

Non-GAAP Measures

(millions of dollars, except per share)

The Message to Shareholders beginning on page 4 contains non-GAAP measures. The presentation of these non-GAAP measures is intended to enhance the usefulness of financial information by providing measures which the company's management uses internally to evaluate the company's baseline performance.

Results from continuing operations in 2006 on a GAAP basis included a charge for a global cost reduction plan. In addition, effective 1 October 2005, the company prospectively adopted SFAS No. 123R, which requires companies to expense the grant-date fair value of employee stock options. Refer to the Notes to the consolidated financial statements for further information on these items. Presented below are reconciliations of reported results to non-GAAP measures adjusted for these items.

	Continuing Operations		
	Operating Income	Income	Diluted EPS
2006 GAAP	\$1,060.9	\$748.3	\$3.29
2005 GAAP	995.5	707.5	3.06
% Change GAAP	7%	6%	8%
2006 GAAP	\$1,060.9	\$748.3	\$3.29
Global cost reduction plan	72.1	46.8	.21
2006 Non-GAAP Measure	\$1,133.0	\$795.1	\$3.50
2005 GAAP	\$ 995.5	\$707.5	\$3.06
Pro forma stock option expense	(47.9)	(29.2)	(.13)
2005 Non-GAAP Measure	\$ 947.6	\$678.3	\$2.93
% Change Non-GAAP	20%	17%	19%

	ORONA 2006	ORONA 2005	Basis Point Change
Five-quarter average identifiable assets from continuing operations	\$10,021.1	\$9,511.2	
Operating income GAAP	1,060.9	995.5	
ORONA GAAP	10.6%	10.5%	+10
Operating income GAAP	\$ 1,060.9	\$ 995.5	
Global cost reduction plan	72.1	—	
Pro forma stock option expense	—	(47.9)	
Operating income non-GAAP	\$ 1,133.0	\$ 947.6	
ORONA Non-GAAP	11.3%	10.0%	+130

Operating return on net assets (ORONA) is calculated as operating income divided by five-quarter average of identifiable assets (i.e., total assets less investments in equity affiliates).

	2006 GAAP	2005 GAAP	% Change GAAP	Pro forma 2005 Stock Option Expense	2005 Non-GAAP Measure	% Change Non-GAAP Measure
Operating Income						
Merchant Gases	\$ 470.0	\$ 414.0	14%	\$15.9	\$398.1	18%
Tonnage Gases	341.3	251.8	36%	6.4	245.4	39%
Electronics and Performance Materials	195.3	146.0	34%	14.0	132.0	48%
Equipment and Energy	68.9	29.1	137%	3.2	25.9	166%
Healthcare	8.4	81.7	(90)%	2.0	79.7	(89)%
Chemicals	64.0	86.1	(26)%	4.8	81.3	(21)%
Segment Totals	1,147.9	1,008.7		46.3	962.4	
Global cost reduction plan	(72.1)	—		—	—	
Other	(14.9)	(13.2)		1.6	(14.8)	
Consolidated Total	\$1,060.9	\$ 995.5		\$47.9	\$947.6	