 over the previous year to 779.

► Employees – by region



Germany	18,380
Rest of Europe	19,693
America	6,256
Asia	1,577
Australia	346
Africa	148

as of 31.12. 2001

Targeted Employee Development

Our employees tend to have one thing in common – they are highly flexible and mobile. It is only possible to bind people to the company over the long term by offering attractive conditions with regard to personal and career development. All business sectors offer individual training courses covering a broad range of topics. This does more than make an active contribution to improving the personal qualifications of our employees – it ensures that the necessary know-how is on hand, safeguarding the Group's future growth.

Our Junior Management Circles, which run throughout the year, prove how much a company can gain from targeted development programs. Again last fiscal year, over 150 talented young people were involved – a major component in our management development program. The ensuing project work provided an important impetus for optimizing processes within all functional areas of the company.

New Retirement Schemes

Following intensive negotiations with employee representatives, the corporate pension scheme was restructured at the end of 2001 to take account of legislative changes in Germany.

This involves a basic change in direction – moving away from a performance-based to a contribution-based scheme. This is a major change which will provide more transparency and accountability, especially important in view of the increasing internationalization of our operations.

Linde Retirement Plan Enhances Company Pension Scheme

As a new addition to our company pension scheme, we now offer an element of self-provision based on salary conversion. The revised Linde pension plan gives all employees the option of investing part of their gross salary on a long-term basis – offering considerable benefits in terms of tax and social insurance contribution savings. The plan guarantees a minimum level of interest, as well as insolvency insurance.

This new structure offers employees based in Germany an innovative and flexible retirement scheme that can be adjusted to individual needs.

During fiscal 2001, Linde spent € 122 million on retirement provisions and support. Of this, € 72 million was directed at employees working in Germany.

The Linde Corporate Health Insurance Scheme

Linde's corporate health insurance scheme recorded a growth in membership of 567 during fiscal year 2001. As of December 31, 2001, the scheme covered a total of 24,224 members and 12,454 dependents, with a uniform 12.5 percent contribution level in force throughout Germany from the beginning of 2000.

Thank You to Our Employees

The Executive Board would like to thank all employees for their hard work and commitment which has played such a decisive part in the success of the company during the last fiscal year.



Looking after Our Partners
Means Growing Together







Linde Outperforms the DAX

Share price growth on the international stock markets proved disappointing for investors during fiscal year 2001. Although the German Share Index (DAX) commenced the year high at just on 6,800, the index began to fall as the world economic slowdown started to set in. Following the terrorist attack in New York on September 11, the DAX reached its lowest level for the year at 3,787. Although the index recovered to close at 5,160 by the end of the year, this still represents an overall fall of 19.8 percent.

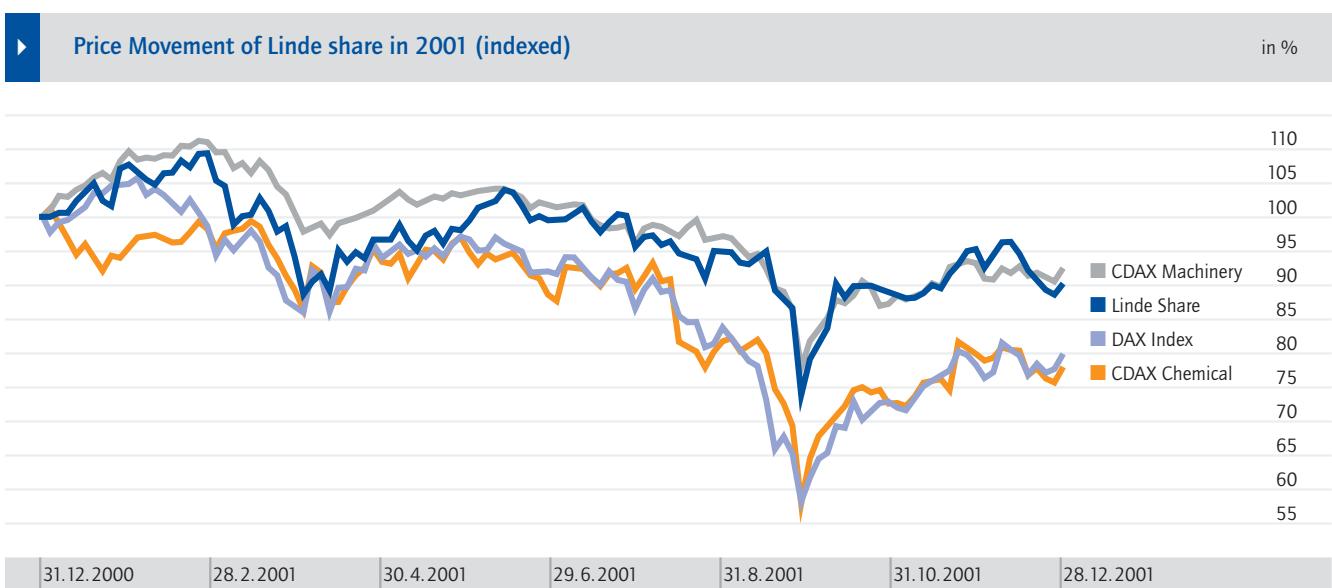
The Linde share was also affected by the pessimistic mood on the markets. At one time, the share was 37 percent down on its year high of € 56.90 in February (year low: € 36.04). However, on the yearly comparison, the Linde share "only" lost 12.0 percent (closing price: € 45.50), clearly outperforming the DAX.

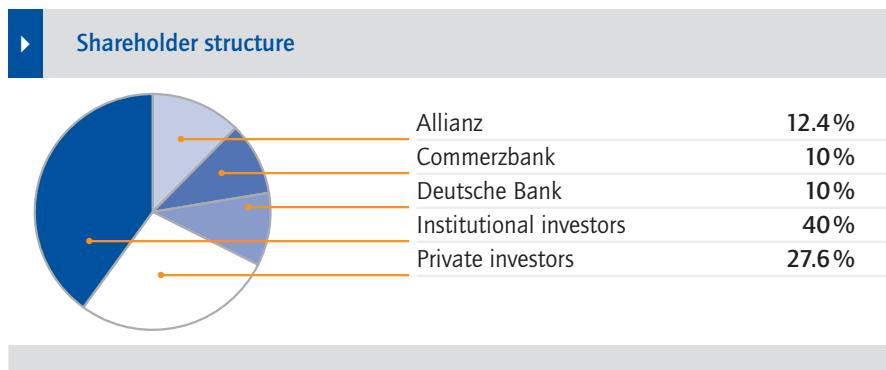
Mechanical Engineering and Chemicals Benchmarks

The Linde share had a checkered journey compared to its relevant industrial indexes. On the one hand, the CDAX-Machinery benchmark index proved relatively stable during the year, down just 7.4 percent on the year, putting it slightly ahead of the Linde share.

This contrasts strongly with the CDAX-Chemical index – relevant to the chemicals industry – which was down on the year by 21.7 percent, thus losing much more than the Linde share. It should be noted that the CDAX-Chemical index is becoming more important as a benchmark for the Linde share, as more than two-thirds of operating profit now comes from the Linde Gas Division. In view of the significance of this Business Segment, investors and analysts are increasingly comparing our performance with chemicals company indexes.

Overall, it must be said that the Linde share remains undervalued – especially when compared with international competitors in the industrial gases segment.





Shareholder Structure Almost Unchanged

The holdings of our three shareholders, Allianz (12.4 percent), Commerzbank (10 percent) and Deutsche Bank (10 percent) remained practically unchanged in the last fiscal year. In a survey of shareholders conducted at the end of 2001, we determined that an additional 40 percent of Linde shares is in the hands of institutional investors located in Germany (57 percent), Great Britain (13 percent) and Switzerland (12 percent). A further 27.6 percent of shares is held by private investors.

Investor Relations: Activities Expanded

Investor relations activities were expanded again in a targeted fashion during fiscal year 2001. This move brought its rewards, with international investors becoming progressively focused on Linde and coverage by analysts also increasing. Due to the increased contribution that Linde's Gas Division is making to overall sales, we are also of growing interest to chemicals industry analysts.

Apart from our yearly Analyst Briefing, we provided the financial community with regular detailed information about the Group's progress. This was done through telephone conferences and individual briefings.

Roadshows in Germany and abroad were another means by which we intensified communications with institutional investors. With the same aim in mind, we also escalated our presence at investor conferences organized by well-known international investment banks.

The Linde Gas Conference, held in Munich during the fiscal year, represents the successful continuation of a series of analyst briefings first started in 1998. These involve examining one particular Division in depth. This time, managers from the Gas and Engineering Business Segment spent a whole day informing more than 50 international analysts. During the conference, the growth markets of hydrogen and healthcare were presented, highlighting the opportunities and prospects they offer the Group.

Linde Gas Conference Provides Detailed Information about the Growth Markets Hydrogen and Healthcare

► Capital market oriented figures for Linde share

		2001	2000
Shares with dividend entitlement for the fiscal year	No.	119,262,134	119,262,134
Closing price at year-end	€	45.50	51.70
Year high	€	56.90	58.40
Year low	€	36.04	39.50
Total dividend Linde AG	€ million	134.8	134.8 + 26.2 ¹
Market capitalization ²	€ million	5,426	6,166
Average weekly turnover	No.	1,810,000	1,710,000
Volatility ² (250 days)	%	26.89	32.32
Information per share			
Cash dividend	€	1.13	1.13 + 0.22 ¹
Dividend yield	%	2.5	2.6
Cash flow	€	8.23	7.57
Results before amortization of goodwill	€	3.30	3.18
Results after amortization of goodwill	€	2.39	2.29

¹ special dividend

² calculated to Dec. 31

Our Internet site was also relaunched during fiscal 2001. The new site has been completely overhauled, including a new investor relations section. As a result, the extent, depth and currency of reporting on the Group and its share have been optimized – greatly improving the quality of information now available.

Inquiries and requests for further information about the Linde share can also be addressed directly to us via our telephone hotline at +49 (0) 611 770 284.

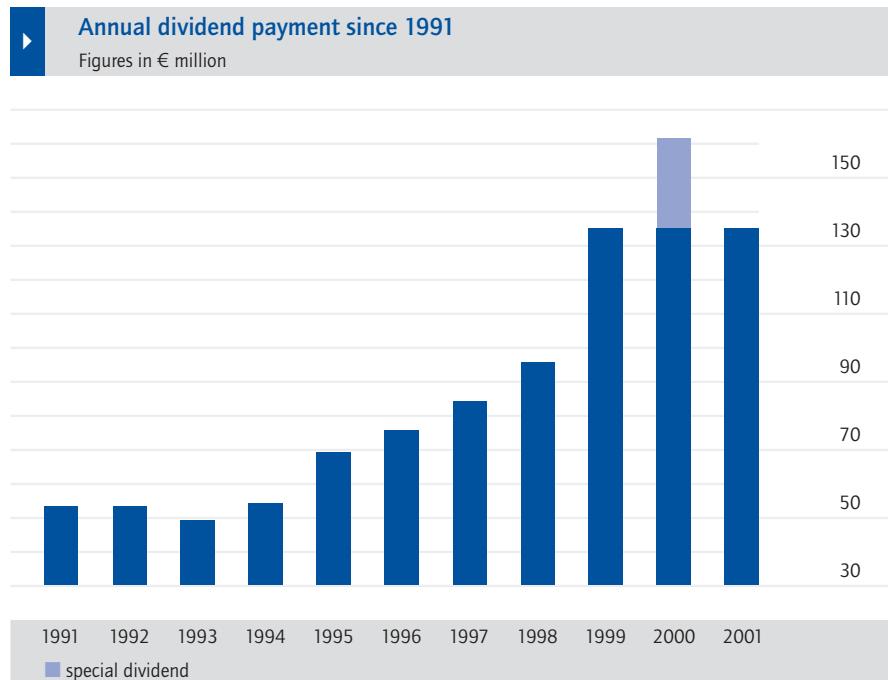
Dividend Payment

At the Shareholders' Meeting on May 14, 2002, Linde AG's Executive and Supervisory Boards will propose payment of an unchanged dividend of € 1.13 per share. This represents a dividend quota of 47 percent based on consolidated net income. In the previous year, Linde paid out a bonus of € 0.22 per share on top of its normal dividend – this was possible due to a change in the German corporation tax system.

Based on an end-of-year price of € 45.50, shareholders received a dividend yield of 2.5 percent – this is high on average compared to other DAX-quoted shares.

Financing

The favorable situation on European capital markets during the last fiscal year was an opportunity to stabilize our financial liabilities over the long term. As part of our existing debt issuance program set up in 2000, 8-year bonds and options were issued to a cumulative volume of € 2.7 billion by the end of the year. Additionally, a euro-denominated commercial paper program of € 1 billion was set up.



Resolutions of the Shareholders' Meeting on May 29, 2001

Subject to authorization by the Supervisory Board, the Executive Board is empowered to acquire up to 10 percent of capital stock in own shares by November 28, 2002.

Minimum Return Target

Linde is using return on capital employed (ROCE) as a key benchmark for determining success, and has set 20 percent as a minimum return value for all its Business Segments. All areas of the company are now expected to take return on capital as the prime long-term criterion.

Ambitious Earnings Targets – ROCE of at Least 20 Percent Set for All Business Segments

This ambitious target has already been achieved by Linde's Engineering Division (26.6 percent). The Material Handling Business Segment, with a return of 19.1 percent, is also coming very close to the mark. Linde's Gas Division (18.7 percent) and its Refrigeration Business Segment (7.5 percent) are still some way below target. However, in view of restructuring measures and synergies emerging from the integration of AGA, we are confident that these parts of the company will be on target by fiscal year 2003 at the latest. As far as the financial side is concerned, our targeted measures to lower net working capital contribute to the improvement of returns.

We also want to achieve a considerable increase in returns at Group level, which came to 9.0 percent in fiscal year 2001. This target is lower than that of the Business Segments because of the effect of goodwill created on the balance sheet when we acquired AGA. The Group's invested capital also includes low-interest bearing assets such as cash and other assets.

► A Joint Project – Linde On-Site Plant for the Production of
Hydrogen and Carbon Monoxide in Karzinbarcika/Hungary



Gas and Engineering: Joining Forces to Win Growth Markets

Combining all the strengths of our gas and engineering businesses under one roof – that was our objective when creating the Linde Gas and Engineering Business Segment during fiscal 2001. Part of a revised corporate structure, the new Business Segment creates a common operational framework for our two Divisions Linde Gas and Linde Engineering, while each remains responsible for its own results.

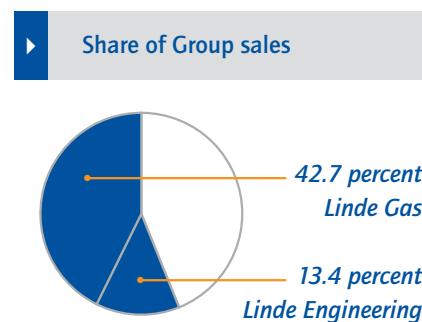
The new organizational structure provides an ideal framework for maximizing the many synergies that occur when these two high-growth Divisions work together. The products and services offered and applied by Linde Gas and Linde Engineering complement each other in major areas. This is particularly true for our expanding on-site business, where we supply customers with air gases, hydrogen and synthesis gas from our own plants located directly at the user's site.

Linde Engineering is the international market and technology leader for the construction of hydrogen and synthesis gas plants, offering a full range of production processes for these gases. The Division provides made-to-measure solutions exactly tailored to customer needs. Linde Gas, for its part, operates the plants, putting its comprehensive know-how in this area to work. Cooperating on joint projects with Linde Engineering implements this enormous knowledge base right from the outset of plant design, ensuring that the project runs smoothly and on time. Generally, Linde Gas then operates such jointly built plants.

Using these diverse synergies to jointly serve customers means that the Linde Gas and Engineering Business Segment can expect excellent opportunities for growth on tomorrow's markets for hydrogen and synthesis gas – especially with regard to on-site business.

The good results already obtained by the Linde Gas and Engineering Business Segment during fiscal year 2001 confirm this strategy of close cooperation between its two Divisions.

Figures in € million		
	2001	2000
Sales	4,996	4,527
Orders received	5,019	4,994
Employees	21,650	22,558



- ▶ New Organizational Structure Bundles Competencies
- ▶ Harnessing Synergies by Working the Market Together
- ▶ Good Opportunities for Growth in On-Site Business

■ Linde Gas Division: The Right Direction – Tomorrow's Markets

Linde Gas extended its position yet again as one of the world's leading gas companies. The successful integration of AGA, acquired in 2000, has resulted in numerous synergies we are now exploiting, as we continue to strengthen our market presence. Focussing on tomorrow's high potential segments will secure us above-average growth, and a high level of profitability. Our medical gases are playing an important role in the expanding healthcare market, on-site business is growing, and hydrogen is an energy carrier with a big future.

Our strategy of providing future-oriented technologies and products is cementing our strong position on the market. Close cooperation achieved between Linde Gas Division and Linde Engineering Division has enabled us to realize technically highly sophisticated projects closely tailored to individual customer requirements.

Orientating Activities Towards Tomorrow's Technologies and Products Secures Our Strong Position on Global Markets

In the wake of the AGA acquisition, we have taken a leading market position in many European countries. We have also improved our position in the markets of North and South America.

Despite a big downturn in demand in North America and the economic problems besetting some South American countries, Linde Gas increased sales by 2.5 percent to € 3.877 billion. When considering this figure, it should be borne in mind that AGA's gas activities in Austria and its cylinder business in the Netherlands had to be divested to meet the conditions set by the competition authorities following the merger. On a statistically comparable basis, Linde Gas achieved an increase in sales of 4.4 percent.

Main contributors to this growth were the industrial gases business, adding 1.3 percent (comparable statistic: 3.3), and the healthcare section, contributing 10.5 percent (comparable statistic: 12.4).

Business tended to develop differently region by region. In Germany, we achieved growth of 4.2 percent – mainly through higher orders of liquefied gas and in the on-site business. Cylinder gas sales remained stable at a high level.

- ▶ Sales Increased Yet Again
- ▶ Integration of AGA Practically Completed
- ▶ Targeting Growth Markets of Healthcare and Synthesis Gas

▶ Figures in € million

	2001	2000
Sales	3,877	3,784
Orders received	3,876	3,774
EBITA	575	519
Capital expenditure	440	773
Employees	17,689	18,661

INOmax™ – Pharmaceutical Gas for the Treatment
of Hypoxic Respiratory Failure in Neonates



In Western Europe – excluding Germany – sales increased by 1.8 percent. However, on a statistically comparable basis, this figure was 5.2 percent. Considerable increases were recorded especially in the Netherlands, Portugal and Switzerland. Major supply contracts for liquefied gas will ensure further growth in this region in future.

Business in Northern Europe was positive overall, although the weak Swedish Krone did have some negative impact.

In Eastern Europe, Linde Gas profited from further expansion of the gas markets, achieving double-digit growth in nearly all the major countries.

Big Increases in Sales in North America Driven by the Healthcare Sector

Despite economic problems in North America, sales also increased on this market – up by 5 percent over fiscal year 2001 to € 952 million. This increase was especially characterized by growth in the healthcare section, which expanded dynamically by 43 percent. Sales achieved in the industrial gases business reached the previous fiscal year's levels. One main reason for this can be seen in the higher natural gas prices in the growth market for on-site plants.

Due to the continuing weak economies and a fall in the value of currencies in Linde's core South American markets of Argentina, Brazil and Chile, sales only matched last year's levels at € 324 million.

In the Asia-Pacific region, our gas companies in Australia and China continued to develop positively.

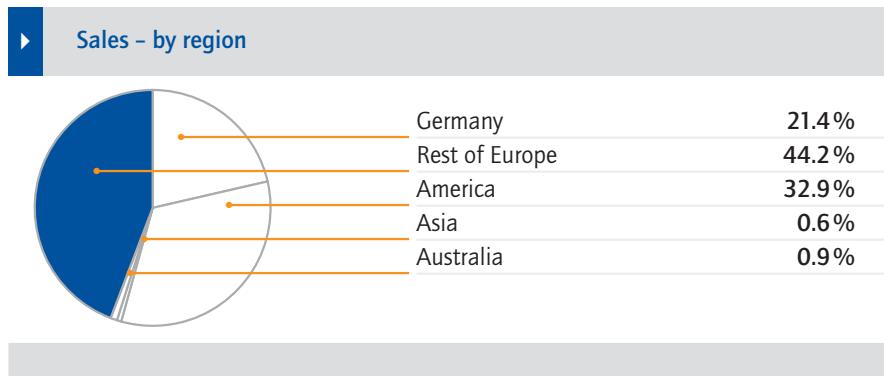
Aside from expanding our gas business, we also concentrated on integrating AGA during fiscal year 2001. As expected, this has resulted in optimized procurement and distribution, with plants being used more efficiently. At the same time, unprofitable sites were closed down, producing savings of € 50 million, with further cost reductions of the same magnitude scheduled for the current fiscal year 2002.

Setting Our Sights on Tomorrow

Our research and development activities are applying themselves to market segments with high future potential. For example, in the healthcare section this includes the pharmaceutical gas INOmax™ (Inhaled Nitric Oxide), while the industrial gases activities are concentrating on hydrogen as an energy carrier. We have secured decisive competitive advantages in these high-growth businesses through new patents.

Apart from those sections mentioned, one of the biggest areas of growth is specialty gases, for example, gases that are an essential part of the production process for the semiconductor industry. Here, Linde Gas has developed a new process which automates production of ultra-high purity gas mixtures via gas weighing. This new method completely replaces the very complicated manual filling and weighing procedure. As a result, ultra-high purity gases can now be produced more efficiently and precisely. Such mixed gases are also needed in industry for testing and calibrating equipment and apparatus used to control production processes.

More information on the pharmaceutical gas INOmax™ is given on page 46.



Hydrogen – Driving Research and Innovation

Aside from our vast know-how, a unique synergy effect within the Group is ensuring the long-term success of Linde Gas. This is the close cooperation with the Linde Engineering Division, the worldwide leading manufacturer of hydrogen plants. This cooperation opens enormous potential to both Divisions – particularly in the fast-growing hydrogen market.

New applications in the chemicals and petrochemical industry have resulted in an increase in demand for hydrogen. Together with carbon monoxide, hydrogen is a major component for modern basic chemicals. Hydrogen is also used when refining heavy oil residues to gasoline and diesel oil. And large quantities of hydrogen are being increasingly used in the production of environmentally friendly low-sulphur fuels. In the medium and long term, hydrogen is also expected to take over as a clean fuel for vehicles. All the major automobile manufacturers are working hard to develop and introduce hydrogen-fuelled engines. Linde is directly involved in this highly innovative R+D.

One example of this is a joint project with BMW, part of the "CleanEnergy WorldTour 2001." Linde's involvement included developing and constructing the special fuel tanks for a limited number of 7 Series BMW cars fitted with hydrogen-run engines. We also were responsible for ensuring supply of the liquid hydrogen used at presentations of the vehicles at locations all over the world.

Elsewhere, Linde Gas has been involved in the production of components used in several Opel fuel-cell vehicles. These vehicles also run on liquid hydrogen (LH_2), with Linde producing the special fuel tanks and the filling station.

Linde also operates Germany's sole industrial hydrogen liquefaction plant in Ingolstadt from which it supplies among other things hydrogen-powered vehicles.

During the fiscal year 2001 reported here, Linde Gas also expanded its range of on-board hardware for storing liquefied hydrogen. A new recooling system for LH_2 vehicle tanks enables the minus 253 °C cold energy carrier to be stored for over twelve days without losses occurring. Moreover, Linde Gas developed new liquid hydrogen tanks with an optimized form that adapts far better to the available interior space of the vehicle.

Hydrogen Will in Future Play an Important Role as an Environmentally Friendly Fuel

▼ **LH_2 -vehicle tank – see glossary**

Linde Gas was also involved in highly innovative projects using natural gas as a vehicle fuel. One example of this was a filling station set up in Munich to supply natural gas fuel both in liquefied form and as compressed gas.

In a joint project with Deutsche Bahn AG (German Rail), Linde Gas also successfully modified a shunting locomotive to run on natural gas and supplied its filling station.

Natural gas has a big potential as a fuel, especially for urban public transport systems, as well as for the vehicle fleets of big companies. Due to its low impact on the environment, this energy carrier is bound to find increasing use – especially as a natural gas infrastructure already exists.

INO – A Medical Therapy

Medical and pharmaceutical gases have tremendous future potential. In the gas industry, these gases represent one of the market segments with the biggest growth, as they are being increasingly used for therapy and diagnosis. Linde is one of the world's leading suppliers of medical gases and is heading the repositioning of medical gases from chemicals to drugs.

*Following the Registration of
INOmax™ as a Pharmaceutical,
Linde is Now Strengthening
its Position in Europe's Growing
Healthcare Market*

Our product INOTherapy™ which is the first gaseous drug to be granted marketing approval after assessment as a drug rather than a medical gas exemplifies our innovative strength in this area. INOmax™ is a gas mixture that includes nitric monoxide (NO). This gas is currently used successfully for treatment of hypoxic respiratory failure in neonates. Clinical studies have shown that INOmax™ has a specific dilating effect on the pulmonary blood vessels. As a result, INOmax™ reduces blood pressure in the lungs, increasing blood circulation.

In December 1999, Linde received official approval from the American FDA to use INOmax™ as a pharmaceutical therapy. Since then, we have been marketing this therapy in the USA through an affiliate. In August 2001, INOmax™ was also approved in Europe as a pharmaceutical, and a sales and distribution network is currently being set up. As a result, we expect an increase in sales and profits in Europe for fiscal year 2002 for the first time.

INOmax™ is currently going through the registration procedure for approval as a pharmaceutical in Japan.

Apart from its therapeutic application for neonates, INOTherapy™ offers other applications in the field of medicine, for example, the treatment of heart and lung diseases or transplants. We intend to develop other new areas of application as we continue to exploit the opportunities in this market.

▶ Sales – by sector

	2001	Share of sales in %
		2000
On-site	18	18
Tank gas	25	25
Cylinder gas	44	45
Healthcare	13	12

Customer Orientation – The Basis for More Growth

Making sure we look after our customers optimally remains at the heart of our activities. This involves more than just supplying large-volume customers from on-site plants speedily and with the right quality of gas – we must also ensure that our many smaller clients in industrial and homecare areas are well supplied, too. Be it through our traditional supply chains with cylinder or tank gases, or by supplying such diverse technical equipment and apparatus as oxygen injection systems used on fish farms.

Customer orientation is a major characteristic of our operations. In future we shall be concentrating even more on the provision of service, right through to complete service packages bundled and tailored to meet the special requirements of our customers. Good examples here are our monitoring systems for remote quality control when using special gases in complex production processes, or our services in the hospital area with regard to the treatment of neonates with INOmax™. Close collaboration is the sort of partnership our customers are looking for – not only does it build on existing relations, it is a vital element for our success in future.

■ Linde Engineering Division: Greater Competence – Stronger Market Positions

Linde Engineering Division extended its position on new growth markets during fiscal year 2001, thereby strengthening its global competence as plant constructor and provider of state-of-the-art processes. We work closely with Linde Gas, utilizing our mutual high potential to harness the ensuing synergies. This particularly applies when providing refineries and chemical companies with hydrogen and synthesis gas, as part of our innovative on-site business. Likewise, participation in several major natural gas projects has successfully positioned us as a technology partner in one of the fastest growing markets in the energy sector.

During fiscal 2001, Linde Engineering won substantial orders like the contract to build a synthesis gas plant for a major German chemicals company. Despite competition from several international challengers, we were also awarded a major contract worth around € 190 million to build a natural gas processing plant in Norway. Linde Engineering is responsible overall for running the project, a reference that will considerably strengthen our position in the market for natural gas plants.

Whether Synthesis Gas, Natural Gas or Olefins – Linde Engineering's Outstanding Competence in Plant Construction Won it Major Contracts During Fiscal Year 2001

In Iran, Linde Engineering is currently building two olefin plants and one of the biggest natural gas separation plants in the world. The project is running on schedule and further orders are expected from this region.

Despite tougher competition following the economic downturn, Linde Engineering can look back on a positive year. Sales increased by 34.0 percent to € 1.218 billion (2000: € 909 million). Orders taken fell back by 11.5 percent to € 1.202 billion (2000: € 1.358 billion).

Hydrogen and Synthesis Gas – Linde Engineering's Core Competencies

Linde Engineering is world market leader as a provider of plants used to produce synthesis gas and hydrogen. We have a deep understanding of the whole area of production processes involved, enabling us to provide customers with comprehensive and optimal solutions matched to every possible need. The Linde Gas Division is an ideal partner here.

- ▶ Sales Up by 34 Percent
- ▶ Major Contracts Awarded
- ▶ Concentration on Tomorrow's Markets for Hydrogen, Natural Gas, Olefins

▶ Figures in € million		2001	2000
Sales		1,218	909
Orders received		1,202	1,358
EBITA		51	39
Capital expenditure		35	21
Employees		3,961	3,897



The hydrogen and carbon monoxide markets are expected to grow annually by over 8 percent in the next ten years – and we shall participate in this growth.

Natural Gas – Energy Source of the Future

Natural gas has a major role to play in the global provision of energy – be it as an energy source with low environmental impact for the generation of electricity, a low-pollutant vehicle fuel, or as a feedstock for the production of environmentally friendly diesel fuels.

Thanks to this wide range of applications, the demand for natural gas has risen rapidly – by 70 percent over the last 20 years, and all signs indicate that this trend will continue. Demand for liquefied natural gas (LNG) is growing particularly dynamically. We are heavily involved in this growth market and will profit increasingly from its above-average potential.

Linde has all the latest technologies at its disposal for natural gas processing and separation – our major projects in Iran and Norway are impressive references for our level of competence here. In cooperation with the Norwegian oil group Statoil, we have developed a liquefaction process of our own for natural gas in which the gas is cooled and thereby liquefied. Our know-how in the construction of large spiral-wound heat exchangers rounds off this technology packet. The concept for these core components used in natural gas plants stems from cooperation with the Dutch oil company Shell.

Our commitment and know-how through long years of experience in the field of natural gas liquefaction plants led to the award of an exceptional contract in fiscal year 2001. What makes this particular order so challenging is its geographical location, close to Hammerfest in Norway. Linde Engineering will erect a natural gas liquefaction plant and tank storage facility for gas at a temperature of minus 162 degrees Celsius, and will also be providing the specialized equipment needed to load the gas onto tankers.

The Hammerfest Project Places Extreme Demands on Planning and Realization – But Opens the Door to the Growth Market for LNG Baseload Plants

This project presents some unique challenges – alone the Arctic climate means that all parts of the plant must be capable of withstanding temperatures down to minus 20 degrees Celsius. The processing plant will be prefabricated in a warmer climatic zone. Following construction, and during the ice-free period, it will then be transported several thousand kilometers to its final destination in Norway on board an enormous special-purpose freighter, bigger than a football field. The plant is scheduled to go on stream at the end of 2005.

As part of the overall project, our customer will be extracting natural gas from the "Snøhvit" gas field in the North Atlantic and transporting it through a 160-kilometer long ocean pipeline that will link up with an island off the coast near Hammerfest – hundreds of kilometers north of the Arctic Circle.

This contract is an opportunity for us to enter the high-potential market for LNG base-load plants.

According to market research experts, demand for liquefied natural gas is expected to grow by a total of 60 percent by 2010. Further plants of the size of the Hammerfest Project will be needed in order to cover this increase. Linde Engineering's technologies and its outstanding competence in the field of heat exchanger manufacture puts it in an ideal position to exploit this opportunity – at the same time strengthening its market position in this area of plant construction.

Olefins – A Growing Market

Olefin plants are a further strength of Linde Engineering. These plants are used to produce ethylene and propylene gases – essential feedstocks for the production of plastics. In this section, too, all signs point to further growth: by the year 2012 demand for ethylene will presumably have gone up by 60 percent. We expect increasing demand, particularly in Asia, but also in the Middle East.

Linde has clear competitive advantages in this field, with decades of experience and numerous references for ethylene plants of every capacity. These are the conditions that put us in an ideal position to achieve an above-average increase in our market share. Three major plants completed in Malaysia, the United Arab Emirates and Germany during fiscal 2001 further underline our expertise in this field.

Successful Research – New Technology Provides Competitive Advantages

Linde Engineering has been working intensively for several years now on technology to produce linear alpha olefins (LAO) from ethylene. LAOs are much sought-after as a feedstock and source of additives used in the production of polyethylene, synthetic lubricants and biologically degradable detergents.

In partnership with SABIC (Saudi Arabian Basic Industries Corporation), Linde Engineering has developed this technology to market maturity during the fiscal year. Our first customer is a SABIC affiliate that plans to commission an LAO plant in mid-2004. Thanks to a special catalytic system developed by Linde, customers using our large-scale LAO plants can now decisively reduce the costs of investment, energy and operating materials. This technology gives us a definite market edge over competing methods.

In the coming years, we expect nearly all market regions to experience an annual increase in demand for LAOs of 6 to 9 percent. We intend to participate in this growth and shall be putting considerable effort into the global marketing of plants needed to produce these important chemical feedstocks.

Successful Customer Cooperation

Linde Engineering Division is ideally positioned for the future. We are constantly working with our customers to bring new processes to market maturity. This cooperation is an essential element in our future economic success.

The market for air separation plants will again grow strongly in the coming years. Numerous projects are in the planning stage worldwide in which Linde Engineering has excellent chances of success.

Demand for Linear Alpha Olefins (LAO) Set to Grow by 6 to 9 Percent Annually – And Linde Will Participate in this Growth

We are creating a high potential for further growth by focussing on tomorrow's market for hydrogen, natural gas and olefins. Demand for gas and petrochemical plants will continue and provide us with sustained business growth during the coming years. Our leading processes for natural gas plants offer us additional new fields of sales. We are securing future growth by innovative developments and by focussing strongly on selected markets.

▼ Air separation plant – see glossary

► The New Forklift Series 39X:
Quiet, Ergonomic, Energy-Saving



Material Handling: New Products and Services for the Future

A clear focus on customer needs, dense sales and service networks and high capital expenditure to develop innovative products – all this and attractive financing and service packages combine to put Linde's Material Handling Business Segment out front of the competition. The success of this strategy speaks for itself – despite a difficult economy, our global market share of orders taken was up from 18.5 to over 20 percent during the last fiscal year.

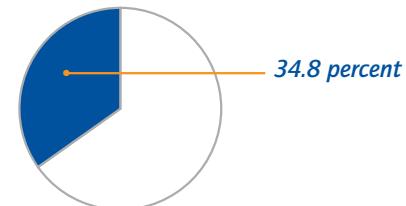
Seen overall, the market for material handling equipment experienced a downturn in 2001. In America, demand dropped dramatically, while the Asian market fell back slightly. In Europe, a continuous decline in demand made itself felt from the middle of 2001. This weaker demand particularly hit counterbalanced trucks of all types, as they are generally more sensitive to economic ups and downs than warehouse trucks.

Yet, despite these difficult market conditions our three Divisions, Linde Material Handling, STILL and FIAT OM managed to vigorously extend their lead positions. The Material Handling Business Segment grew more strongly than the market, with sales up by 7.0 percent to € 3.158 billion. Orders taken rose by 2.2 percent to € 3.193 billion.

Orders and sales were down on the previous year in the hydraulics section due to a weaker economy in several sectors – especially harvesting and construction machinery. However, this downturn was at least partially compensated for by introducing new components into the market.

Developing new technology and modernizing production sites has been a major priority. Sales networks have also been extended, especially in the North and South American and Asian markets. This investment will sustain our leading position into the future.

► Share of Group sales



► Figures in € million

	2001	2000
Sales	3,158	2,951
Orders received	3,193	3,124
EBITA	255	244
Capital expenditure	215	172
Employees	17,891	17,310

- Global Market Share Increased to Over 20 Percent
- Greater Emphasis on Customer Oriented Services
- Lead Extended Through Innovative Technology

Expanding Global Market Presence

Considerable effort has gone into strengthening our position in all international markets.

We have also made good progress in developing our strategic alliance with the Japanese company Komatsu Forklift Ltd. This successful cooperation provides us with an excellent opportunity to exploit the potential for growth that exists in Asia. We expect a further increase in demand in the region, particularly for hydrostatic forklift trucks. On the Japanese market, notoriously difficult for European suppliers to penetrate, Linde sales through Komatsu outlets are developing well. In the expanding Chinese market, our strategy is to be present with both the Linde and Komatsu brands. This, together with our joint venture to produce Komatsu trucks in our Chinese plant, will further increase capacity utilization at our Xiamen factory.

In Europe, we have assumed full product and marketing responsibility for the Komatsu brand, and setting up and expanding this area of business is running according to plan.

In Western Europe, Linde Material Handling achieved significant market success by acquiring whole forklift fleets and taking over fleet management for major customers in Great Britain, Austria and Sweden. This successful strategy, involving the acquisition and phased replacement of third-party fleets, will be continued in future. We also streamlined our sales networks in North America, as well as in several important countries in South America, where new dealerships are strengthening our local presence.

In Brazil, STILL took over a leading warehouse truck manufacturer, propelling us to market leadership in this particular segment. This acquisition is of strategic importance, especially as Brazil is home to the South American automobile industry – and thus one of the most important users of warehouse technology equipment.

During fiscal 2001, FIAT OM exploited changes taking place within European dealership organizations to extend its brands, and at the same time acquired dealerships from a well-known competitor. This has further strengthened FIAT OM's sales performance, especially in Germany and neighboring countries. FIAT OM's improved market presence has also increased the potential for future growth.

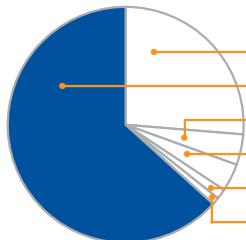
Site Modernization Returns More Efficient Production

Modernizing Key Production Sites Has Increased Productivity and Lowered Production Costs

Last year, the Material Handling Business Segment implemented a modernization program for its main production plants incorporating the latest assembly technology together with new paint plant equipment. The pace of production did not suffer – on the contrary, new divisional production records were set while refitting was in progress. Capital expenditure in this area will further enhance the quality of our products and considerably cut down processing and production times. The production process will also be much more adaptable to cope with product changes. The immediate advantage of these modernization measures has been a further reduction in production costs.

The Linde Material Handling plant in Aschaffenburg has been completely refitted in preparation for series production of a new range of forklift trucks. In our warehouse truck factory in Châtellerault in France, capacity bottlenecks have been eliminated and production time cut by introducing optimized material flows. Modernization at STILL has involved

Sales – by region



Germany	26.3 %
Rest of Europe	63.3 %
America	4.2 %
Asia	3.8 %
Australia	1.4 %
Africa	1.0 %

comprehensive site improvements, particularly at the Hamburg works. The partition of this site has finally been overcome by relocating a stretch of railway track. Despite the inevitable disruption caused while the changes took place, production and delivery schedules were maintained.

Main focus of attention at FIAT OM was directed at the Bari plant. This has involved extensive restructuring and refurbishing of the assembly lines, as well as renewing the paint shop facility and making changes to the assembly line processes. While this was going on, the assembly lines for the Komatsu brand in Europe were completed on schedule. Furthermore, a seamless start to the series production of the new FIAT OM electric and engine powered forklift ranges, which commenced at the beginning of 2002, was ensured.

Expanding Our Product Portfolio

To secure future success, Linde's three Material Handling Divisions will continue to expand their product ranges through innovation and development programs. Aside from ongoing improvements to counterbalanced trucks in all three brands, Linde Material Handling completed the development of a new series of forklifts during fiscal year 2001. Attention also focussed on new developments in warehouse and system trucks in 2001. Now, advanced electronic control of all operational functions is available – making equipment much easier and safer to use.

In April 2002, Linde Material Handling will unveil a product highlight at CEMAT, the world's biggest trade fair for the material handling industry. Featured will be the new 39X engine powered, hydrostatic counterbalance truck, a premium forklift designed to replace the Linde Forklift H 20 to H 35 series – itself a seventeen-year success story, with over 100,000 units produced. The new series presents a multitude of technical innovations.

With its New Premium Forklift Truck 39X, Linde Material Handling Is Setting the Pace in Ergonomics, Drive Technology and Low-Cost Handling Operations

Figures in € million

Linde Material Handling	STILL	FIAT OM
Sales	1,868	281
Orders received	1,887	293
Units sold	64,834	14,509
Employees	10,139	1,398

*The New Lift Truck Series
by FIAT OM Features
Innovative Design and
Operator-Friendly Comfort*



These include state-of-the-art operator ergonomics, a more compact electronically controlled hydrostatic Linde drive system with a more powerful and energy efficient, low emissions engine, markedly reducing fuel consumption and sound level, as well as an innovative electric lift control – just some of the highlights that will increase productivity levels for our industrial and commercial customers. The new truck from Linde has a convincing performance giving greater warehouse turnaround, as well as offering more safety and lower operating costs.

Another new product introduced in 2001 is a low level order picker. This picker offers excellent running costs and ergonomics to users needing to move goods from second level bays. With regard to pedestrian warehouse trucks, Linde now offers a new stacker truck capable of handling loads of 1.4 – 1.6 t. These top models are fitted with the latest electronics, including for the first time the Linde Load Control System that permits operator movement to be translated one-to-one into lifting and lowering actions. The digital ride control, Linde Digital Control, ensures powerful acceleration and a smooth, jog-free start. This control also ensures that the truck cannot roll backwards when starting on an incline.

During the last fiscal year, STILL developed a new low level order picker with a convincing lower level of energy consumption. The FM range of reach trucks offers additional operator comfort through full electronic steering and the choice of either four individual control levers or a joystick. This futuristic technology enables all functions to be carried out from just one control.

In the warehouse systems range, a new very narrow aisle man-up combi truck has been introduced. This vehicle features the innovative Optispeed control system with which the truck can be driven at the optimum speed for every lift height. Yet another new product

brought to the market is a 1.0 t pedestrian stacker truck with a simplex mast. This model rounds off the lower price segment and will improve our competitive position.

Early 2002 saw the introduction by FIAT OM of a complete new range of high quality electric and engine powered counterbalance trucks. In addition, a new pedestrian pallet stacker and a series of pallet and stacker trucks with operator platform were also launched, completing the Division's modular range of warehouse technology. Apart from optimized design, the new trucks have more compact chassis dimensions and are easy to handle. A model capable of a load of 3.0 t has now been introduced to expand the pallet truck range. This means that 80 percent of the FIAT OM product range is now less than two years old.

Customer Loyalty through Comprehensive Service

Taking customer orientation seriously is central to the Material Handling Business Segment's strategy. Our technically outstanding products are continually improved and backed up by commercially attractive service packages – up to and including complete fleet management. That is the major contribution we are making to the commercial success of our customers.

We are constantly expanding our extensive range of services, which we see as a powerful and effective way of winning new customers and long-term loyalty. This means that in the field of logistics, services such as contract hire, leasing and other financing options are becoming increasingly significant, rather than just the single act of selling.

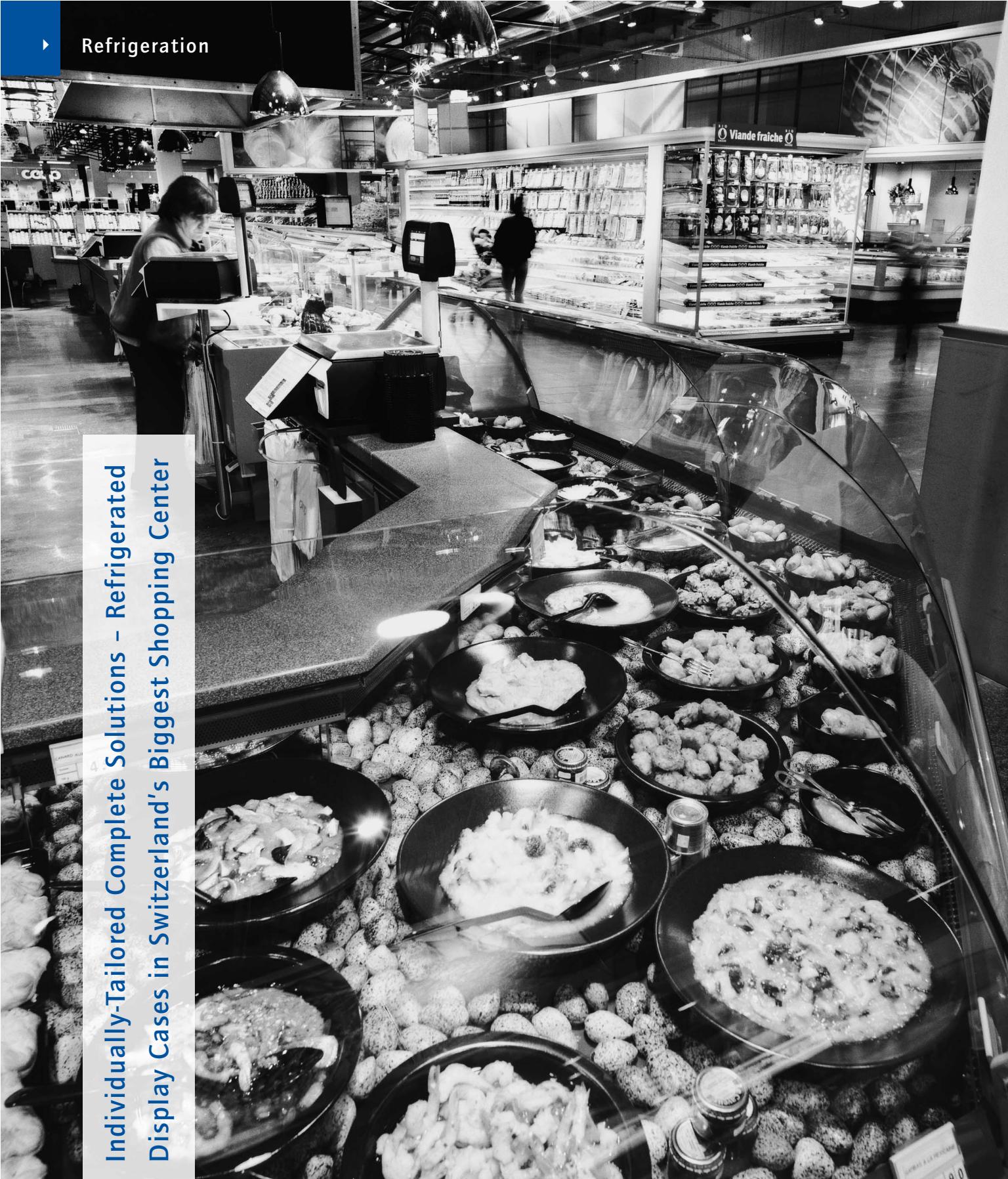
We are also developing new services and pan-European invoicing methods to take better account of growing customer demand for flexible transport operating concepts.

Expanding our information technology systems is a further element that provides effective platforms for optimizing logistics and new channels for procurement and sales. We are making intensive use of these new instruments. Supralift is one such example – a name that stands for a joint venture with a competitor with whom Material Handling is providing its customers with the biggest electronic marketplace in Europe for used equipment.

As global market leader, the Material Handling Business Segment sets standards that lead to long-term partnerships with our customers. The high innovative level of our products, combined with the expansion of our range of services, and our determination to continue our multi-brand strategy – that is how we strengthen our market leadership.

By product group		Units sold
	2001	2000
Counterbalanced trucks	58,965	54,815
Warehouse trucks	54,257	50,084

► Individually-Tailored Complete Solutions – Refrigerated
Display Cases in Switzerland's Biggest Shopping Center



Refrigeration:

Restructuring Starts to Take Effect

The Refrigeration Business Segment was hit by economic weakness within the industries it served during fiscal year 2001. Nevertheless, we have come closer towards our goal of achieving a sustained increase in earning power, and have greatly strengthened our market position through innovative products and services. Our restructuring measures are already showing signs of fruition. Concentrating production at fewer sites, as well as further relocations to the Czech Republic, have provided a basis for growth and for extending our market leadership in Europe.

Continuing global concentration within the retail food trade is leaving it with ever fewer suppliers, in turn influencing the refrigeration technology market. This trend is sharpening the price war within the retail food trade itself, and thus among its suppliers. At the same time, capital expenditure in the food trade was considerably down during fiscal 2001 compared to the previous year. Nevertheless, measures introduced in 2000 to improve our efficiency are beginning to show first signs of success. Despite difficult trading conditions, the earnings situation of the Refrigeration Business Segment could be improved considerably compared to the previous year, whereas return on investment is still not satisfactory.

While sales declined by 5.1 percent to € 887 million (2000: € 935 million), this Business Segment's results proved better than those of the industry as a whole. Orders taken came to € 900 million, 2.9 percent lower than the year before (2000: € 927 million). This is a direct result of retarded capital expenditure by customers, with planned projects being postponed due to weakness in the global economy.

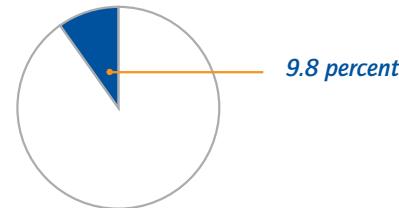
In Europe, demand during fiscal year 2001 failed to reach the previous year's mark. Nevertheless, the Refrigeration Business Segment did manage to increase its lead position in its major markets in Western Europe.

In Eastern Europe, too, the Refrigeration Business Segment is well positioned – with attractive products, an efficient infrastructure and the know-how to take on and successfully complete major projects. As preferred partner for expanding food chains, we have managed to greatly increase our market share in this region.

► Figures in € million

	2001	2000
Sales	887	935
Orders received	900	927
EBITA	19	12
Capital expenditure	28	30
Employees	6,364	6,798

► Share of Group sales



► Results Greatly Improved

► Stronger Position on All Major Markets

► Greater Productivity Following Restructuring

In Asia and Latin America, new orders and sales continued to rise – despite the poor economic conditions prevailing in these regions. For example, economic growth in Brazil was badly hit by a fall in the value of its currency and an energy crisis. This notwithstanding, we managed to expand our market position in this important region. In future, we shall be supplying all South American markets from Brazil, at the same time extending our expertise to cover major projects from other locations.

Sales and Production Measures Increase Profitability

Our goal is to bring about a definite and sustained improvement to the earnings situation of the Refrigeration Business Segment. Customer satisfaction, greater efficiency and reduced costs are the main factors here. Major measures implemented during fiscal 2001 confirm the correctness of this strategy.

We have improved the organizational structure of our sales networks in major European markets, while in France, Italy and Great Britain administrative functions within our brands Linde, Chief and Criosbanc have been combined. In Germany, the regional management structure has been transformed into one major central customer service operation. This organization will bring us closer to our customers, and greatly reduce sales and administration costs.

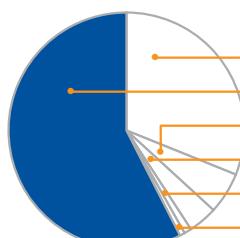
Concentrating Production to Five Locations Has Increased Productivity and Strengthened Earning Power

In the production sphere, too, the Refrigeration Business Segment greatly improved its efficiency during the last fiscal year. Production has been cut back to five locations, with each site concentrating on specific products. This has reduced complexity and thus costs. Concentrating on pre-product development at Mainz-Kostheim, for example, has released capacity at other plants for series development and for conceiving customer-specific solutions. This has the added advantage of speeding up development phases, while providing greater scope for innovation – an aspect in increasing demand in the merchandizing segment and in refrigeration technology. One answer has been to set up joint project teams with our customers. This ensures a very high level of cooperation in the search for solutions within our product sections that can then be tailored individually to match specific customer needs.

In focussing on specific products at each site, this new production concept has also called for a new logistics strategy. We shall be assigning the whole field of logistics to an external service provider and reducing the number of our warehouses in Europe.

We shall also continue to expand our plant in Beroun in the Czech Republic as part of our drive to achieve cost leadership.

Sales – by region



Germany	31.1 %
Rest of Europe	58.3 %
America	5.7 %
Asia	4.0 %
Australia	0.7 %
Africa	0.2 %

Information technology is another area that has been given close attention, with the changeover to SAP R/3 a focal point. During fiscal year 2001, this project has led to comprehensive re-engineering of all internal and external processing procedures.

Proven Expertise in the Planning and Realization of Major Projects

Linde Refrigeration is successful because it offers products with low energy consumption, modern design and the type of functionality that users really want. To this is added our proven expertise in the planning and realization of major projects. Our presence in many regions, together with our outstanding research and development, means we can offer customers a wide range of optimized complete solutions.

Realization of the biggest shopping mall in Switzerland, erected by the Coop trade group in Cressier near Lausanne during fiscal 2001, is impressive proof of our capabilities. Spread over 17,000 square meters, the mall comprises a hypermarket with 32 stores and a large food retail market.

As Coop's partner, the Refrigeration Business Segment was commissioned to design and implement refrigeration equipment for the food market. Our experts produced a service zone concept with close attention placed on design and functionality. Stretching over 250 meters, the zone comprises frozen food display cases, refrigerated counters, as well as serve-over counters supplying hot and cold food. Harmonizing the presentation of goods with consumer functionality was of particular importance – making sure that buyers could reach the goods simply and directly, as well as ensuring that products on display were provided with optimum illumination. Another feature of this project is its unique recycling system for thermal energy, utilizing waste heat produced by the refrigerated display cases to heat warm water and the central heating supply, greatly reducing energy costs.

Another project of strategic importance realized during the last fiscal year was located in Kansas City, USA, where we fully outfitted a showcase store with Linde multideck cabinets for one of the most important food retailers in the world. This test store was opened in October and customer reaction has been very positive.

More information on further product innovations is given on the following page.

Optimized Product Portfolio

The Refrigeration Business Segment also developed a series of product innovations to market maturity during fiscal year 2001. One such development is the Evolution 5 refrigerated display case range, which features modern design while fulfilling all economic and ecological requirements. A feature of this range is its reduced number of components, in turn reducing costs. Market rollout took place at the beginning of this year.

Moreover, our Italian subsidiary company Criosbanc S.p.A. presented a new air-conditioned display counter that minimizes moisture loss in meat and sausage goods on open display. The display counter is the result of a scientific study on product and preservation conditions for different foods carried out jointly with the University of Parma.

Our plug-in refrigerated display cases, especially our refrigerated multideck cabinets, have also proved highly successful. Sales have trebled within just three years, making us current market leader in this product section in Europe.

Environmental protection is becoming an increasingly important factor for the whole refrigeration technology market, and is yet another area where Linde is out front. Fiscal year 2001 saw us confirm our lead here when, as the first manufacturer ever, we produced environmentally friendly low-temperature refrigeration systems using carbon dioxide (CO₂) as a natural refrigerant. These systems release no harmful substances to the ozone layer. Moreover, this technology gives customers the added advantage of reduced energy costs. As a result, we expect strong growth in demand for this type of refrigeration system in future.

We also expect major impetus for new business from EuroShop, the world's most important trade fair for industrial and commercial refrigeration. Linde Refrigeration was present with its full range of new products and systems solutions at the Fair at the end of February 2002 – once again documenting the strength of this Business Segment.

Foundations for More Growth

Linde Refrigeration Business Segment has created the right conditions for future growth. We have improved our sales organization, slashed costs by concentrating production, and increased our competitive ability through innovative technology and products.

This package will increase our earning power and produce cost leadership, placing us in good stead to meet the challenges of the future.

***Outstanding Design,
Functionality and Low Running
Costs – Refrigerated and
Freezer Display Cases from
Linde Refrigeration***





Financial Statements 2001



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Financial Statements

Linde Group Balance Sheet

Assets in € '000	Note	31.12.2001	31.12.2000
Goodwill		3,222,987	3,285,801
Intangible assets		103,052	101,125
Tangible assets		4,338,780	4,381,180
Financial assets		190,893	168,214
Fixed assets	1	7,855,712	7,936,320
Inventories	2	1,766,524	1,755,855
less payments in advance from customers		- 914,069	- 941,358
		852,455	814,497
Receivables and other assets	3	2,285,170	2,359,243
Securities	4	238,315	263,843
Cash and cash equivalents	5	186,135	257,310
Current assets		3,562,075	3,694,893
Deferred expenses	6	48,477	44,083
Balance sheet total		11,466,264	11,675,296

Liabilities and Shareholders' Equity in € '000	Note	31.12.2001	31.12.2000
Capital subscribed		305,311	305,311
Capital reserve		2,595,863	2,595,863
Retained earnings		1,212,803	1,033,337
Minority interests		26,862	35,522
Unappropriated profit		134,766	161,004
Equity	7	4,275,605	4,131,037
Special tax-allowable reserves	8	8,180	12,882
Provisions for pensions and similar obligations		842,123	814,983
Other provisions	9	1,375,222	1,403,938
Provisions		2,217,345	2,218,921
Financial liabilities		3,798,469	4,179,938
Other liabilities		1,101,303	1,079,303
Liabilities	10	4,899,772	5,259,241
Deferred income		65,362	53,215
Balance sheet total		11,466,264	11,675,296

Linde Group Income Statement

in € '000

	Note	2001	2000
Sales	11	9,076,395	8,450,279
Cost of sales		- 6,168,579	- 5,617,514
Gross profit on sales		2,907,816	2,832,765
Marketing and selling expenses		- 1,283,712	- 1,270,228
Research and development costs		- 168,335	- 170,994
Administration expenses		- 683,587	- 689,465
Other operating income	12	237,438	274,078
Other operating expenses	13	- 214,652	- 201,378
Amortization of goodwill		- 107,943	- 106,675
Operating profit		687,025	668,103
Net income from investment in other companies		7,692	7,020
Net interest expense		- 187,558	- 193,518
Depreciation of financial assets and investment securities		- 1,708	- 111
Financial result	14	- 181,574	- 186,609
Earnings before taxes on income		505,451	481,494
Taxes on income		- 216,690	- 207,117
Net income		288,761	274,377
Minority interests	15	- 3,561	- 1,767
Net income less minority interests		285,200	272,610
Earnings per share		2.39	2.29

Linde AG Balance Sheet

Assets in € '000		Note	31.12.2001	31.12.2000
Intangible assets			52,568	51,246
Tangible assets			465,083	157,737
Financial assets			5,749,600	3,078,335
Fixed assets	1		6,267,251	3,287,318
Inventories	2		350,672	457,449
less payments in advance from customers			- 191,713	- 304,422
			158,959	153,027
Receivables and other assets	3		1,183,479	3,431,155
Securities	4		221,863	224,315
Cash and cash equivalents	5		26,775	30,460
Current assets			1,591,076	3,838,957
Balance sheet total			7,858,327	7,126,275

Liabilities and Shareholders' Equity in € '000		Note	31.12.2001	31.12.2000
Capital subscribed			305,311	305,311
Capital reserve			2,595,863	2,595,863
Retained earnings			509,503	509,503
Unappropriated profit			134,766	161,004
Equity	7		3,545,443	3,571,681
Special tax-allowable reserves	8		12,838	9,347
Provisions for pensions and similar obligations			553,500	466,605
Other provisions	9		459,841	373,800
Provisions			1,013,341	840,405
Financial liabilities			103,072	1,318,027
Other liabilities			3,183,633	1,386,815
Liabilities	10		3,286,705	2,704,842
Balance sheet total			7,858,327	7,126,275

Linde AG Income Statement

in € '000

	Note	2001	2000
Sales	11	2,653,913	1,808,913
Cost of sales		- 2,003,185	- 1,431,461
Gross profit on sales		650,728	377,452
Marketing and selling expenses		- 244,142	- 145,852
Research and development costs		- 80,062	- 64,071
Administration expenses		- 227,444	- 152,564
Other operating income	12	74,680	97,336
Other operating expenses	13	- 89,376	- 130,680
Operating profit		84,384	- 18,379
Net income from investment in other companies		185,525	241,713
Net interest expense		- 123,486	- 87
Depreciation of financial assets and securities		- 1,492	- 767
Financial result	14	60,547	240,859
Earnings before taxes on income		144,931	222,480
Taxes on income		- 10,165	- 61,476
Net income		134,766	161,004
Retained earnings		-	-
Unappropriated profit		134,766	161,004

Fixed Assets

	Acquisition and Manufacturing Cost		
	1.1.2001	Changes and adjustments	Additions
Linde Group			
Goodwill	3,392,476	3,955	37,778
Franchise, industrial property rights and similar rights and values, as well as licences thereunder	323,928	1,116	24,466
Payments in advance	979	229	3,582
Intangible assets	3,717,383	5,300	65,826
Land freehold and leasehold and buildings, including buildings on non-owned land	1,872,287	18,947	58,275
Technical equipment and machinery	4,660,461	- 68,040	199,935
Fixtures, furniture and equipment	2,772,577	1,669	254,398
Payments in advance and plant under construction	161,796	- 6,315	91,204
Tangible assets	9,467,121	- 53,739	603,812
Investments in affiliated companies	33,521	- 2,383	35,566
Loans to affiliated companies	74	-	-
Investments in associated companies	12,384	159	1,914
Investments in related companies	99,633	1,306	6,711
Loans to related companies	499	2	-
Investment securities	5,135	63	358
Other loans	19,697	- 202	2,495
Financial assets	170,943	- 1,055	47,044
Fixed assets, Linde Group	13,355,447	- 49,494	716,682
Linde AG			
Franchise, industrial property rights and similar rights and values, as well as licences thereunder	86,118		12,284
Payments in advance	653		2,874
Intangible assets	86,771		15,158
Land freehold and leasehold and buildings, including buildings on non-owned land	296,454		205,510
Technical equipment and machinery	275,006		889,110
Fixtures, furniture and equipment	201,304		213,655
Payments in advance and plant under construction	9,442		65,612
Tangible assets	782,206		1,373,887
Investments in affiliated companies	3,139,100		4,940,324
Loans to related companies	-		-
Investments in associated companies	34,100		3,968
Loans to related companies	143		-
Other loans	1,722		800
Financial assets	3,175,065		4,945,092
Fixed assets, Linde AG	4,044,042		6,334,137



Disposals	Transfers	31.12.2001	Depreciation		Net Book Value	
			During fiscal year	Cumulative to the end of fiscal year	31.12.2001	31.12.2000
-	122,222	3,556,431	107,943	333,444	3,222,987	3,285,801
13,663	- 119,051	216,796	26,730	117,826	98,970	100,146
39	- 660	4,091	2	9	4,082	979
13,702	2,511	3,777,318	134,675	451,279	3,326,039	3,386,926
32,721	26,434	1,943,222	56,212	794,679	1,148,543	1,129,850
74,067	20,551	4,738,840	261,984	2,772,967	1,965,873	2,041,760
147,909	26,877	2,907,612	235,092	1,851,547	1,056,065	1,048,345
1,994	- 76,373	168,318	-	19	168,299	161,225
256,691	- 2,511	9,757,992	553,288	5,419,212	4,338,780	4,381,180
7,021	- 1,190	58,493	217	1,152	57,341	32,373
10	-	64	-	-	64	74
1,235	-	13,222	-	768	12,454	11,616
4,420	1,190	104,420	448	3,200	101,220	99,233
147	-	354	-	-	354	499
1,103	-	4,453	39	431	4,022	4,747
6,494	-	15,496	36	58	15,438	19,672
20,430	-	196,502	740	5,609	190,893	168,214
290,823	-	13,731,812	688,703	5,876,100	7,855,712	7,936,320
9,944	653	89,111	13,102	39,417	49,694	50,593
-	- 653	2,874	-	-	2,874	653
9,944	-	91,985	13,102	39,417	52,568	51,246
7,764	9,344	503,544	13,099	356,511	147,033	77,732
9,580	34,663	1,189,199	83,769	959,996	229,203	33,902
25,961	2,117	391,115	36,568	331,160	59,955	36,661
38	- 46,124	28,892	-	-	28,892	9,442
43,343	-	2,112,750	133,436	1,647,667	465,083	157,737
2,253,248	-	5,826,176	-	113,129	5,713,047	3,043,138
-	-	-	-	-	-	-
2,357	-	35,711	256	1,049	34,662	33,332
107	-	36	-	-	36	143
667	-	1,855	-	-	1,855	1,722
2,256,379	-	5,863,778	256	114,178	5,749,600	3,078,335
2,309,666	-	8,068,513	146,794	1,801,262	6,267,251	3,287,318

Annex

Segment Information by Activities

	Gas and Engineering			
	Linde Gas	Linde Engineering		
	2001	2000	2001	2000
Fixed assets	3,378	3,490	144	142
Inventories	193	199	- 23	- 26
Trade receivables	725	662	131	59
Other assets	152	279	36	64
Cash and cash equivalents	-	-	452	430
Balance sheet total	4,448	4,630	740	669
Capital employed	3,075	3,090	210	170
Provisions and special tax-allowable reserve	945	1,079	389	372
Trade payables	242	210	110	75
Other liabilities	186	251	31	52
Balance sheet total	4,448	4,630	740	669
Sales	3,877	3,784	1,218	909
EBITDA	1,036	965	68	59
Depreciation on tangible assets	- 461	- 446	- 17	- 20
EBITA	575	519	51	39
Net interest	- 78	- 86	- 3	- 3
EBTA	497	433	48	36
Amortization of goodwill	-	-	-	-
Earnings before taxes on income	497	433	48	36
Return on capital employed (ROCE) in %	18.7	15.5	26.6	22.0
Profit margin on sales before taxes on income and amortization of goodwill in %	12.8	11.4	3.9	4.0
Profit margin on sales before taxes on income in %	12.8	11.4	3.9	4.0
Cash flow	800	746	53	51
Changes in net working capital	48	- 180	- 72	41
Capital expenditure	440	773	35	21
Employees	17,689	18,661	3,961	3,897

Material Handling		Refrigeration		Other/Consolidation		Group	
2001	2000	2001	2000	2001	2000	2001	2000
733	690	112	121	3,489	3,493	7,856	7,936
624	595	124	136	- 66	- 90	852	814
724	668	246	289	14	56	1,840	1,734
73	113	19	21	214	193	494	670
-	-	-	-	- 28	91	424	521
2,154	2,066	501	567	3,623	3,743	11,466	11,675
1,360	1,307	210	292	3,219	3,462	8,074	8,321
398	374	194	176	300	231	2,226	2,232
289	260	62	66	- 30	12	673	623
107	125	35	33	134	38	493	499
2,154	2,066	501	567	3,623	3,743	11,466	11,675
3,158	2,951	887	935	- 64	- 129	9,076	8,450
378	363	39	34	- 146	- 76	1,375	1,345
- 123	- 119	- 20	- 22	41	37	- 580	- 570
255	244	19	12	- 105	- 39	795	775
- 27	- 27	- 6	- 8	- 68	- 63	- 182	- 187
228	217	13	4	- 173	- 102	613	588
-	-	-	-	- 108	- 107	- 108	- 107
228	217	13	4	- 281	- 209	505	481
19.1	19.5	7.5	4.1			9.0	9.8
7.2	7.4	1.5	0.4			6.8	7.0
7.2	7.4	1.5	0.4			5.6	5.7
288	276	34	32	- 194	- 202	981	903
- 28	- 20	4	- 7	106	- 32	58	- 198
215	172	28	30	- 1	- 17	717	979
17,891	17,310	6,364	6,798	495	460	46,400	47,126

Linde Group Cash Flow Statement

in € '000

	2001	2000
Net income	288,761	274,377
Depreciation and amortization on fixed assets	688,703	676,945
Additions to pension provisions	49,260	49,831
Net addition to special tax-allowable reserve	- 21	- 2,074
Profit/loss on disposal of fixed assets	- 46,170	- 96,100
Cash flow	980,533	902,979
Changes in		
Inventories net of payments in advance from customers	- 41,442	- 107,519
Trade receivables	- 52,133	- 95,877
Trade payables	54,316	- 28,814
Provisions	- 21,143	13,007
Other assets	196,080	12,278
Other liabilities	- 77,176	8,687
Total change in net working capital	58,502	- 198,238
Cash flow from operating activities	1,039,035	704,741
Proceeds from the disposal of tangible and intangible assets	83,932	74,040
Expenditure on tangible and intangible assets	- 631,860	- 756,339
Proceeds from the disposal of financial assets	13,383	20,728
Expenditure on financial assets	- 47,044	- 28,453
Proceeds from the sale of subsidiaries and business units	44,206	9,532
Acquisition of subsidiaries and business units	- 37,778	- 194,112
Proceeds from the disposal of securities held under current assets	22,845	179,928
Cash flow from investing activities	- 552,316	- 694,676
Dividend payments to shareholders and minority interests	- 162,504	- 142,525
Changes in minority interests	- 1,608	- 113,397
Cash proceeds and repayment from bonds and financial loans	- 395,317	249,987
Cash flow from financing activities	- 559,429	- 5,935
Opening balance of cash and cash equivalents	257,310	115,240
Increases/decreases from changes in Group structure	- 2,763	138,390
Effects due to currency translation	4,298	- 450
Closing balance of cash and cash equivalents	186,135	257,310

Notes to Balance Sheet and Income Statement

General Information

The notes to the Financial Statements for the Linde Group and Linde AG are combined. The Financial Statements for the Linde Group have been drawn up in accordance with the German Commercial Code (HGB) and the German Stock Corporation Law. Where individual positions in the balance sheets and the income statements are combined to improve clarity, they are shown individually in the notes.

As the reasons for the carve-out of the gas business to form a 100 percent affiliate no longer apply, Linde Gas AG was merged into Linde AG in 2001.

This is the main reason for larger deviations in the balance sheet and income statement of Linde AG as compared to the previous year.

For the first time, the income statement has been prepared using the cost of sales method.

Scope of Consolidation

The Group Financial Statements comprise Linde AG and 34 domestic companies, as well as 273 foreign companies in which Linde AG has a direct or indirect majority of the voting rights. Two companies have been consolidated on a proportionate basis. In the fiscal year, 4 companies have been consolidated for the first time.

17 domestic and 53 foreign companies have not been consolidated because of their minor significance in terms of the Group's assets, financial situation and earnings.

In accordance with the regulations on associated companies, one domestic and 3 foreign companies have been included at equity.

The equity method was not applied to 88 associated companies due to their relative insignificance.

A list of the complete shareholdings of the Linde Group and the Linde AG is held at the Commercial Register of the Local Court (Amtsgericht) of Wiesbaden.

Principles of Consolidation

Capital consolidation is based on the book value method, whereby book values are offset against the pro-rata equity of Group companies on the date of acquisition or initial consolidation. Whenever possible, the excess of the purchase price is allocated to the appropriate balance sheet items. Any remaining balance is capitalized from fiscal year 2000 as goodwill and amortized over its expected useful life. German Accounting Standard 4 (DRS 4) was not applied.

Consolidation based on the equity method follows the same principles.

Intercompany profits and losses, income and expenditure, and accounts receivable and payable have been eliminated.

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

Unappropriated profits of consolidated companies and consolidation measures affecting results are included under Group retained earnings. This has the effect that the unappropriated profits shown in the balance sheets of Linde Group and Linde AG are the same.

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. The accounts of associated companies which use different valuation principles have been retained without adjustment because of their minor significance.

Purchased intangible assets are reported at historical cost less straight-line amortization. The amortization 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 included at equity. 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 the 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 § 6a of EStG (German Income Tax Act). The implicit interest rate is 6 percent and the calculation is based on the 1998 life expectancy tables drawn up by Dr. Klaus Heubeck. Foreign companies have recorded pension provisions based on comparable principles which reflect their national laws.

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

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 optimize financing as well as for hedging purposes and are subject to detailed guidelines which lay down fixed limits. Where a hedge relationship based on the underlying transaction can be established, this is shown in the balance sheet. Negative market values of other derivative financial instruments are provided in the balance sheet.

Liabilities are shown at repayment value.

Foreign Currency Translation

In the individual Financial Statements, foreign currency receivables are, if necessary, translated at the lower bid rate applicable at the balance sheet date. Hedged receivables are shown at the relevant forward rate.

Liabilities in foreign currency are valued at either the higher of ask rate on the date of transaction or ask rate at the balance sheet date. In the consolidated Financial Statements, balance sheet items and depreciation in the accounts of foreign consolidated companies are shown at the average bid/ask rate at the balance sheet date. Other items in the Income Statement are converted at the annual average rate of exchange shown in €. Conversion differences between the balance sheet date rate and average exchange rate were € 7.2 million and are posted to retained earnings.

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

1 € =		Average exchange rate on balance sheet date		Annual average exchange rate	
		31.12.2001	31.12.2000	2001	2000
Argentina	ARS	1.499400	0.930500	0.895798	0.923594
Australia	AUD	1.733200	1.675400	1.731147	1.588205
Brazil	BRL	2.057400	1.811600	2.097433	1.684650
China	CNY	7.134900	7.536100	7.248454	7.479913
Denmark	DKK	7.437200	7.462800	7.452165	7.453784
Great Britain	GBP	0.608800	0.623300	0.621955	0.609443
Malaysia	MYR	3.354900	3.534000	3.386850	3.494825
Mexico	MXN	8.060000	8.920000	8.377036	8.736275
Norway	NOK	7.960000	8.271000	8.047541	8.113106
Poland	PLZ	3.506800	3.865500	3.682063	4.016626
Sweden	SEK	9.330000	8.840000	9.252675	8.442896
Switzerland	CHF	1.480500	1.522100	1.510741	1.557854
Czech Republic	CZK	31.990000	35.040000	34.059812	35.584843
Hungary	HUF	245.955000	265.175000	256.459167	260.723333
USA	USD	0.882000	0.930500	0.895798	0.923594

■ Notes to Balance Sheet

1 Fixed Assets

The column "Changes and adjustments" shown under fixed assets mainly shows changes in the group of consolidated companies and differences resulting from currency translation.

2 Inventories

in € '000		Group		Linde AG
	2001	2000	2001	2000
Raw materials, supplies, utilities	238,049	227,763	74,713	66,018
Work in progress	915,100	797,333	186,069	196,251
Finished goods	574,428	552,698	71,734	57,986
Payments in advance to suppliers	38,947	178,061	18,156	137,194
	1,766,524	1,755,855	350,672	457,449

3 Receivables and Other Assets

in € '000		Group		Linde AG
	2001	2000	2001	2000
Trade receivables	1,840,154	1,733,953	239,044	157,888
(of which with a residual term of > 1 year)	(37,124)	(16,192)	(2,243)	(244)
Receivables from affiliated companies	28,922	35,632	771,777	3,094,671
(of which with a residual term of > 1 year)	(-)	(-)	(-)	(-)
Receivables from related companies	40,292	36,447	11,817	7,987
(of which with a residual term of > 1 year)	(32)	(1,506)	(-)	(-)
Other assets	375,802	553,211	160,841	170,609
(of which with a residual term of > 1 year)	(28,122)	(29,260)	(1,408)	(83)
	2,285,170	2,359,243	1,183,479	3,431,155

Other assets include accrued interest and tax refunds of € 56.9 million for the Group and € 56.2 million for Linde AG.

4 Securities

Securities include shares and fixed-interest securities.

5 Cash and Cash Equivalents

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

6 Deferred Expenses

This item includes, among others, deferred tax assets relating to consolidation measures that effect profit or loss totaling € 7.8 million.

7 Equity

The company's subscribed capital remains unchanged over the previous year at € 305,311,063.04. As of the balance sheet date, 119,262,134 shares have been issued at a par value of € 2.56 per share. The shares are bearer shares.

Authorized capital as of the balance sheet date remains unchanged at € 120 million.

The Executive Board has been authorized to raise subscribed capital in three separate tranches (Authorized Capital I, Authorized Capital II, Authorized Capital III), each running concurrently up to May 16, 2005. These permit the Executive Board, subject to approval by the Supervisory Board, to increase subscribed capital by issuing new shares. Shareholders generally have subscription rights.

Under Authorized Capital I, the Executive Board is entitled to increase subscribed capital by € 40 million against cash contributions. Shareholders' subscription rights may be excluded to an amount of up to € 3.5 million which may be issued as employee shares.

Under Authorized Capital II, subscribed capital may be increased by up to € 40 million against cash contributions, whereby shareholders' subscription rights may be excluded for an amount of up to 10 percent of subscribed capital, provided the issue price of the new shares is not significantly lower than the share price traded on the stock exchange.

Under Authorized Capital III, the Executive Board may increase subscribed capital by up to € 40 million against cash or non-cash contributions. Shareholders' subscription rights may be excluded if the capital increase by way of non-cash contributions is performed with the object of acquiring a company or a participating interest in a company.

Moreover, in all of the afore-mentioned instances a proviso exists that enables the Executive Board to exclude subscription rights in case of residual amounts and in those instances where convertible bonds or warrant-linked bonds had been issued.

The Executive Board has not exercised its option yet to issue convertible bonds or warrant-linked bonds in a total nominal amount of up to € 750 million or € 1 billion expiring on May 17, 2004 and May 16, 2005 respectively. If the bonds in question were to be issued they would have a maturity period up to a maximum of 20 years and give the holders/creditors of these bonds the option or conversion rights in respect of the equivalent amount in new shares issued up to a total of € 40 million and € 50 million respectively at par value. This means that the authorized but unissued capital remains unchanged at balance sheet date and stands at € 40 million (authorized but unissued capital 1999) and € 50 million (authorized but unissued capital 2000) respectively.

The company is also authorized to acquire up to 10 percent of subscribed capital through the purchase of own stock expiring on November 28, 2002.

We have been informed of the following participating interests in the Company:
 The Commerzbank Aktiengesellschaft, Frankfurt/Main has notified us that as of January 1, 1995 it holds 10.2 percent of voting rights in our Company.

The Deutsche Bank Aktiengesellschaft, Frankfurt/Main has notified us in accordance with §§ 21 (1), 22 (2) German Securities Trade Act (WpHG) that with effect from December 28, 1998 it no longer directly controls a participation right amounting to 10.07 percent of the voting rights in our Company. These rights are now only designated to it under the provisions of § 22 (1), No 2 German Securities Trade Act (WpHG).

The Deutsche Bank Aktiengesellschaft has notified us at the same time that BOJA Beteiligungs AG & Co Vierte Beteiligungs KG, Eschborn has exceeded the threshold of 10 percent of voting rights in our Company and now holds voting rights amounting to 10.07 percent.

In accordance with §§ 21 (1), 22 (2) German Securities Trade Act (WpHG) the Allianz Aktiengesellschaft, Munich has informed us pursuant to § 24 German Securities Trade Act (WpHG) on behalf of Alico-Beteiligungsgesellschaft mbH & Co. KG, Munich that the latter exceeded the threshold of 10 percent of voting rights in our Company on December 30, 1998 and now holds total voting rights of 10.96 percent. This amount is fully controlled by Alico-Beteiligungsgesellschaft mbH & Co. KG in the sense of § 22 (1), No 2 German Securities Trade Act (WpHG).

Retained earnings	
	in € '000
Balance at January 1, 2001, Group	1,033,337
Group net income appropriated to retained earnings	150,434
Net effect of currency translation and consolidation	29,032
Balance at December 31, 2001, Group	1,212,803

8 Special Tax-Allowable Reserve

Special tax-allowable reserves of foreign subsidiaries have been established in accordance with relevant national regulations. Special reserves in Linde AG are shown in accordance with § 6b German Income Tax Act (EStG).

Depreciation on fixed assets made in accordance with German tax regulations (§ 6b German Income Tax Law) came to € 2.7 million in Linde AG during 2001.

The effects of special depreciation allowed under German tax law had only a minor effect on the net income of Linde AG during the fiscal year and the previous year.

9 Other Provisions

in € '000	Group	Linde AG		
	2001	2000	2001	2000
Provisions for taxes	413,799	342,583	40,902	17,940
Other provisions	961,423	1,061,355	418,939	355,860
	1,375,222	1,403,938	459,841	373,800

Other provisions include amounts for

- outstanding invoices from billed goods and services
- personnel expenditure
- warranty obligations and risks resulting from pending transactions
- other obligations and risks from current business

Linde AG has made provisions for obligations arising from pre-retirement part-time work based on individual agreements.

10 Liabilities

Group in € '000	2001		2001	2000	
	residual term up to 1 year	residual term over 1 up to 5 years	residual term over 5 years	Total	Total
Bonds and other notes	915,574	1,248,861	1,190,080	3,354,515	1,862,118
Bank debt	184,091	242,958	16,905	443,954	2,317,820
(of which secured by liens on property)				(12,635)	(13,701)
Financial debt	1,099,665	1,491,819	1,206,985	3,798,469	4,179,938
Trade payables	660,237	12,263	901	673,401	622,663
Liabilities from bills accepted and bills issued	6,661	-	-	6,661	9,988
Liabilities to affiliated companies	11,627	-	-	11,627	26,645
Liabilities to related companies	6,691	-	-	6,691	6,538
Other liabilities	345,938	31,575	25,410	402,923	413,469
(of which for taxes)				(138,074)	(167,338)
(of which for social security contributions)				(34,766)	(34,291)
(of which secured by liens on property)				(5,113)	(5,113)
Liabilities excluding financial debt	1,031,154	43,838	26,311	1,101,303	1,079,303
Total liabilities	2,130,819	1,535,657	1,233,296	4,899,772	5,259,241
(of which secured by liens on property)				(17,748)	(18,814)

Bonds and other notes totaling € 3.355 billion include private placements of € 1.894 billion and commercial papers of € 460.2 million, as well as 6.375 percent bonds issued in 2000 totaling € 1 billion, part of a € 4 billion debt issuance program of Linde Finance B.V.

Linde AG in € '000		2001			2001	2000
		residual term up to 1 year	residual term over 1 up to 5 years	residual term over 5 years	Total	Total
Bonds and other notes	65,000	-	-	65,000	-	-
Bank debt	29,364	8,708	-	38,072	1,318,027	
Financial debt	94,364	8,708	-	103,072	1,318,027	
(of which secured by liens on property)				(58)	(93)	
Trade payables	98,382	87	-	98,469	51,408	
Liabilities to affiliated companies	3,013,890	-	-	3,013,890	1,263,826	
Liabilities to related companies	2,736	-	-	2,736	303	
Other liabilities	68,538	-	-	68,538	71,278	
(of which for taxes)				(28,033)	(20,547)	
(of which for social security contributions)				(1,984)	(853)	
(of which secured by liens on property)				(5,113)	(5,113)	
Liabilities excluding financial debt	3,183,546	87	-	3,183,633	1,386,815	
Total liabilities	3,277,910	8,795	-	3,286,705	2,704,842	
(of which secured by liens on property)				(5,171)	(5,206)	

Notes to Income Statement

11 Sales

Sales by Business Segment and Division, and by geographical region are shown in the tables below.

According to activities in € '000		Group		Linde AG	
		2001	2000	2001	2000
Gas and Engineering		4,995,622	4,527,325	1,336,352	542,920
Linde Gas		3,876,889	3,783,892	755,466	-
Linde Engineering		1,217,631	908,692	614,492	542,920
Material Handling		3,157,725	2,950,782	849,907	803,539
Refrigeration		887,413	935,276	473,025	465,637
Other		55,032	55,527	-	-
Consolidations		- 19,397	- 18,631	- 5,371	- 3,183
		9,076,395	8,450,279	2,653,913	1,808,913

According to geographical region in € '000		Group		Linde AG	
		2001	2000	2001	2000
Germany		2,269,416	2,015,291	1,496,421	710,889
Other EU countries		3,415,884	3,327,029	566,177	580,145
Rest of Europe		905,959	915,626	159,511	127,877
America		1,676,972	1,746,600	80,092	199,333
Asia		684,124	248,587	319,697	107,496
Africa		37,246	75,024	14,890	50,465
Australia		86,794	122,122	17,125	32,708
		9,076,395	8,450,279	2,653,913	1,808,913

12 Other Operating Income

Other operating income fell from € 274.1 million to € 237.4 million. This figure includes income from the disposal of fixed and current assets of € 61.2 million (2000: € 111.1 million), of which € 27.8 million (2000: € 71.8 million) was from the disposal of financial assets, profits from currency gains of € 17.8 million (2000: € 23.2 million), as well as income from commercial undertakings and income from the reversal of provisions of € 48.0 million (2000: € 28.8 million). Income from the reversal of special tax-allowable reserves came to € 1.8 million (2000: € 4.2 million) for the Group.

13 Other Operating Expenses

Other operating expenses rose from € 201.4 million to € 214.7 million. This figure includes among others € 43.9 million (2000: € 68.6 million) for exchange rate differences, € 11.1 million (2000: € 22.9 million) for severance payments and pre-retirement part-time work, € 0.0 million (2000: € 45.0 million) for restructuring costs in the Refrigeration Business Segment, € 15.1 million (2000: € 15.0 million) for losses on the disposal of fixed and current assets. Allocations to special tax-allowable reserves amounted to € 0.4 million (2000: € 2.6 million) for the Group.

14 Financial Result

▶ Investment income in € '000	2001	Group		Linde AG
		2000	2001	2000
Income from profit transfer agreements	1,663	1,451	36,283	31,344
Income from investments	4,409	2,581	149,612	212,532
(of which from affiliated companies)	(256)	(284)	(148,625)	(211,942)
Income from associated companies	2,703	3,148	618	749
Expense from loss sharing agreements	1,083	160	988	2,912
	7,692	7,020	185,525	241,713

▶ Net interest income in € '000	2001	Group		Linde AG
		2000	2001	2000
Interest on long-term loans	1,702	2,335	109	111
(of which from affiliated companies)	(-)	(12)	(-)	(-)
Other interest and similar income	45,894	67,569	35,018	156,296
(of which from affiliated companies)	(1,217)	(542)	(18,837)	(125,741)
Interest and similar charges	235,154	263,422	158,613	156,494
(of which to affiliated companies)	(307)	(597)	(113,121)	(55,057)
	- 187,558	- 193,518	- 123,486	- 87

Depreciation on financial assets totaled € 0.7 million and depreciation on securities under current assets € 1.0 million.

15 Minority Interests

The Group Financial Statements show a figure of € 3.6 million in respect of minority interests.

■ Additional Notes

16 Contingent Liabilities, Commitments

	in € '000	Group	Linde AG
		2001	2000
Bills endorsed and discounted	21,302	27,113	18,693
Guarantees	10,985	11,751	116,388
Warranties	80,777	63,007	1,104,905
Sureties for third-party liabilities	10,950	9,490	-

Other financial commitments

Other financial commitments as at December 31, 2001 for the Linde Group came to € 994.9 million (2000: € 795.0 million) and to € 73.6 million for Linde AG (2000: € 57.2 million). These figures cover obligations arising from rental and leasing agreements, capital expenditure orders, call commitments etc. Obligations ensuing from leasing agreements are very largely offset by corresponding contractual claims against the customers involved.

17 Material Expense

	in € '000	Group	Linde AG
		2001	2000
Cost of raw materials, supplies and utilities, goods purchased	4,006,095	3,676,077	1,239,442
Services purchased	245,442	310,244	84,390
	4,251,537	3,986,321	1,323,832
			928,734

18 Personnel Expense

	in € '000	Group	Linde AG
		2001	2000
Wages and salaries	1,745,040	1,738,744	608,761
Social security contributions	377,263	367,530	108,459
Pensions	117,814	113,032	53,589
Welfare	4,392	3,584	453
	2,244,509	2,222,890	771,262
			581,376

19 Employees

The average number of employees (excluding trainees and those on work experience schemes) was distributed among the individual Business Segments as follows:

		Group	Linde AG	
	2001	2000	2001	2000
Gas and Engineering	21,717	22,757	5,358	2,370
Linde Gas	17,884	18,923	3,002	-
Linde Engineering	3,833	3,834	2,356	2,370
Material Handling	17,053	16,453	3,327	3,290
Refrigeration	6,295	6,639	3,155	3,208
Other	465	435	366	344
	45,530	46,284	12,206	9,212

20 Segment Information According to Activities

The different products offered by the Gas and Engineering Business Segment – itself comprising Linde Gas and Linde Engineering Divisions – as well as those of the Material Handling Business Segment and the Refrigeration Business Segment are reflected in the segment information according to activities. Generally the same accounting and valuation principles applying to the Group Financial Statements are used in the Business Segments. As a rule, overhead costs incurred by the Corporate Center are not posted to the Segments. Intercompany transactions are performed at market prices as a matter of principle.

The Linde Gas Division is focused on the production, sale and distribution of gases for applications in industry, medicine, environmental protection and research and development. Additionally, this Division offers technical application know-how, services and the necessary hardware for applying the gas in question.

The Linde Engineering Division is involved in the conception and realization of turnkey industrial plants for the petrochemical industry, for the production of hydrogen and synthesis gases, the treatment of natural gas, as well as the construction of pharmaceutical plants. This Division also develops and manufactures plant components and offers specialized services.

The Material Handling Business Segment comprises three Divisions: Linde Material Handling, STILL GmbH and FIAT OM Carrelli Elevatori S.p.A. These develop, manufacture and sell forklift and warehouse trucks. These Divisions also offer a comprehensive range of service packages and financial services. The Linde Material Handling Division also develops, manufactures and sells hydraulic components.

The Refrigeration Business Segment develops, manufactures and sells refrigerated and freezer display cases as well as non-refrigerated shop equipment for all sectors of the retail food trade, as well as providing relevant services such as conception and design, and after-sales services.

The column "Other/Consolidation" includes amounts which cannot be allocated to the Segments. These include one-off expenses and income, expenses incurred by the Corporate Center, Group financial costs and the amortization of goodwill. Also included here are Group activities which cannot be allocated to a particular segment, and are thus posted directly to the Corporate Center. Consolidation entries made to reconcile Segment figures to total Group figures are also included here.

21 Segment Information by Region

In the table below, Segment information is summarized for the fiscal years 2001 and 2000 by region.

Capital expenditure in € million		2001	2000
Germany		166	177
Rest of Europe		393	572
America		128	188
Asia		10	26
Africa/Australia		20	16
		717	979

Fixed assets in € million		2001	2000
Germany		1,030	1,006
Rest of Europe		2,067	2,250
America		1,034	918
Asia		145	145
Africa/Australia		63	62
		4,339	4,381

22 Group Cash Flow Statement

The Group cash flow statement was prepared for the first time in accordance with German Accounting Standard 2 (DRS 2). The comparative figures of the previous year have been adjusted accordingly.

Cash funds

Cash funds correspond to cash and cash equivalents. In the previous fiscal year, securities reported under current assets amounting to € 263.8 million were included in cash funds. Cash funds are not subject to any restrictions that impair liquidity. They include € 6.0 million from proportionately consolidated companies.

Following the sale of previously consolidated undertakings, the Group's fixed assets and debts were reduced in fiscal year 2001 as follows:

	in € '000
Fixed assets	19,690
Cash and cash equivalents	2,763
Other current assets	13,090
Provisions for pensions	1,750
Other provisions	4,074
Other liabilities	14,629

Affiliated companies acquired during the fiscal year are not consolidated in the Group Financial Statements in that year.

Total Compensation of the Supervisory Board and Executive Board

In fiscal 2001, total compensation paid to members of the Supervisory Board came to € 1,314,266 (2000: € 1,290,629).

Total compensation paid to the members of the Executive Board by Linde AG came to € 7,972,174 (2000: € 6,049,971), by the Group to € 7,994,092 (2000: € 6,101,803).

Total compensation paid to former members of the Executive Board and their dependants in fiscal 2001 came to € 4,679,602 (2000: € 1,455,730).

Provisions totaling € 18,353,387 (2000: € 13,718,807) were recorded for pension liabilities in respect of former members of the Executive Board and their dependants.

Proposed Appropriation of Profit

The Executive Board proposes to the Shareholders' Meeting that the unappropriated profit of € 134,766,211 be distributed in the form of a dividend of € 1.13 per share to 119,262,134 shares with dividend entitlement.

Wiesbaden, February 2002

Linde Aktiengesellschaft
The Executive Board

Full

Belloni

Brahms

Krossa

Schmohl

Auditors' Report

We have audited the annual financial statements, together with the accounting system, of Linde AG, Wiesbaden, as well as the consolidated financial statements and the management report for Linde AG and the Linde Group prepared by the Company for the business year from January 1 to December 31, 2001. The preparation of these documents in accordance with German commercial law is the responsibility of the Company's Executive Board. Our responsibility is to express an opinion on the annual financial statements, together with the accounting system, as well as on the consolidated financial statements and the management report for the Company and the Group based on our audit.

We conducted our audit of the annual and consolidated financial statements in accordance with § 317 of the German Commercial Code (HGB) and the German generally accepted standards for the audit of financial statements as 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 consolidated financial statements in accordance with accounting principles generally accepted in Germany and in the management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Company and 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 management report 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 the Executive Board, as well as evaluating the overall presentation in the annual and the consolidated financial statements and the management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion, 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 accounting principles generally accepted in Germany. On the whole the management report provides a suitable understanding of the Company's and the Group's position and suitably presents the risk of future development.

Düsseldorf, March 7, 2002

KPMG Deutsche Treuhand-Gesellschaft
Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft

Zielke	Gewehr
Wirtschaftsprüfer	Wirtschaftsprüfer

Further Information on Subsidiaries

	Country	Equity € '000	Sales € '000	Income after taxes on income € '000	Total workforce
Gas and Engineering Business Segment					
Linde Gas Division					
Linde Gas Austria	A	113,407	92,370	11,705	344
Linde Gas Pty. Ltd.	AUS	39,856	33,984	9,245	131
Linde Gas Brazil	BR	54,915	125,274	- 1,368	647
PanGas	CH	109,806	103,710	18,924	365
Linde Gas Columbia	CO	46,202	44,785	8,430	245
Linde Technoplyn	CZ	147,579	121,898	21,670	812
AGA Linde Healthcare GmbH & Co. KG	D	1,297	53,540	8,287	115
Tega-Technische Gase und Gasetechnik GmbH	D	478	45,916	5,127	130
Linde Gas Denmark	DK	3,500	37,048	- 372	139
Abelló Linde Spain	E	52,749	89,368	5,018	409
Linde Gas France	F	88,445	191,394	14,041	747
Linde Gas Finland	FIN	106,908	112,582	19,733	391
Linde Gas Great Britain	GB	35,643	55,486	2,013	266
Linde Gas Hungary AG	H	90,933	71,655	21,869	534
Linde Gas Italy	I	90,620	87,395	- 2,743	237
Linde Gas Mexico	MEX	88,295	65,546	6,249	441
Linde Gas Norway	N	40,651	94,260	13,471	327
nv Hoek Loos	NL	214,768	242,282	29,664	900
Linde Gas Poland	PL	61,227	81,600	- 5,732	943
Linde Gas Puerto Rico	PR	14,579	37,290	2,357	228
AGA S.A.	RA	34,189	46,027	- 6,780	247
Linde Gas Chile	RCH	39,817	30,858	4,045	216
AGA AB	S	677,653	250,927	94,881	967
Linde Gas USA	USA	93,221	846,838	10,614	2,511
AGA Gas C.A.	YV	40,599	34,766	7,176	176
Linde Engineering Division					
Linde-KCA-Dresden GmbH	D	68,508	145,849	5,308	546
Selas-Linde GmbH	D	921	60,912	1,568	74
Société d'Application des Techniques Linde S.A.R.L.	F	3,639	38,376	2,272	9
Linde Impianti Italia S.p.A.	I	- 3,035	49,608	6,028	25
Linde Engineering USA	USA	53,414	279,418	23,555	627



	Country	Equity € '000	Sales € '000	Income after taxes on income € '000	Total workforce
Material Handling Business Segment					
Linde Fördertechnik GmbH	A	8,653	40,314	866	115
Linde Materials Handling Pty. Ltd.	AUS	5,840	44,906	- 6,892	197
Linde Lansing Fördertechnik AG	CH	9,960	33,417	966	121
Linde Carretillas e Hidraulica, S.A.	E	24,533	100,930	5,381	189
Fenwick-Linde France	F	88,981	499,809	16,266	2,042
Lansing Linde Great Britain	GB	118,793	508,381	9,656	1,802
Linde Güldner Italiana S.p.A.	I	21,474	99,351	2,797	99
Linde Milenz Truck A/B	S	6,051	48,870	353	133
Linde-Xiamen Gabelstaplergesellschaft mbH	TJ	40,412	78,471	- 2,279	850
Linde Lift Truck Corporation	USA	22,439	82,368	3,168	145
STILL N.V.	B	5,197	35,419	1,246	121
STILL GmbH	D	61,565	668,837	21,231	3,336
STILL WAGNER GmbH & Co. KG	D	22,405	129,699	7,333	639
STILL, S.A.	E	11,172	47,798	1,580	98
STILL & SAXBY S.A.R.L.	F	47,675	273,789	3,144	1,108
STILL Materials Handling Ltd.	GB	9,815	37,792	145	65
STILL ITALIA S.p.A.	I	13,748	68,310	4,671	76
STILL Intern Transport B.V.	NL	8,578	55,856	1,174	204
FIAT OM Carrelli Elevatori S.p.A.	I	63,171	228,629	4,607	1,095
Refrigeration Business Segment					
Linde Kältetechnik Ges.m.b.H.	A	10,549	61,507	2,042	262
Seral do Brasil S.A. – Indústria Metalúrgica	BR	252	36,377	- 2,275	337
LKS KälteSchweiz AG	CH	12,003	53,091	1,497	269
Linde Refrigeration France	F	- 8,741	76,072	- 14,787	319
Linde Refrigeration and Retail Systems Ltd.	GB	1,874	164,953	- 5,506	492
Linde Refrigeration Italy	I	19,117	61,891	- 1,089	323
Other					
MATRA-WERKE GmbH	D	5,223	55,032	3,275	102

as of Dec. 31, 2001





► Healthy Development Depends on
Using Opportunities

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)

Membership of comparable domestic and foreign boards:

External offices:

nv Hoek Loos (Deputy Chairman of Supervisory Board)

Jakob Staub

Deputy Chairman of the Supervisory Board of Linde AG,
Chairman of the Works Council, Refrigeration Division, Linde AG,
Cologne-Sürth Works

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

Group offices:

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

Membership of comparable domestic and foreign boards:

Group offices:

Assurances Générales de France (Deputy President of
Executive Board)
Riunione Adriatica di Sicurtà (Deputy President of
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 Executive Board)
Stora Enso, Helsinki (Member of Board of Directors)
The Nasdaq Stock Market Inc., Washington
(Member of Board of Directors)
Vodafone Group Plc (Member of Board of Non-Executive
Directors)

Group offices:

Deutsche Bank Luxemburg SA (Chairman of Executive Board)

Dr. Karl-Hermann Baumann

Chairman of the Supervisory Board of Siemens AG

Membership of other German supervisory boards:

External offices:

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 Wertpapierbesitz e. V. (DSW)

Membership of other German supervisory boards:

External offices:

IWKA Industriewerke Karlsruhe Augsburg AG
MVS Miete Vertrieb Service AG

Rüdiger Bouillon

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

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

Gernot Hahl

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

Joachim Hartig

Chairman of the Works Council, Material Handling Division,
Linde AG, Aschaffenburg Works

Klaus Heinrich Hofmann

Divisional Director, Material Handling Division, Linde AG

Hans-Dieter Katte

Chairman of the Works Council, Engineering Division, Linde AG,
Höllriegelskreuth Works

Dr. Martin Kohlhaussen

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

External offices:

- Bayer AG
- Commerzbank AG (Chairman)
- Heraeus Holding GmbH
- Hochtief AG
- Infineon Technologies AG (Deputy Chairman)
- KarstadtQuelle AG
- Schering AG
- ThyssenKrupp AG

Rainer Schmidt

Chairman of the Works Council of STILL GmbH, Hamburg Works

Dr. Manfred Schneider

Chairman of the Executive Board of Bayer AG
(from May 29, 2001)

Membership of other German supervisory boards:

External offices:

- Allianz AG
- DaimlerChrysler AG
- Metro AG
- RWE AG

Hermann J. Strenger

Chairman of the Supervisory Board of Bayer AG
(until May 29, 2001)

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 Executive Board)

Prof. Dr. Jürgen F. Strube

Chairman of the Executive Board of BASF Aktiengesellschaft
Membership of other German supervisory boards:

External offices:

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

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

Dr. Peter Grafoner

Deputy President and Chief Executive Officer
(until May 2, 2001)

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

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

(until March 15, 2001)

Dr. Hans-Peter Schmohl

Member of the Executive Board

Membership of other German supervisory boards:

External offices:

- Airbus Deutschland GmbH

Group offices:

- STILL GmbH (Chairman)

Gerold Tandler

Member of the Executive Board

(until May 31, 2001)

Membership of other German supervisory boards:

External offices:

- Walter Bau-AG

(as of Dec. 31, 2001)

Executive Board	Responsible for Business Segment	Group Management Duties
Gerhard Full President and Chief Executive Officer	Gas and Engineering	Corporate Center Executive Management
Dr. Aldo Belloni	Gas and Engineering	Patents
Hero Brahms		Accounts, Taxes Administration, Controlling Treasury, Personnel
Hubertus Krossa	Refrigeration	Marketing
Dr. Hans-Peter Schmohl	Material Handling	Organization, IT, Central Technical Functions

Gas and Engineering	Material Handling	Refrigeration
Linde Gas Gerhard Full Lennart Selander Dr. Aldo Belloni Dr. Rainer Goedl Wout van der Kooij	Linde Material Handling Dr. Ferdinand Megerlin Erwin Bruckmoser Klaus Heinrich Hofmann Bruno Kulick	Linde Refrigeration Bert-Jan Knoef Dr. Dietmar Meister Stephan Schaller
Linde Engineering Franz Habicht Dr. Markus Raab Werner Schwarzmeier	STILL GmbH Horst Peter Jäger Norbert Pfeiffer Jens Reinecke	
	FIAT OM Carrelli Elevatori S.p.A. Dr. Daniele Signorini	

Corporate Center
Corporate Communications, Corporate Planning Administration, Controlling Accounts, Taxes Treasury Marketing Organization, IT Personnel Legal Central Technical Functions

as of Jan. 31, 2002

Scheduled Dates

Press Briefing on Annual Results
March 27, 2002
Frankfurt/Main

Interim Report for 1st Half of 2002
August 22, 2002

Analysts' Briefing
March 27, 2002
Frankfurt/Main

Fall Press Conference
November 14, 2002
Wiesbaden

Interim Report
January – March 2002
May 13, 2002

Interim Report
January – September 2002
November 14, 2002

Shareholders' Meeting 2002
May 14, 2002, 10.00 am
International Congress Center, Munich

Shareholders' Meeting 2003
May 27, 2003, 10.00 a.m.
International Congress Center, Munich

Dividend Payment
May 15, 2002

Shareholders' Meeting 2004
May 18, 2004, 10.00 a.m.
International Congress Center, Munich

Information

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Linde Key Data

Group		1999	2000	2001
Sales	€ million	6,194	8,450	9,076
Orders received	€ million	6,349	9,083	9,145
Orders on hand	€ million	3,830	6,491	6,723
Earnings before taxes on income and amortization (EBTA)	€ million	417	588	613
Earnings before taxes on income (EBT)	€ million	417	481	505
Net income	€ million	261	274	289
DVFA/SG income	€ million	243	273	285
Return on capital employed (ROCE)	%	10.2	9.8	9.0
Profit margin on sales before taxes on income and amortization	%	6.7	7.0	6.8
Profit margin on sales before taxes on income	%	6.7	5.7	5.6
Capital expenditure	€ million	885	979	717
Cash flow	€ million	603	903	981
Equity	€ million	4,056	4,131	4,276
Balance sheet total	€ million	9,003	11,675	11,466
Employees (Dec. 31)		35,597	47,126	46,400
Per share ¹				
Earnings	€	2.04	2.29	2.39
Dividend	€	1.13	1.13 + 0.22 ²	1.13
Cash flow	€	5.06	7.57	8.23
Number of shares ¹	'000s	119,262	119,262	119,262

¹ related to number of shares on Dec. 31

² special dividend

Business Segments 2001	Sales € million	Orders received € million	EBITA € million	Capital expenditure € million	Employees
Gas and Engineering	4,996	5,019	626	475	21,650
Linde Gas	3,877	3,876	575	440	17,689
Linde Engineering	1,218	1,202	51	35	3,961
Material Handling	3,158	3,193	255	215	17,891
Refrigeration	887	900	19	28	6,364



		1992	1993	1994	1995	1996	1997	1998	1999	2000	2001
Sales	€ million	3,852	3,667	4,074	4,236	4,500	4,881	5,490	6,194	8,450	9,076
Domestic	%	50.2	43.9	40.9	39.8	36.7	32.9	32.8	30.9	23.8	25.0
Foreign	%	49.8	56.1	59.1	60.2	63.3	67.1	67.2	69.1	76.2	75.0
Results											
Earnings before taxes on income and amortization of goodwill	€ million	244	160	214	291	325	369	418	417	588	613
Earnings before taxes on income	€ million	244	160	214	291	325	369	418	417	481	505
Net income	€ million	130	91	126	184	202	229	259	261	274	289
DVFA/SG earnings	€ million	143	111	132	172	190	213	244	243	273	285
Earnings per share ¹	€	2.10	1.61	1.89	2.04	2.26	2.54	2.90	2.04	2.29	2.39
Dividend	€ million	53	49	54	69	75	84	95	135	135+26 ²	135
Dividend per share ¹	€	0.77	0.72	0.77	0.82	0.90	1.00	1.13	1.13	1.13+0.22 ²	1.13
Number of shares ¹	'000s	68,436	68,834	69,997	84,054	84,054	84,054	84,054	119,262	119,262	119,262
Asset structure											
Fixed assets	€ million	1,188	1,278	1,401	1,544	1,762	2,020	2,200	6,282	7,936	7,856
Inventories less payments in advance	€ million	255	321	270	354	480	431	510	566	814	852
Trade receivables	€ million	786	777	793	847	902	1,043	1,035	1,314	1,734	1,840
Cash and cash equivalents	€ million	807	608	598	932	834	746	679	398	521	424
Other assets	€ million	140	203	194	195	275	274	367	443	670	494
Total assets	€ million	3,176	3,187	3,256	3,872	4,253	4,514	4,791	9,003	11,675	11,466
Capital structure											
Equity	€ million	1,506	1,513	1,566	2,058	2,183	2,360	2,482	4,056	4,131	4,276
Provisions	€ million	894	935	943	1,012	1,091	1,178	1,309	1,415	2,219	2,217
Financial liabilities	€ million	267	258	303	303	445	354	347	2,740	4,180	3,798
Other liabilities	€ million	509	481	444	499	534	622	653	792	1,145	1,175
Total equity and liabilities	€ million	3,176	3,187	3,256	3,872	4,253	4,514	4,791	9,003	11,675	11,466
Statement of Cash Flows											
Capital expenditure	€ million	495	413	427	477	567	569	584	885	979	717
Depreciation	€ million	261	263	254	245	281	293	333	315	677	689
Cash flow ³	€ million	409	387	406	456	512	556	612	603	903	981
Employees (31.12.)		30,424	29,636	29,618	30,068	30,746	32,112	33,371	35,597	47,126	46,400
Domestic	%	63.5	60.7	58.8	57.9	55.9	52.9	51.8	49.3	39.2	39.6
Foreign	%	36.5	39.3	41.2	42.1	44.1	47.1	48.2	50.7	60.8	60.4
Key Ratios											
Equity ratio	%	47.4	47.5	48.1	53.2	51.3	52.3	51.8	45.1	35.4	37.3
Return on capital employed (ROCE)	%	-	-	13.5	15.6	14.5	15.3	16.4	10.2	9.8	9.0
Profit margin on sales before taxes on income and amortization of goodwill	%	6.3	4.4	5.3	6.9	7.2	7.6	7.6	6.7	7.0	6.8
Profit margin on sales before taxes on income	%	6.3	4.4	5.3	6.9	7.2	7.6	7.6	6.7	5.7	5.6
Cash flow as percentage of sales	%	10.6	10.6	10.0	10.8	11.4	11.4	11.1	9.7	10.7	10.8

¹ relates to number of shares on 31.12.; figures for 1992 to 1998 adjusted to reflect 1999 share split of 1:10² special dividend³ from the year 2000 excluding any profits/losses on the disposal of assets

Air separation plant ▶ Plant for the liquefaction and separation of air into its components, especially nitrogen and oxygen, but also inert gases.	Cryotank ▶ Low temperature tank, for example to store liquid hydrogen.	Heat exchanger ▶ Device for transferring heat from a hot object to a colder object.	Olefin plant ▶ Plant used to produce single or multiple-bonded unsaturated hydrocarbons (olefins). Olefins are an important base substance used in the synthesis of plastics.
Benchmark ▶ Measurement which indicates the efficiency of an undertaking or operating process.	Cupola furnace ▶ Smelting furnace used to produce cast iron.	Heat pump ▶ Device used to extract heat from a warm body – for example the surrounding soil. The thermal energy is transferred to a gas which can be used to heat colder objects.	Pilot plant ▶ A small-scale plant built to test processes, before moving over to the realization of a full-scale industrial production facility.
CAN bus technology ▶ Standardized serial communication data bus protocol used to exchange data between different control devices and vehicle sensors/actuators.	Debt issuance Program ▶ Outline agreement to issue financial instruments such as bonds on the capital market.	Immersion painting, cathode method ▶ Method of applying paint to permanently protect metals against corrosion.	Polyethylene ▶ see ethylene
Cash flow ▶ Used in the analysis of balance sheets, company operations and shares to assess the financial and earning power of an enterprise. Cash flow (sales or financing surplus) describes the flow of cash and cash equivalents from sales and other sources within a specific period.	EBIT ▶ Abbreviation for "Earnings Before Interest and Taxes on income".	LH₂ vehicle fuel tank ▶ Fuel tank used to store liquid hydrogen (LH ₂). LH ₂ is regarded as a future vehicle fuel.	Rectification ▶ Separation of liquid mixtures by repeated distillation.
CDAX Chemical ▶ A German share index for listed companies operating in the chemicals sector which is becoming increasingly important for Linde as a benchmark.	EBITA ▶ Abbreviation for "Earnings Before Interest, Taxes on income and Amortization".	Linde Digital Control ▶ Digital control for the driving and lifting movements of warehouse trucks and electric front forklift trucks from Linde.	Roadshow ▶ Members of the Executive Board and the investor relations team inform institutional investors at major financial centers about the company's progress.
CDAX Machinery ▶ German share index tracking companies operating in the engineering sector.	EBITDA ▶ Abbreviation for "Earnings Before Interest, Taxes on income, Depreciation and Amortization".	EBT ▶ Abbreviation for "Earnings Before Taxes on income".	ROCE ▶ Abbreviation for "Return on Capital Employed". This yield on capital is calculated as the ratio between earnings before taxes on income and interest (EBIT) and the average amount of capital employed. This latter figure is calculated from equity and interest-bearing loans from third parties – excluding provisions for pensions.
Commercial paper program ▶ Short-term notes with a term of between 30 and 270 days which enterprises issue as highly flexible, individually-tailored financial instruments.	E-Learning ▶ Employee development and qualification program based on the new media, such as Intranet and Internet.	Linear Alpha Olefins ▶ Pre-product used in the production of lubrication and engine oils.	In the case of Linde Engineering and the Linde Group, interest income is included in EBIT.
Counterbalanced trucks ▶ Industrial trucks which can freely lift loads on forks. A counterweight prevents the truck from tipping over.	Ethylene ▶ Gaseous, non-toxic hydrocarbon. Important petrochemical intermediate, especially for the manufacture of plastics such as polyethylene.	Liquefied Natural Gas (LNG) ▶ Natural gas which has been transformed into a liquid state. Due to its high energy density, constant calorific value and high purity,	Synthesis gas plant ▶ Plant for the production of a gas mixture comprising mainly hydrogen and carbon monoxide.
Coverage ▶ Here: regular monitoring and analysis of current business trends of a company by analysts.	Financial instruments, derivatives ▶ Derivatives are financial instruments whose value is determined by underlying host instruments (securities, currencies and raw materials).	LNG has high potential as a future vehicle fuel.	Ternary mixture ▶ Mixture of three substances whose boiling points lie close together.
	Healthcare ▶ Collective concept for corporate activities in the area of medical care. This market is becoming increasingly important for Linde, especially due to the growing application of medical gases.	LNG baseload plant ▶ Production plant large enough to cover the basic capacity demand of industrial or municipal natural gas users. The core process involves liquefaction of large amounts of natural gas.	Working capital ▶ Key financial figure which shows changes in liquidity, in particular the difference between current assets and short-term liabilities.