

PRAXAIR INC
Form 10-Q
April 29, 2015
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
FORM 10-Q

☒ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT
OF 1934

For the quarterly period ended March 31, 2015

OR

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT
OF 1934

For the transition period from _____ to _____

PRAXAIR, INC.

(Exact name of registrant as specified in its charter)

DELAWARE

(State or other jurisdiction of incorporation)

1-11037

(Commission File Number)

06-1249050

(IRS Employer Identification No.)

39 OLD RIDGEBURY ROAD, DANBURY, CT

(Address of principal executive offices)

(203) 837-2000

(Registrant's telephone number, including area code)

06810-5113

(Zip Code)

N/A

(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definitions of "large accelerated filer," "accelerated filer," and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☐

Accelerated filer ☐

Non-accelerated filer ☐

Smaller reporting company ☐

Indicate by check mark whether the Registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes ☐ No ☒

At March 31, 2015, 288,310,190 shares of common stock (\$0.01 par value) of the Registrant were outstanding.

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PRAXAIR, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME
(Millions of dollars, except per share data)
(UNAUDITED)

	Quarter Ended March 31,	
	2015	2014
SALES	\$2,757	\$3,026
Cost of sales, exclusive of depreciation and amortization	1,530	1,726
Selling, general and administrative	299	326
Depreciation and amortization	277	285
Research and development	24	23
Other income (expense) - net	(4	) 9
OPERATING PROFIT	623	675
Interest expense - net	44	46
INCOME BEFORE INCOME TAXES AND EQUITY INVESTMENTS	579	629
Income taxes	162	176
INCOME BEFORE EQUITY INVESTMENTS	417	453
Income from equity investments	11	9
NET INCOME (INCLUDING NONCONTROLLING INTERESTS)	428	462
Less: noncontrolling interests	(12	) (14
NET INCOME - PRAXAIR, INC.	\$416	\$448
PER SHARE DATA - PRAXAIR, INC. SHAREHOLDERS		
Basic earnings per share	\$1.44	\$1.52
Diluted earnings per share	\$1.43	\$1.51
Cash dividends per share	\$0.715	\$0.65
WEIGHTED AVERAGE SHARES OUTSTANDING (000's):		
Basic shares outstanding	289,143	294,195
Diluted shares outstanding	291,652	297,253
The accompanying notes are an integral part of these financial statements.		

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PRAXAIR, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

(Millions of dollars)

(UNAUDITED)

	Quarter Ended March 31,	
	2015	2014
NET INCOME (INCLUDING NONCONTROLLING INTERESTS)	\$428	\$462
OTHER COMPREHENSIVE INCOME (LOSS)		
Translation adjustments:		
Foreign currency translation adjustments	(644	) (20
Reclassifications to net income	—	(3
Income taxes	(34	) (9
Translation adjustments	(678	) (32
Funded status - retirement obligations (Note 10):		
Retirement program remeasurements	9	2
Reclassifications to net income	19	13
Income taxes	(10	) (5
Funded status - retirement obligations	18	10
Derivative instruments (Note 5):		
Current quarter unrealized gain (loss)	—	3
Reclassifications to net income	—	—
Income taxes	—	(1
Derivative instruments	—	2
TOTAL OTHER COMPREHENSIVE INCOME (LOSS)	(660	) (20
COMPREHENSIVE INCOME (LOSS) (INCLUDING NONCONTROLLING INTERESTS)	(232	) 442
Less: noncontrolling interests	18	(12
COMPREHENSIVE INCOME (LOSS) - PRAXAIR, INC.	\$(214	) \$430

The accompanying notes are an integral part of these financial statements.

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PRAXAIR, INC. AND SUBSIDIARIES
 CONDENSED CONSOLIDATED BALANCE SHEETS
 (Millions of dollars)
 (UNAUDITED)

	March 31, 2015	December 31, 2014
ASSETS		
Cash and cash equivalents	\$117	\$126
Accounts receivable - net	1,751	1,796
Inventories	535	551
Prepaid and other current assets	323	366
TOTAL CURRENT ASSETS	2,726	2,839
Property, plant and equipment (less accumulated depreciation of \$11,551 in 2015 and \$11,857 in 2014)	11,593	11,997
Goodwill	3,010	3,121
Other intangible assets - net	588	603
Other long-term assets	1,206	1,242
TOTAL ASSETS	\$19,123	\$19,802
LIABILITIES AND EQUITY		
Accounts payable	\$813	\$864
Short-term debt	623	587
Current portion of long-term debt	2	2
Other current liabilities	897	1,037
TOTAL CURRENT LIABILITIES	2,335	2,490
Long-term debt	8,771	8,669
Other long-term liabilities	2,454	2,457
TOTAL LIABILITIES	13,560	13,616
Commitments and contingencies (Note 11)		
Redeemable noncontrolling interests	170	176
Praxair, Inc. Shareholders' Equity:		
Common stock \$0.01 par value, authorized - 800,000,000 shares, issued 2015 and 2014 - 383,230,625 shares	4	4
Additional paid-in capital	3,980	3,994
Retained earnings	11,668	11,461
Accumulated other comprehensive income (loss)	(3,815)	) (3,185)
Less: Treasury stock, at cost (2015 - 94,920,435 shares and 2014 - 93,969,017 shares)	(6,819)	) (6,651)
Total Praxair, Inc. Shareholders' Equity	5,018	5,623
Noncontrolling interests	375	387
TOTAL EQUITY	5,393	6,010
TOTAL LIABILITIES AND EQUITY	\$19,123	\$19,802
The accompanying notes are an integral part of these financial statements.		

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PRAXAIR, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Millions of dollars)
(UNAUDITED)

	Three Months Ended March 31,	
	2015	2014
OPERATIONS		
Net income - Praxair, Inc.	\$416	\$448
Noncontrolling interests	12	14
Net income (including noncontrolling interests)	428	462
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	277	285
Deferred income taxes	14	23
Share-based compensation	7	15
Working capital:		
Accounts receivable	(50)	(136)
Inventory	(6)	(16)
Prepaid and other current assets	2	20
Payables and accruals	(66)	(116)
Pension contributions	(11)	(9)
Long-term assets, liabilities and other	(87)	8
Net cash provided by operating activities	508	536
INVESTING		
Capital expenditures	(397)	(393)
Acquisitions, net of cash acquired	(5)	(124)
Divestitures and asset sales	2	66
Net cash used for investing activities	(400)	(451)
FINANCING		
Short-term debt borrowings (repayments) - net	38	(80)
Long-term debt borrowings	753	847
Long-term debt repayments	(501)	(303)
Issuances of common stock	44	49
Purchases of common stock	(235)	(286)
Cash dividends - Praxair, Inc. shareholders	(207)	(191)
Excess tax benefit on share-based compensation	14	20
Noncontrolling interest transactions and other	(6)	(140)
Net cash (used for) provided by financing activities	(100)	(84)
Effect of exchange rate changes on cash and cash equivalents	(17)	5
Change in cash and cash equivalents	(9)	6
Cash and cash equivalents, beginning-of-period	126	138
Cash and cash equivalents, end-of-period	\$117	\$144
The accompanying notes are an integral part of these financial statements.		

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PRAXAIR, INC. AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(UNAUDITED)

1. Summary of Significant Accounting Policies

Presentation of Condensed Consolidated Financial Statements - In the opinion of Praxair, Inc. (Praxair) management, the accompanying condensed consolidated financial statements include all adjustments necessary for a fair presentation of the results for the interim periods presented and such adjustments are of a normal recurring nature. The accompanying condensed consolidated financial statements should be read in conjunction with the notes to the consolidated financial statements of Praxair, Inc. and subsidiaries in Praxair's 2014 Annual Report on Form 10-K. There have been no material changes to the company's significant accounting policies during 2015.

Accounting Standards Implemented in 2015

The following standards were effective for Praxair in 2015 and their adoption did not have a significant impact on the condensed consolidated financial statements:

Reporting Discontinued Operations – In April 2014, the FASB issued updated guidance on the reporting and disclosures of discontinued operations. The new guidance requires that the disposal of a component of an entity be reported as discontinued operations only if the action represents a strategic shift that will have a major effect on an entity's operations and financial results, and would require expanded disclosures. The adoption of this guidance did not have a significant impact on the condensed consolidated financial statements.

Accounting Standards to be Implemented

Revenue Recognition – In May 2014, the FASB issued updated guidance on the reporting and disclosure of revenue. The new guidance requires the evaluation of contracts with customers to determine the recognition of revenue when or as the entity satisfies a performance obligation, and would require expanded disclosures. This guidance will be effective for Praxair beginning in the first quarter 2017 and includes several transition options. Praxair is in the early stages of reviewing the new guidance and will provide updates on the expected impact to Praxair in future filings, as determined.

Accounting for Share-based Compensation - In June 2014, the FASB issued updated guidance on the accounting for share-based payments when the terms of an award provide that a performance target could be achieved after the requisite service period. Praxair does not expect this requirement to have a significant impact on the condensed consolidated financial statements. This guidance will be effective for Praxair beginning in the first quarter 2016, with early adoption optional.

Presentation of Debt Issuance Costs – In April 2015, the FASB issued updated guidance on the presentation of debt issuance costs. The new guidance requires debt issuance costs to be classified as debt rather than deferred charges within the condensed consolidated financial statements. Praxair does not expect this requirement to have a significant impact on the condensed consolidated financial statements. This guidance will be effective for Praxair beginning in the first quarter 2016 on a retrospective basis, with early adoption optional.

Reclassifications – Certain prior years' amounts have been reclassified to conform to the current year's presentation.

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2. Acquisitions

2015 Acquisitions

During the three months ended March 31, 2015 Praxair had acquisitions totaling \$5 million. This was due primarily to the acquisition of a packaged gases business in South America.

2014 Acquisitions

During the three months ended March 31, 2014 Praxair had acquisitions totaling \$124 million. These consisted of the acquisitions of an industrial gases business in Italy, several packaged gases businesses in North and South America and an equity investment in the Middle East. These transactions resulted in goodwill and other intangible assets of \$43 million and \$29 million, respectively (see Note 8).

3. Supplemental Information

Inventories

The following is a summary of Praxair's consolidated inventories:

(Millions of dollars)	March 31, 2015	December 31, 2014
Inventories		
Raw materials and supplies	\$ 194	\$ 200
Work in process	48	52
Finished goods	293	299
Total inventories	\$ 535	\$ 551

Long-term receivables

Long-term receivables are not material and are largely reserved. Such long-term receivables are included within other long-term assets in the condensed consolidated balance sheets and totaled \$40 million and \$43 million at March 31, 2015 and December 31, 2014, respectively. These amounts are net of reserves of \$40 million and \$48 million, respectively. The amounts in both periods relate primarily to government receivables in Brazil and other long-term notes receivable from customers. Collectability is reviewed regularly and uncollectible amounts are written-off as appropriate. The account balance changes during 2015 were primarily due to foreign exchange rate movements.

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4. Debt

The following is a summary of Praxair's outstanding debt at March 31, 2015 and December 31, 2014:

(Millions of dollars)	March 31, 2015	December 31, 2014
SHORT-TERM		
Commercial paper and U.S. bank borrowings	\$536	\$514
Other bank borrowings (primarily international)	87	73
Total short-term debt	623	587
LONG-TERM		
U.S. borrowings (U.S. dollar denominated unless otherwise noted)		
4.625% Notes due 2015 (a)	—	500
3.25% Notes due 2015 (b, d)	405	408
0.75% Notes due 2016 (b)	400	400
Floating Rate Notes due 2017 (e)	150	—
5.20% Notes due 2017	325	325
1.05% Notes due 2017	400	400
1.20% Notes due 2018	500	500
1.25% Notes due 2018 (c, d)	485	481
4.50% Notes due 2019 (c)	599	599
1.90% Notes due 2019	500	500
1.50% Euro-denominated notes due 2020 (c)	641	722
4.05% Notes due 2021 (c)	499	499
3.00% Notes due 2021 (c)	497	497
2.45% Notes due 2022 (c)	598	598
2.20% Notes due 2022 (c)	499	499
2.70% Notes due 2023 (c)	499	499
2.65% Notes due 2025 (c, e)	398	—
1.625% Euro-denominated notes due 2025 (c)	532	599
3.55% Notes due 2042 (c, e)	666	466
Other	4	4
International bank borrowings	168	167
Obligations under capital leases	8	8
	8,773	8,671
Less: current portion of long-term debt	(2	) (2
Total long-term debt	8,771	8,669
Total debt	\$9,396	\$9,258

(a) In March 2015, Praxair repaid \$500 million of 4.625% notes that became due.

(b) Classified as long-term because of the company's intent to refinance this debt on a long-term basis and the availability of such financing under the terms of an existing \$2.5 billion long-term credit facility.

(c) Amounts are net of unamortized discounts.

(d) March 31, 2015 and December 31, 2014 include a \$15 million and \$14 million fair value increase, respectively, related to hedge accounting. See Note 5 for additional information.

On February 5, 2015, Praxair issued \$150 million of floating rate notes that bear interest at the Federal funds effective rate plus 0.33% due 2017, \$400 million of 2.65% fixed rate notes due 2025 and \$200 million of 3.550% fixed rate notes due in 2042. The proceeds were used for general corporate purposes, including the repayment of outstanding indebtedness.

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5. Financial Instruments

In its normal operations, Praxair is exposed to market risks relating to fluctuations in interest rates, foreign currency exchange rates, energy costs and to a lesser extent precious metal prices. The objective of financial risk management at Praxair is to minimize the negative impact of such fluctuations on the company's earnings and cash flows. To manage these risks, among other strategies, Praxair routinely enters into various derivative financial instruments ("derivatives") including interest-rate swap and treasury rate lock agreements, currency-swap agreements, forward contracts, currency options, and commodity-swap agreements. These instruments are not entered into for trading purposes and Praxair only uses commonly traded and non-leveraged instruments.

There are three types of derivatives that the company enters into: (i) those relating to fair-value exposures, (ii) those relating to cash-flow exposures, and (iii) those relating to foreign currency net investment exposures. Fair-value exposures relate to recognized assets or liabilities, and firm commitments; cash-flow exposures relate to the variability of future cash flows associated with recognized assets or liabilities, or forecasted transactions; and net investment exposures relate to the impact of foreign currency exchange rate changes on the carrying value of net assets denominated in foreign currencies.

When a derivative is executed and hedge accounting is appropriate, it is designated as either a fair-value hedge, cash-flow hedge, or a net investment hedge. Currently, Praxair designates all interest-rate and treasury-rate locks as hedges for accounting purposes; however, currency contracts are generally not designated as hedges for accounting purposes unless they are related to forecasted transactions. Whether designated as hedges for accounting purposes or not, all derivatives are linked to an appropriate underlying exposure. On an ongoing basis, the company assesses the hedge effectiveness of all derivatives designated as hedges for accounting purposes to determine if they continue to be highly effective in offsetting changes in fair values or cash flows of the underlying hedged items. If it is determined that the hedge is not highly effective, then hedge accounting will be discontinued prospectively.

Counterparties to Praxair's derivatives are major banking institutions with credit ratings of investment grade or better and no collateral is required, and there are no significant risk concentrations. Management believes the risk of incurring losses on derivative contracts related to credit risk is remote and any losses would be immaterial.

The following table is a summary of the notional amount and fair value of derivatives outstanding at March 31, 2015 and December 31, 2014 for consolidated subsidiaries:

(Millions of dollars)	Notional Amounts		Fair Value		Liabilities	
	March 31, 2015	December 31, 2014	Assets March 31, 2015	December 31, 2014	March 31, 2015	December 31, 2014
Derivatives Not Designated as Hedging Instruments:						
Currency contracts:						
Balance sheet items (a)	\$2,431	\$ 2,427	\$16	\$ 5	\$46	\$ 13
Derivatives Designated as Hedging Instruments:						
Interest rate contracts:						
Interest rate swaps (b)	875	875	15	14	—	—
Total Derivatives	\$3,306	\$ 3,302	\$31	\$ 19	\$46	\$ 13

(a) Assets are recorded in prepaid and other current assets, and liabilities are recorded in other current liabilities.

(b) Assets are recorded in other current and other long term assets

Currency Contracts

Balance Sheet Items

Foreign currency contracts related to balance sheet items consist of forward contracts entered into to manage the exposure to fluctuations in foreign-currency exchange rates on recorded balance sheet assets and liabilities denominated in currencies other than the functional currency of the related operating unit. The fair value adjustments on these contracts are offset by the fair value adjustments recorded on the hedged assets and liabilities.

Forecasted Purchases

Foreign currency contracts related to forecasted purchases consist of forward contracts entered into to manage the exposure to fluctuations in foreign-currency exchange rates on forecasted purchases of capital-related equipment and services denominated

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in currencies other than the functional currency of the related operating units. These forward contracts were designated and accounted for as cash flow hedges.

Net Investment Hedge

Praxair has designated the €600 million (641 million as of March 31, 2015) 1.50% Euro-denominated notes due 2020 and the €500 million (\$532 million as of March 31, 2015) 1.625% Euro-denominated notes due 2025, as a hedge of the net investment position in its European operations. These Euro-denominated debt instruments reduce the company's exposure to changes in the currency exchange rate on investments in foreign subsidiaries with Euro functional currencies. Since the time the Euro-denominated notes were issued in 2014, exchange rate movements have reduced long-term debt by \$274 million (\$149 million of which was during the first quarter 2015), with the offsetting gain shown within the cumulative translation component of AOCI in the condensed consolidated balance sheets and the condensed consolidated statements of comprehensive income.

Interest Rate Contracts**Outstanding Interest Rate Swaps**

At March 31, 2015, Praxair had \$875 million notional amount of interest-rate swap agreements outstanding related to the \$400 million 3.25% fixed-rate notes that mature in 2015 and to the \$475 million 1.25% notes that mature 2018, which effectively convert fixed-rate interest to variable-rate interest. These swap agreements were designated as fair value hedges with the resulting fair value adjustments recognized in earnings along with an equally offsetting charge / benefit to earnings for the changes in the fair value of the underlying debt instrument. At March 31, 2015, \$15 million was recognized as an increase in the fair value of these notes (\$14 million at December 31, 2014).

Terminated Treasury Rate Locks

The following table summarizes the unrecognized gains (losses) related to terminated treasury rate lock contracts:

(Millions of dollars)	Year Terminated	Original Gain / (Loss)	Unrecognized Gain / (Loss) (a) March 31, 2015	December 31, 2014
Treasury Rate Locks				
Underlying debt instrument:				
\$500 million 2.20% fixed-rate notes that mature in 2022 (b) 2012		\$ (2)	\$ (1)	\$ (1)
\$500 million 3.00% fixed-rate notes that mature in 2021 (b) 2011		(11)	(7)	(8)
\$600 million 4.50% fixed-rate notes that mature in 2019 (b) 2009		16	7	8
\$500 million 4.625% fixed-rate notes that mature in 2015 (b) 2008		(7)	—	—
Total - pre-tax			\$ (1)	\$ (1)
Less: income taxes			—	—
After- tax amounts			\$ (1)	\$ (1)

The unrecognized gains / (losses) for the treasury rate locks are shown in accumulated other comprehensive income ("AOCI") and are being recognized on a straight line basis to interest expense – net over the term of the underlying debt agreements. Refer to the table below summarizing the impact on the company's consolidated statements of income and AOCI for current period gain (loss) recognition.

The notional amount of the treasury rate lock contracts are equal to the underlying debt instrument with the exception of the treasury rate lock contract entered into to hedge the \$600 million 4.50% fixed-rate notes that mature in 2019. The notional amount of this contract was \$500 million.

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The following tables summarize the impacts of the company's derivatives on the consolidated statements of income and AOCI:

(Millions of dollars)	Amount of Pre-Tax Gain (Loss) Recognized in Earnings *	
	Quarter Ended March 31, 2015	2014
Derivatives Not Designated as Hedging Instruments		
Currency contracts:		
Balance sheet items		
Debt-related	\$ (79	) \$ 17
Other balance sheet items	(6	) 3
Total	\$ (85	) \$ 20

* The gains (losses) on balance sheet items are offset by gains (losses) recorded on the underlying hedged assets and liabilities. Accordingly, the gains (losses) for the derivatives and the underlying hedged assets and liabilities related to debt items are recorded in the consolidated statements of income as interest expense-net. Other balance sheet items and anticipated net income gains (losses) are recorded in the consolidated statements of income as other income (expenses)-net.

The following table summarizes the impact of the company's derivatives designated as hedging instruments that impact AOCI:

Derivatives Designated as Hedging Instruments **

(Millions of dollars)	Quarter Ended		Amount of Gain (Loss) Reclassified from AOCI to the Consolidated Statement of Income	
	Amount of Gain (Loss) Recognized in AOCI		March 31, 2015	March 31, 2014
	March 31, 2015	March 31, 2014		
Currency contracts:				
Net Investment Hedge	\$—	\$ (6	) \$—	\$—
Less: income taxes	—	2	—	—
Total - Net of Taxes	\$—	\$ (4	) \$—	\$—

**The gains (losses) on net investment hedges are recorded as a component of AOCI within foreign currency translation adjustments in the condensed consolidated balance sheets and the condensed consolidated statements of comprehensive income. The gains (losses) on forecasted purchases and treasury rate locks are recorded as a component of AOCI within derivative instruments in the condensed consolidated balance sheets and the condensed consolidated statements of comprehensive income. There was no ineffectiveness for these instruments during 2015 or 2014. The gains (losses) on net investment hedges are reclassified to earnings only when the related currency translation adjustments are required to be reclassified, usually upon sale or liquidation of the investment. The gains (losses) for interest rate contracts are reclassified to earnings as interest expense –net on a straight-line basis over the remaining maturity of the underlying debt. Net losses of less than \$1 million are expected to be reclassified to earnings during the next twelve months.

6. Fair Value Disclosures

The fair value hierarchy prioritizes the input to valuation techniques used to measure fair value into three broad levels as follows:

Level 1 – quoted prices in active markets for identical assets or liabilities

Level 2 – quoted prices for similar assets and liabilities in active markets or inputs that are observable

Level 3 – inputs that are unobservable (for example cash flow modeling inputs based on assumptions)

Assets and Liabilities Measured at Fair Value on a Recurring Basis

The following table summarizes assets and liabilities measured at fair value on a recurring basis:

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(Millions of dollars)	Fair Value Measurements Using					
	Level 1	Level 2		Level 3		
	March 31, 2015	December 31, 2014	March 31, 2015	December 31, 2014	March 31, 2015	December 31, 2014
Assets						
Derivatives	—	—	\$ 31	\$ 19	—	—
Liabilities						
Derivatives	—	—	\$ 46	\$ 13	—	—

The fair values of the derivative assets and liabilities are based on market prices obtained from independent brokers or determined using quantitative models that use as their basis readily observable market parameters that are actively quoted and can be validated through external sources, including third-party pricing services, brokers and market transactions. Investments are marketable securities traded on an exchange.

The fair values of cash and cash equivalents, short-term debt, accounts receivable-net, and accounts payable approximate carrying amounts because of the short maturities of these instruments. The fair value of long-term debt is estimated based on the quoted market prices for similar issues, which is deemed a level 2 measurement. At March 31, 2015, the estimated fair value of Praxair's long-term debt portfolio was \$8,977 million versus a carrying value of \$8,773 million. At December 31, 2014, the estimated fair value of Praxair's long-term debt portfolio was \$8,753 million versus a carrying value of \$8,671 million. Differences from carrying amounts are attributable to interest-rate changes subsequent to when the debt was issued.

7. Earnings Per Share – Praxair, Inc. Shareholders

Basic earnings per share is computed by dividing Net income – Praxair, Inc. for the period by the weighted average number of Praxair common shares outstanding. Diluted earnings per share is computed by dividing Net income – Praxair, Inc. for the period by the weighted average number of Praxair common shares outstanding and dilutive common stock equivalents, as follows:

Numerator (Millions of dollars)	Quarter Ended March 31,	
	2015	2014
Net income - Praxair, Inc.	\$416	\$448
Denominator (Thousands of shares)		
Weighted average shares outstanding	288,748	293,692
Shares earned and issuable under compensation plans	395	503
Weighted average shares used in basic earnings per share	289,143	294,195
Effect of dilutive securities		
Stock options and awards	2,509	3,058
Weighted average shares used in diluted earnings per share	291,652	297,253
Basic Earnings Per Share	\$1.44	\$1.52
Diluted Earnings Per Share	\$1.43	\$1.51

Stock options of 2,800,555 were antidilutive and therefore excluded in the computation of diluted earnings per share for the quarter ended March 31, 2015. There were no antidilutive shares for the quarter ended March 31, 2014.

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8. Goodwill and Other Intangible Assets

Changes in the carrying amount of goodwill for the three months ended March 31, 2015 were as follows:

(Millions of dollars)	North America	South America	Europe	Asia	Surface Technologies	Total
Balance, December 31, 2014	\$2,139	\$147	\$654	\$38	\$143	\$3,121
Acquisitions (Note 2)	—	2	—	—	—	2
Purchase adjustments & other	—	—	—	—	—	—
Foreign currency translation	(15	) (31	) (60	) —	(7	) (113
Balance, March 31, 2015	\$2,124	\$118	\$594	\$38	\$136	\$3,010

Praxair has performed its goodwill impairment tests annually during the second quarter of each year, and historically has determined that the fair value of each of its reporting units was substantially in excess of its carrying value (refer to Note 1 to the consolidated financial statements of Praxair's 2014 Annual Report on Form 10-K). As a result, no impairment was recorded. There were no indicators of impairment through March 31, 2015.

Changes in the carrying amounts of other intangibles for the three months ended March 31, 2015 were as follows:

(Millions of dollars)	Customer & License/Use Agreements	Non-compete Agreements	Patents & Other	Total
Cost:				
Balance, December 31, 2014	\$693	\$37	\$47	\$777
Additions (Note 2)	2	—	—	2
Foreign currency translation	(9	) —	—	(9
Other *	—	(1	) —	(1
Balance, March 31, 2015	\$686	\$36	\$47	\$769
Less: Accumulated amortization				
Balance, December 31, 2014	\$(147	) \$(18	) \$(9	) \$(174
Amortization expense	(8	) (3	) (1	) (12
Foreign currency translation	4	—	—	4
Other *	—	1	—	1
Balance, March 31, 2015	\$(151	) \$(20	) \$(10	) \$(181
Net balance at March 31, 2015	\$535	\$16	\$37	\$588

* Other relates to the write-off of fully amortized assets.

There are no expected residual values related to these intangible assets. The remaining weighted-average amortization period for intangible assets is approximately 18 years.

Total estimated annual amortization expense is as follows:

(Millions of dollars)	
Remaining 2015	\$35
2016	47
2017	41
2018	37
2019	35
Thereafter	393
	\$588

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9. Share-Based Compensation

Share-based compensation of \$7 million (\$5 million after-tax) and \$15 million (\$10 million after-tax) was recognized during the quarters ended March 31, 2015 and 2014, respectively. Expense amounts reflect current estimates of achieving performance targets relating to performance-based compensation. The expense was recorded primarily in selling, general and administrative expenses. There was no share-based compensation cost that was capitalized. For further details regarding Praxair's share-based compensation arrangements and prior-year grants, refer to Note 15 to the consolidated financial statements of Praxair's 2014 Annual Report on Form 10-K.

Stock Options

The weighted-average fair value of options granted during the quarter ended March 31, 2015 was \$11.99 (\$14.62 in the 2014 first quarter) based on the Black-Scholes Options-Pricing model. The decrease in grant date fair value year-over-year is primarily attributable to the decrease in volatility.

The following weighted-average assumptions were used to value the grants in 2015 and 2014 :

	Three Months Ended March 31,		
	2015	2014	
Dividend yield	2.2	% 2.0	%
Volatility	13.5	% 15.2	%
Risk-free interest rate	1.51	% 1.57	%
Expected term years	5	5	

The following table summarizes option activity under the plans as of March 31, 2015 and changes during the three-month period then ended (averages are calculated on a weighted basis; life in years; intrinsic value expressed in millions):

	Number of Options (000's)	Average Exercise Price	Average Remaining Life	Aggregate Intrinsic Value
Outstanding at January 1, 2015	10,981	\$89.02		
Granted	1,565	128.38		
Exercised	(664)	) 60.68		
Cancelled or Expired	(15)	) 104.78		
Outstanding at March 31, 2015	11,867	95.77	5.8	\$318
Exercisable at March 31, 2015	9,070	\$86.48	4.8	\$314

The aggregate intrinsic value represents the difference between the company's closing stock price of \$120.74 as of March 31, 2015 and the exercise price multiplied by the number of options outstanding as of that date. The total intrinsic value of stock options exercised during the quarter ended March 31, 2015 was \$44 million (\$49 million during the same period in 2014).

Cash received from option exercises under all share-based payment arrangements for the quarter ended March 31, 2015 was \$40 million (\$45 million for the same time period in 2014). The cash tax benefit realized from share-based compensation totaled \$23 million for the quarter ended March 31, 2015, of which \$14 million in excess tax benefits was classified as financing cash flows for the three months ended March 31, 2015 (\$34 million cash tax benefit for the same period in 2014 of which \$20 million represented excess tax benefit for the three months ended March 31, 2014). As of March 31, 2015, \$31 million of unrecognized compensation cost related to non-vested stock options is expected to be recognized over a weighted-average period of approximately 1 year.

Performance-Based and Restricted Stock Awards

During the three months ended March 31, 2015, the company granted performance-based stock units to employees which vest principally based on the third anniversary of their grant date. The actual number of shares issued in settlement of a vested award can range from zero to 200 percent of the target number of shares granted based upon the company's attainment of specified performance targets at the end of a three-year period. Compensation expense related to these awards is recognized over the three-year performance period based on the fair value of the closing market price of the company's common stock on the date of the grant and the estimated performance that will be achieved.

Compensation expense will be adjusted during the three-year performance period based upon the estimated performance levels that will be achieved.

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During the three months ended March 31, 2015, the company also granted restricted stock units to employees. The majority of the restricted stock units vest at the end of a three-year service period. Compensation expense related to the restricted stock units is recognized on a straight line basis over the vesting period.

The weighted-average fair value of performance-based stock and restricted stock units granted during the three months ended March 31, 2015 was \$120.05 and \$120.04, (\$121.16 and \$121.20 for the same period in 2014). This is based on the closing market price of Praxair's common stock on the grant date adjusted for dividends that will not be paid during the vesting period.

The following table summarizes non-vested performance-based and restricted stock award activity as of March 31, 2015 and changes during the three months then ended (shares based on target amounts, averages are calculated on a weighted basis):

	Performance-Based		Restricted Stock	
	Number of Shares (000's)	Average Grant Date Fair Value	Number of Shares (000's)	Average Grant Date Fair Value
Non-vested at January 1, 2015	833	\$ 109.09	307	\$ 106.63
Granted*	215	120.05	72	120.04
Vested	(225)	) 103.16	(1)	) 106.35
Cancelled	(15)	) 112.60	(26)	) 109.80
Non-vested at March 31, 2015	808	\$ 114.49	352	\$ 110.83

* Amounts for performance-based awards include an adjustment of 35 thousand shares relating to the actual payout of 2012 grants in 2015.

In addition to what is included in the table above, there are approximately 16 thousand performance-based shares and 30 thousand restricted stock shares that are non-vested at March 31, 2015 which will be settled in cash due to foreign regulatory limitations. The liability related to these grants reflects the current estimate of performance that will be achieved and the current common stock price.

As of March 31, 2015, based on current estimates of future performance, \$48 million of unrecognized compensation cost related to performance-based awards is expected to be recognized through the first quarter of 2018 and \$20 million of unrecognized compensation cost related to the restricted stock awards is expected to be recognized primarily through the first quarter of 2018.

10. Retirement Programs

The components of net pension and postretirement benefits other than pensions ("OPEB") costs for the quarters ended March 31, 2015 and 2014 are shown below:

(Millions of dollars)	Quarter Ended March 31,			
	Pensions		OPEB	
	2015	2014	2015	2014
Service cost	\$ 14	\$ 13	\$ 1	\$ 1
Interest cost	28	31	2	3
Expected return on plan assets	(39)	(40)	—	—
Net amortization and deferral	20	15	(1)	(2)
Net periodic benefit cost before pension settlement charge	\$ 23	\$ 19	\$ 2	\$ 2

Praxair estimates that 2015 required contributions to its pension plans will be in the area of \$15 million, of which \$11 million have been made through March 31, 2015.

In 2014 a number of senior managers retired. These retirees are covered by the U.S. supplemental pension plan which provides for a lump sum benefit payment option. Under certain circumstances, such lump sum payments must be accounted for as a settlement of the related pension obligation, but only when paid. As a result, Praxair anticipates that it will record a pension settlement expense of approximately \$7 million in the third quarter 2015 when the payments

are made to the retirees.

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11. Commitments and Contingencies

Contingent Liabilities

Praxair is subject to various lawsuits and government investigations that arise from time to time in the ordinary course of business. These actions are based upon alleged environmental, tax, antitrust and personal injury claims, among others. Praxair has strong defenses in these cases and intends to defend itself vigorously. It is possible that the company may incur losses in connection with some of these actions in excess of accrued liabilities. Management does not anticipate that in the aggregate such losses would have a material adverse effect on the company's consolidated financial position or liquidity; however, it is possible that the final outcomes could have a significant impact on the company's reported results of operations in any given period (see Note 17 to the consolidated financial statements of Praxair's 2014 Annual Report on Form 10-K).

Significant matters are:

During May 2009, the Brazilian government published Law 11941/2009 instituting a new voluntary amnesty program ("Refis Program") which allowed Brazilian companies to settle certain federal tax disputes at reduced amounts. During the 2009 third quarter, Praxair decided that it was economically beneficial to settle many of its outstanding federal tax disputes and such disputes were enrolled in the Refis Program, subject to final calculation and review by the Brazilian federal government. The Company recorded estimated liabilities based on the terms of the Refis Program. Since 2009, Praxair has been unable to reach final agreement on the calculations and recently initiated litigation against the government in an attempt to resolve certain items. Open issues relate to the following matters: (i) application of cash deposits and net operating loss carryforwards to satisfy obligations, (ii) the amount of tax reductions available under the Refis Program, and (iii) income tax deductibility of payments. Although it is difficult to estimate the timing of resolution of legal matters in Brazil, it is possible that individual disputed matters may be resolved during the next year.

At March 31, 2015 the most significant non-income and income tax claims in Brazil, after enrollment in the Refis Program, relate to state VAT tax matters and a federal income tax matter where the taxing authorities are challenging the tax rate that should be applied to income generated by a subsidiary company. The total estimated exposure relating to such claims, including interest and penalties, as appropriate, is approximately \$185 million. Praxair has not recorded any liabilities related to such claims based on management judgments, after considering judgments and opinions of outside counsel. Because litigation in Brazil historically takes many years to resolve, it is very difficult to estimate the timing of resolution of these matters; however, it is possible that certain of these matters may be resolved within the near term. The company is vigorously defending against the proceedings.

On September 1, 2010, CADE (Brazilian Administrative Council for Economic Defense) announced alleged anticompetitive activity on the part of five industrial gas companies in Brazil and imposed fines on all five companies. Originally, CADE imposed a civil fine of R\$2.2 billion Brazilian reais (US\$686 million) against White Martins, the Brazil-based subsidiary of Praxair, Inc. In response to a motion for clarification, the fine was reduced to R\$1.7 billion Brazilian reais (US\$530 million) due to a calculation error made by CADE. The amount of the fine is subject to indexation using SELIC. On September 2, 2010, Praxair issued a press release and filed a report on Form 8-K rejecting all claims and stating that the fine represents a gross and arbitrary disregard of Brazilian law.

On October 19, 2010, White Martins filed an annulment petition ("appeal") with the Federal Court in Brasilia seeking to have the fine against White Martins entirely overturned. In order to suspend payment of the fine pending the completion of the appeal process, Brazilian law required that the company tender a form of guarantee in the amount of the fine as security. Currently, 50% of the guarantee is satisfied by letters of credit with a financial institution and 50% of the guarantee is satisfied by equity of a Brazilian subsidiary.

Praxair strongly believes that the allegations are without merit and that the fine will be entirely overturned during the appeal process. The company further believes that it has strong defenses and will vigorously defend against the allegations and related fine up to such levels of the Federal Courts in Brazil as may be necessary. Because appeals in Brazil historically take many years to resolve, it is very difficult to estimate when the appeal will be finally decided. Based on management judgments, after considering judgments and opinions of outside counsel, no reserve has been recorded for this proceeding as management does not believe that a loss is probable.

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12. Segments

Sales and operating profit by segment for the quarters ended March 31, 2015 and 2014 are shown below. For a description of Praxair's operating segments, refer to Note 18 to the consolidated financial statements of Praxair's 2014 Annual Report on Form 10-K.

(Millions of dollars)	Quarter Ended March 31,	
	2015	2014
SALES ^(a)		
North America	\$1,499	\$1,580
Europe	326	397
South America	401	488
Asia	371	392
Surface Technologies	160	169
Total sales	\$2,757	\$3,026
Quarter Ended March 31,		
(Millions of dollars)	2015	2014
OPERATING PROFIT		
North America	\$379	\$378
Europe	62	79
South America	85	113
Asia	69	75
Surface Technologies	28	30
Total operating profit	\$623	\$675

(a) Sales reflect external sales only. Intersegment sales, primarily from North America to other segments, were not material.

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13. Equity and Redeemable Noncontrolling Interests

Equity

A summary of the changes in total equity for the quarters ended March 31, 2015 and 2014 is provided below:

(Millions of dollars)	Quarter Ended March 31,			2014		
	Praxair, Inc. Shareholders' Equity	Noncontrolling Interests	Total Equity	Praxair, Inc. Shareholders' Equity	Noncontrolling Interests	Total Equity
Balance, beginning of period	\$5,623	\$ 387	\$6,010	\$6,609	\$ 394	\$7,003
Net income (a)	416	9	425	448	10	458
Other comprehensive income (loss)	(630)	(21)	(651)	(17)	(3)	(20)
Noncontrolling interests:						
Additions (reductions) (b)	—	2	2	(24)	—	(24)
Dividends and other capital changes	—	(2)	(2)	—	(3)	(3)
Redemption value adjustments	(3)	—	(3)	(1)	—	(1)
Dividends to Praxair, Inc. common stock holders (\$0.715 per share in 2015 and \$0.65 per share in 2014)	(207)	—	(207)	(191)	—	(191)
Issuances of common stock:						
For the dividend reinvestment and stock purchase plan	2	—	2	1	—	1
For employee savings and incentive plans	30	—	30	33	—	33
Purchases of common stock	(234)	—	(234)	(293)	—	(293)
Tax benefit from share-based compensation	14	—	14	20	—	20
Share-based compensation	7	—	7	15	—	15
Balance, end of period	\$5,018	\$ 375	\$5,393	\$6,600	\$ 398	\$6,998

Net income for noncontrolling interests excludes Net income related to redeemable noncontrolling interests of \$3 (a) million for the quarter ended March 31, 2015 (\$4 million for the same time periods in 2014, respectively), which is not part of total equity (see redeemable noncontrolling interests section below).

(b) Praxair increased its ownership in certain consolidated subsidiaries. The difference between the purchase price and the related noncontrolling interests was recorded as a decrease in Praxair's additional paid-in-capital.

The components of AOCI are as follows:

(Millions of dollars)	March 31, 2015	December 31, 2014
Cumulative translation adjustment (includes \$98 million and \$64 million tax charge in March 31, 2015 and December 31, 2014, respectively)		
North America	\$(655)	\$(553)
South America	(1,882)	(1,510)
Europe	(484)	(432)
Asia	(146)	(49)
Surface Technologies	(32)	(7)
	(3,199)	(2,551)
Derivatives - net of taxes	(1)	(1)
	(615)	(633)

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Pension / OPEB funded status obligation (net of \$332 million and \$342 million tax benefit in March 31, 2015 and December 31, 2014, respectively)

\$(3,815) \$(3,185)

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Redeemable Noncontrolling Interests

Noncontrolling interests with redemption features, such as put/sell options, that are not solely within the Company's control ("redeemable noncontrolling interests") are reported separately in the consolidated balance sheets at the greater of carrying value or redemption value. For redeemable noncontrolling interests that are not yet exercisable, Praxair calculates the redemption value by accreting the carrying value to the redemption value over the period until exercisable. If the redemption value is greater than the carrying value, any increase is adjusted directly to equity and does not impact net income.

Redeemable noncontrolling interests include Yara Praxair, a joint venture in Scandinavia, and two packaged gas distributors in the United States where the noncontrolling interests have put options. In Scandinavia, the noncontrolling shareholder has the right to sell its shares to Praxair starting in 2015 for a period of 4 years at a formula price. Praxair also obtained the right to purchase the shares held by the noncontrolling shareholder starting in 2017 for a period of 2 years, also at a formula price.

The following is a summary of the changes in redeemable noncontrolling interests for the three months ended March 31, 2015 and 2014:

(Millions of dollars)	2015	2014
Balance, January 1,	\$176	\$307
Net income	3	4
Distributions to noncontrolling interest	(3	) (6
Redemption value adjustments/accretion	3	1
Foreign currency translation and other	(9	) 1
Purchase of noncontrolling interest *	—	(112
Balance, March 31,	\$170	\$195

* In January 2014, Praxair acquired the redeemable noncontrolling interests related to Praxair Distribution Mid-Atlantic, LLC. The cash payment is shown in the financing section of the condensed consolidated statements of cash flows under the caption "Noncontrolling interest transactions and other".

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Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Consolidated Results

Praxair's results in the first quarter were challenged by significant negative impacts from foreign currency translation, as the U.S. dollar strengthened sharply against most major foreign currencies. Praxair reported sales of \$2,757 million, 9% below the prior-year quarter. Foreign currency translation reduced sales by 8% and lower cost pass-through, primarily natural gas, lowered sales by 2% compared to the first quarter of 2014. Excluding these impacts, organic sales were 1% above the prior year due to higher overall pricing levels. Overall volumes were comparable to the 2014 first quarter, as volume growth in North America and Asia was offset by lower volumes in South America. Operating profit decreased \$52 million, or 8%, for the quarter ended March 31, 2015 versus the respective 2014 period primarily due to the impact of foreign currency translation. Excluding the foreign currency effects, operating profit was comparable to the prior-year period. Operating margin was a strong 22.6%, 30 basis points above the prior year quarter. Earnings per share of \$1.43 was 5% below the prior year due to lower net income, primarily due to foreign currency translation impacts, which were partially offset by a reduction in the number of diluted shares outstanding as a result of the company's net repurchases of common stock.

Outlook

Diluted earnings per share for the second quarter of 2015 are expected to be in the range of \$1.40 to \$1.48.

Diluted earnings per share for the full year of 2015 are expected to be in the range of \$5.90 to \$6.15.

For the full year of 2015, Praxair expects sales in the area of \$11.4 to \$11.7 billion. Full-year capital expenditures are expected to be about \$1.6 billion.

The company's core business is to build, own, and operate industrial gas plants in order to supply atmospheric and process gases to customers. As such, Praxair believes that its backlog is one indicator of future sales growth. At March 31, 2015, Praxair's backlog of 21 large projects under construction was \$2.1 billion. This represents the total estimated capital cost of large plants under construction. North America represents approximately half of the backlog while Asia represents approximately 25%. The remaining backlog resides in Europe and in South America. These plants will supply customers in the energy, chemical, manufacturing, electronics and metals markets.

Praxair provides quarterly updates on operating results, material trends that may affect financial performance, and financial earnings guidance via quarterly earnings releases and investor teleconferences. These updates are available on the company's website, www.praxair.com, but are not incorporated herein.

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The following table provides summary data for the quarter ended March 31, 2015 and 2014:

(Dollar amounts in millions, except per share data)	Quarter Ended March 31,		Variance	
	2015	2014		
Reported Amounts				
Sales	\$2,757	\$3,026	(9	)%
Cost of sales, exclusive of depreciation and amortization	\$1,530	\$1,726	(11	)%
Gross margin (a)	\$1,227	\$1,300	(6	)%
As a percent of sales	44.5	% 43.0	%	
Selling, general and administrative	\$299	\$326	(8	)%
As a percent of sales	10.8	% 10.8	%	
Depreciation and amortization	\$277	\$285	(3	)%
Other income (expense) - net	\$(4	) \$9		
Operating profit	\$623	\$675	(8	)%
As a percent of sales	22.6	% 22.3	%	
Interest expense - net	\$44	\$46	(4	)%
Effective tax rate	28.0	% 28.0	%	
Income from equity investments	\$11	\$9	22	%
Noncontrolling interests	\$(12	) \$(14	) (14	)%
Net income - Praxair, Inc.	\$416	\$448	(7	)%
Diluted earnings per share	\$1.43	\$1.51	(5	)%
Diluted shares outstanding	291,652	297,253	(2	)%

(a) Gross margin excludes depreciation and amortization expense.

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Results of Operations

The changes in consolidated sales and operating profit compared to the prior year are attributable to the following:

Factors Contributing to Changes	Quarter Ended March 31, 2015 vs. 2014			
	% Change		Operating Profit	
	Sales			
Volume	—	% (3	)	%
Price	1	% 5		%
Cost pass-through	(2	)%	—	%
Currency	(8	)%	(8	)%
Acquisitions/divestitures	—	% —		%
Other	—	% (2	)	%
Reported	(9	)%	(8	)%

The following tables provide sales by end-market and distribution method:

Sales by End Markets	Quarter Ended March 31,		% Change*	
	% of Sales			
	2015	2014		
Manufacturing	25	% 23	% 1	%
Metals	17	% 17	% (2	)%
Energy	13	% 13	% 3	%
Chemicals	10	% 11	% (7	)%
Electronics	7	% 7	% 5	%
Healthcare	8	% 8	% 4	%
Food & Beverage	8	% 8	% 7	%
Aerospace	3	% 3	% 4	%
Other	9	% 10	% (9	)%
	100	% 100	%	

* Excludes impact of currency, natural gas/precious metals cost pass-through and acquisitions/divestitures.

Sales by Distribution Method	Quarter Ended March 31,		% Change*	
	% of Sales			
	2015	2014		
On- Site	28	% 30		%
Merchant	34	% 33		%
Packaged Gas	29	% 28		%
Other	9	% 9		%
	100	% 100		%

Sales decreased \$269 million, or 9%, for the three months ended March 31, 2015 versus 2014 period primarily due to negative currency translation impacts of 8%. Excluding negative currency effects and lower cost pass-through which reduced sales by 2%, sales increased 1% due to higher pricing.

Gross margin decreased \$73 million, or 6%, for the three months ended March 31, 2015 versus the respective 2014 period primarily due to lower sales. Gross margin as percentage of sales improved to 44.5% for the three months

ended March 31, 2015 from 43.0% for the three months ended March 31, 2014 primarily due to higher pricing.

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Selling, general and administrative expenses ("SGA") decreased \$27 million, or 8%, for the three months ended March 31, 2015 versus 2014 period primarily due to currency effects. SGA as a percent of sales was consistent with the prior-year quarter.

Depreciation and amortization expense decreased \$8 million, or 3%, for the three months ended March 31, 2015 versus the respective 2014 period. Currency effects reduced depreciation and amortization expense by \$21 million. This was partially offset by higher depreciation expense primarily related to new project start-ups.

Other income (expense) – net was \$(4) million expense for the three months ended March 31, 2015, compared to \$9 million of income in the prior-year quarter. Other income (expense) - net in 2014 included a gain on an asset sale in South America.

Operating profit decreased \$52 million, or 8% in the quarter. Higher pricing increased operating profit by 5% which was more than offset by the negative impact of foreign currency translation. A discussion of operating profit by segment is included in the segment discussion that follows. Operating Margin improved 30 basis points from the prior-year quarter to 22.6%.

Interest expense-net decreased \$2 million, or 4%, for the three months ended March 31, 2015 versus the respective 2014 period. Lower average interest rates reduced interest expense by \$5 million. This decrease was partially offset by the impact of higher debt levels which increased interest expense by \$3 million.

The effective tax rate was 28% for both periods presented.

Income from equity investments for the three months ended March 31, 2015 and 2014 was \$11 million and \$9 million, respectively. Praxair's significant sources of equity income are in China, Italy, and the Middle East.

At March 31, 2015, non-controlling interests consisted primarily of non-controlling shareholders' investments in Asia (primarily China and India), Europe (primarily Italy and Scandinavia), and North America (primarily within the U.S. packaged gas business). Non-controlling interests decreased \$2 million for the three months ended March 31, 2015 versus the respective 2014 period due primarily to the acquisition of the non-controlling interest in a U.S. packaged gas business during the first quarter of 2014, and impacts of foreign currency translation.

Net income-Praxair, Inc. decreased \$32 million, or 7%, for three months ended March 31, 2015, versus the respective 2014 period primarily due to lower operating profit which was significantly impacted by foreign currency translation, partially offset by lower income tax and interest expense. Net income decreased less than sales due to lower costs including SGA expense, lower non-controlling interest and lower interest expense.

Earnings per share of \$1.43 for the three months ended March 31, 2015 decreased 5% from the prior-year. This decrease is attributable to lower net income which was partially offset by a reduction in the number of diluted shares outstanding as a result of the company's net repurchases of common stock.

Other Comprehensive Income

Other comprehensive loss for the three months ended March 31, 2015 of \$660 million results primarily from negative currency translation adjustments of \$678 million. The translation adjustments reflect the impact of translating local currency foreign subsidiary financial statements to U.S. dollars. The negative translation adjustments in the quarter resulted primarily from the strengthening of the U.S. dollar against most major currencies. See "Currency" section of the MD&A for exchange rates used for translation purposes and Note 13 to the condensed consolidated financial

statements for a summary of the currency translation adjustment component of accumulated other comprehensive income by segment.

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Segment Discussion

The following summary of sales and operating profit by segment provides a basis for the discussion that follows.

(Dollar amounts in millions)	Quarter Ended March 31,		Variance	
	2015	2014		
SALES				
North America	\$1,499	\$1,580	(5	)%
Europe	326	397	(18	)%
South America	401	488	(18	)%
Asia	371	392	(5	)%
Surface Technologies	160	169	(5	)%
	\$2,757	\$3,026	(9	)%
OPERATING PROFIT				
North America	\$379	\$378	—	%
Europe	62	79	(22	)%
South America	85	113	(25	)%
Asia	69	75	(8	)%
Surface Technologies	28	30	(7	)%
Segment operating profit	\$623	\$675	(8	)%

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North America

	Quarter Ended March 31,		Variance	
	2015	2014		
Sales	\$1,499	\$1,580	(5	)%
Cost of sales, exclusive of depreciation and amortization	791	870		
Gross margin	708	710		
Operating expenses	179	183		
Depreciation and amortization	150	149		
Operating profit	\$379	\$378	—	%
Margin %	25.3	% 23.9	%	

	Quarter Ended March 31, 2015 vs. 2014			
	% Change			
	Sales		Operating Profit	
Factors Contributing to Changes				
Volume	1	% 2		%
Price	—	% 1		%
Cost pass-through	(4	)%	—	%
Currency	(3	)%	(3	)%
Acquisitions/divestitures	1	% 1		%
Other	—	% (1	)%	
	(5	)%	—	%

The following tables provide sales by end-market and distribution method:

	Quarter Ended March 31,		% Change*	
	% of Sales			
	2015	2014		
Sales by End Markets				
Manufacturing	31	% 30	% 1	%
Metals	12	% 12	% (8	)%
Energy	18	% 20	% 4	%
Chemicals	10	% 11	% (12	)%
Electronics	4	% 3	% 29	%
Healthcare	7	% 7	% 5	%
Food & Beverage	9	% 8	% 7	%
Aerospace	1	% 1	% (5	)%
Other	8	% 8	% (4	)%
	100	% 100	%	

* Excludes impact of currency, natural gas/precious metals cost pass-through and acquisitions/divestitures.

	Quarter Ended March 31,			
	% of Sales			
	2015	2014		
Sales by Distribution Method				
On- Site	28	% 32		%
Merchant	37	% 35		%
Packaged Gas	33	% 32		%
Other	2	% 1		%
	100	% 100		%

The North America segment includes Praxair's industrial gases operations in the United States, Canada and Mexico.

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North America segment sales decreased \$81 million, or 5%, as compared to the prior-year quarter and decreased 2% excluding currency translation impacts. Organic sales growth was 1% driven primarily by higher volumes. By end-market, the increase in sales growth came primarily from manufacturing, food and beverage and healthcare, which was partially offset by a decline in the metals and chemicals end-markets. Acquisitions of packaged gas distributors added 1% growth during the current quarter. Lower cost pass-through, primarily relating to natural gas prices passed through to hydrogen customers, decreased sales by 4%. On-site sales were lower as a percent of total sales due to lower volumes of pipeline oxygen to steel customers, and lower hydrogen sales due to pass-through of lower natural gas prices. Overall on-site hydrogen volumes were above the prior-year quarter.

North America segment operating profit increased \$1 million in the quarter as compared to the prior year. Excluding the effects of currency, operating profit increased 3% which was primarily driven by higher volumes and pricing and acquisitions.

Europe

	Quarter Ended March 31,		Variance %	
	2015	2014		
Sales	\$326	\$397	(18	)%
Cost of sales, exclusive of depreciation and amortization	182	218		
Gross margin	144	179		
Operating expenses	46	57		
Depreciation and amortization	36	43		
Operating profit	\$62	\$79	(22	)%
Margin %	19.0	% 19.9	%	
	Quarter Ended March 31, 2015 vs. 2014			
	% Change		% Change	
	Sales		Operating Profit	
Factors Contributing to Changes				
Volume	—	% (1	)%	
Price	1	% 2	%	
Cost pass-through	—	% —	%	
Currency	(18	)%	(19	)%
Acquisitions/divestitures	(1	)%	1	%
Other	—	% (5	)%	
	(18	)%	(22	)%

The following tables provide sales by end-market and distribution method:

	Quarter Ended March 31,		% Change*	
	% of Sales			
	2015	2014		
Sales by End Markets				
Manufacturing	22	% 23	% 1	%
Metals	17	% 16	% 8	%
Energy	6	% 6	% (8	)%
Chemicals	14	% 16	% (6	)%
Electronics	8	% 7	% 8	%
Healthcare	11	% 11	% (1	)%
Food & Beverage	9	% 9	% 2	%
Aerospace	1	% 1	% —	%
Other	12	% 11	% —	%
	100	% 100	%	

* Excludes impact of currency, natural gas/precious metals cost pass-through and acquisitions/divestitures

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	Quarter Ended March 31, % of Sales		
	2015	2014	
Sales by Distribution Method			
On- Site	19	% 19	%
Merchant	34	% 35	%
Packaged Gas	43	% 43	%
Other	4	% 3	%
	100	% 100	%

Europe segment sales decreased by \$71 million or 18% in the first quarter as compared to the prior year due to negative currency translation impacts. Excluding currency, overall sales were comparable to the prior-year quarter. Higher pricing increased sales by 1%; this was offset by the divestiture in 2014 of an industrial gases business in France. By end-market, sales increased to metals, food and beverage and partially offset by lower sales to energy customers.

Europe segment operating profit decreased by \$17 million, or 22% in the first quarter as compared to the prior year. The decrease was primarily due to currency impacts and higher costs, as costs in the prior-year quarter were reduced by \$5 million of energy credits in Italy.

South America

	Quarter Ended March 31,			
	2015	2014	Variance	
Sales	\$401	\$488	(18	)%
Cost of sales, exclusive of depreciation and amortization	221	276		
Gross margin	180	212		
Operating expenses	57	56		
Depreciation and amortization	38	43		
Operating profit	\$85	\$113	(25	)%
Margin %	21.2	% 23.2	%	

	Quarter Ended March 31, 2015 vs. 2014		
	% Change	% Change	
	Sales	Operating Profit	
Factors Contributing to Changes			
Volume	(5	)% (16	)%
Price	6	% 27	%
Cost pass-through	1	% —	%
Currency	(20	)% (20	)%
Acquisitions/divestitures	—	% —	%
Other	—	% (16	)%
	(18	)% (25	)%

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The following tables provide sales by end-market and distribution method:

	Quarter Ended March 31, % of Sales		% Change*	
	2015	2014		
Sales by End Markets				
Manufacturing	22	% 21	% 5	%
Metals	28	% 29	% (4	)%
Energy	2	% 2	% —	%
Chemicals	9	% 9	% 3	%
Electronics	—	% —	% —	%
Healthcare	17	% 16	% 7	%
Food & Beverage	13	% 13	% 7	%
Aerospace	—	% —	% —	%
Other	9	% 10	% (9	)%
	100	% 100	%	

* - Excludes impact of currency, natural gas/precious metals cost pass-through and acquisitions/divestitures.

	Quarter Ended March 31, % of Sales		% Change	
	2015	2014		
Sales by Distribution Method				
On- Site	27	% 27	%	
Merchant	41	% 42	%	
Packaged Gas	30	% 28	%	
Other	2	% 3	%	
	100	% 100	%	

South America segment sales in the first quarter decreased \$87 million or 18% versus the prior-year quarter. Currency translation impacts reduced sales by 20%, primarily due to the strengthening of the U.S. dollar versus the Brazilian Real. Excluding negative currency impacts, sales grew 2% primarily from higher pricing. This was partially offset by lower volumes to on-site, merchant and packaged gases customers in Brazil and across the region due to a decline in economic activity associated with lower industrial production. Lower sales primarily to metals customers was partially offset by growth in healthcare and food and beverage markets.

Segment operating profit decreased \$28 million, or 25%, in the first quarter, primarily due to negative currency effects, lower volumes, and higher costs due to inflation. These decreases were partially offset by higher pricing. Operating profit in the prior-year quarter included a gain on an asset sale in Brazil which increased operating profit by 6%.

Asia				
	Quarter Ended March 31,		Variance	
	2015	2014		
Sales	\$371	\$392	(5	)%
Cost of sales, exclusive of depreciation and amortization	233	251		
Gross margin	138	141		
Operating expenses	26	27		
Depreciation and amortization	43	39		
Operating profit	\$69	\$75	(8	)%
Margin %	18.6	% 19.1	%	

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	Quarter Ended March 31, 2015 vs. 2014			
	% Change Sales		% Change Operating Profit	
Factors Contributing to Changes				
Volume / Sale of Equipment	(2	)%	(11	)%
Price	—	%	(2	)%
Cost pass-through	(2	)%	—	%
Currency	(2	)%	(2	)%
Acquisitions/divestitures	1	%	1	%
Other	—	%	6	%
	(5	)%	(8	)%

The following tables provide sales by end-market and distribution method:

	Quarter Ended March 31, % of Sales		% Change*	
	2015	2014		
Sales by End Markets				
Manufacturing	10	% 10	% (7	)%
Metals	30	% 27	% 9	%
Energy	3	% 2	% 5	%
Chemicals	12	% 12	% (2	)%
Electronics	32	% 32	% (6	)%
Healthcare	1	% 1	% —	%
Food & Beverage	2	% 2	% —	%
Aerospace	—	% —	% —	%
Other	10	% 14	% (30	)%
	100	% 100	%	

* Excludes impact of currency, natural gas/precious metals cost pass-through and acquisitions/divestitures

	Quarter Ended March 31, % of Sales			
	2015	2014		
Sales by Distribution Method				
On- Site	50	% 51	%	
Merchant	31	% 28	%	
Packaged Gas	12	% 12	%	
Other	7	% 9	%	
	100	% 100	%	

Asia segment sales decreased \$21 million, or 5%, in the first quarter as compared to the prior year. A 2% decline in volumes was primarily due to a plant sale in China in the prior-year quarter. New project start-ups in India, Korea and China contributed organic volume growth. Cost pass-through related to the contractual pass-through of precious metals prices used in electronic materials reduced sales by 2%, with minimal impact on operating profit. By end-market, sales grew primarily to metals customers in India, offset by lower sales to manufacturing and electronic materials markets.

Asia segment operating profit decreased \$6 million, or 8% in the first quarter as compared to the prior year. Lower volumes, largely due to the prior-quarter sale of equipment and lower pricing in China reduced operating profit by 13%. This was partially offset by lower costs and productivity gains.

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Surface Technologies

	Quarter Ended March 31,		
	2015	2014	Variance
Sales	\$160	\$169	(5)%
Cost of sales, exclusive of depreciation and amortization	103	111	
Gross margin	57	58	
Operating expenses	19	17	
Depreciation and amortization	10	11	
Operating profit	\$28	\$30	(7)%
Margin %	17.5	% 17.8	%

	Quarter Ended March 31, 2015 vs. 2014		
	% Change Sales	% Change Operating Profit	
Factors Contributing to Changes			
Volume/Price	2	% 4	%
Cost pass-through	—	% —	%
Currency	(7	)% (9	)%
Acquisitions/divestitures	—	% (1	)%
Other	—	% (1	)%
	(5	)% (7	)%

The following table provides sales by end-market:

	Quarter Ended March 31,			
	% of Sales		% Change*	
Sales by End Markets	2015	2014		
Manufacturing	12	% 13	% (4	)%
Metals	7	% 8	% (10	)%
Energy	26	% 27	% (2	)%
Chemicals	2	% 2	% —	%
Electronics	1	% 1	% —	%
Healthcare	—	% —	% —	%
Food & Beverage	3	% 3	% —	%
Aerospace	36	% 33	% 8	%
Other	13	% 13	% (5	)%
	100	% 100	%	

* Excludes impact of currency, natural gas/precious metals cost pass-through and acquisitions/divestitures
 Surface Technologies segment sales decreased \$9 million, or 5% in the first quarter as compared to the prior year. Currency impacts reduced sales by 7% primarily due to a weaker Euro, Japanese yen and British pound versus the U.S. dollar. This decrease was partially offset by 2% growth in organic sales, primarily due to higher coatings sales to the aerospace end-market.

Surface Technologies segment operating profit decreased \$2 million, or 7% in the first quarter. Excluding currency, operating profit grew 3% from organic sales growth and cost control.

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Currency

The results of Praxair's non-U.S. operations are translated to the company's reporting currency, the U.S. dollar, from the functional currencies. For most foreign operations, Praxair uses the local currency as its functional currency. There is inherent variability and unpredictability in the relationship of these functional currencies to the U.S. dollar and such currency movements may materially impact Praxair's results of operations in any given period.

To help understand the reported results, the following is a summary of the significant currencies underlying Praxair's consolidated results and the exchange rates used to translate the financial statements (rates of exchange expressed in units of local currency per U.S. dollar):

Currency	Percentage of YTD 2015 Consolidated Sales	Exchange Rate for Income Statement Year-To-Date Average		Exchange Rate for Balance Sheet	
		2015	2014	March 31, 2015	December 31, 2014
Brazilian real	12 %	2.85	2.36	3.21	2.66
Euro	12 %	0.89	0.73	0.93	0.83
Canadian dollar	7 %	1.24	1.10	1.27	1.16
Mexican peso	6 %	14.95	13.24	15.26	14.75
Chinese yuan	5 %	6.24	6.10	6.20	6.21
Korean won	4 %	1,100	1,070	1,110	1,094
India rupee	3 %	62.26	61.79	62.50	63.04
Argentine peso	1 %	8.69	7.60	8.82	8.55
Norwegian krone	<1%	7.75	6.09	8.05	7.45
Colombian peso	<1%	2,467	2,005	2,598	2,392
Russian ruble	<1%	62.80	35.06	58.19	60.74
Thailand bhat	<1%	32.65	32.65	32.54	32.91

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Liquidity, Capital Resources and Other Financial Data

The following selected cash flow information provides a basis for the discussion that follows:

(Millions of dollars)	Three Months Ended March 31,	
	2015	2014
NET CASH PROVIDED BY (USED FOR):		
OPERATING ACTIVITIES		
Net income (including noncontrolling interest)	\$428	\$462
Non-cash charges (credits):		
Add: Depreciation and amortization	277	285
Add: Deferred income taxes	14	23
Add: Share-based compensation	7	15
Net income adjusted for non-cash charges	726	785
Working capital	(120)	(248)
Pension contributions	(11)	(9)
Long-term assets, liabilities and other	(87)	8
Net cash provided by operating activities	\$508	\$536
INVESTING ACTIVITIES		
Capital expenditures	(397)	(393)
Acquisitions, net of cash acquired	(5)	(124)
Divestitures and asset sales	2	66
Net cash used for investing activities	\$(400)	\$(451)
FINANCING ACTIVITIES		
Debt increases (reductions) - net	290	464
Issuances (purchases) of common stock - net	(191)	(237)
Cash dividends - Praxair, Inc. shareholders	(207)	(191)
Excess tax benefit on share-based compensation	14	20
Noncontrolling interest transactions and other	(6)	(140)
Net cash (used for) provided by financing activities	\$(100)	\$(84)
Effect of exchange rate changes on cash and cash equivalents	\$(17)	\$5
Cash and cash equivalents, end-of-period	\$117	\$144

Cash Flow from Operations

Cash provided by operations of \$508 million for the three months ended March 31, 2015 decreased \$28 million, or 5%, versus 2014. The decrease was primarily due to lower net income adjusted for non-cash charges and changes in long-term assets, liabilities and other, partially offset by lower working capital requirements as compared to the prior year.

Praxair estimates that total 2015 required contributions to its pension plans will be in the area of \$15 million, of which \$11 million have been made through March 31, 2015. At a minimum, Praxair contributes to its pension plans to comply with local regulatory requirements (e.g., ERISA in the United States). Discretionary contributions in excess of the local minimum requirements are made based on many factors, including long-term projections of the plans' funded status, the economic environment, potential risk of overfunding, pension insurance costs and alternative uses of the cash. Changes to these factors can impact the amount and timing of discretionary contributions from year to year.

Investing

Net cash used for investing of \$400 million for the three months ended March 31, 2015 decreased \$51 million versus 2014 primarily due to lower acquisition expenditures, and lower proceeds from divestitures and asset sales.

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Capital expenditures for the three months ended March 31, 2015 were \$397 million, \$4 million above the prior year. Capital expenditures in the quarter related primarily to investments in new plant and production equipment for growth. Approximately 60% of the capital expenditures were in North America with the rest in Asia, Europe and South America.

Acquisitions in the quarter were \$5 million primarily relating to the acquisition of a packaged gases business in South America. Acquisitions in the prior-year period of \$124 million were primarily the acquisition of an industrial gases business in Italy and packaged gas businesses in North and South America, and an equity investment in the Middle East. (see Note 2 to the condensed consolidated financial statements).

For the three months ended March 31, 2015 divestitures and asset sales were \$2 million. Divestitures in the prior-year period were \$66 million, primarily the sale of Praxair's industrial gas business in France.

Financing

Cash used for financing activities was \$100 million for the three-month period ended March 31, 2015. Cash dividends were \$207 million, higher than the prior year due to a 10% increase in dividends per share from \$0.65 to \$0.715. Net repurchases of common stock were \$191 million and debt increased by \$290 million.

In February 2015, Praxair issued \$150 million of floating rate notes that bear interest at the Federal funds effective rate plus 0.33% due 2017, \$400 million of 2.65% fixed rate notes due 2025 and \$200 million of 3.550% fixed rate notes due in 2042.

In March 2015, Praxair repaid \$500 million of 4.625% notes that became due.

Debt Covenants

Praxair's \$2.5 billion senior unsecured credit facility and long-term debt agreements contain various covenants (refer to Note 11 to the consolidated financial statements of Praxair's 2014 Annual Report on Form 10-K). The only financial covenant requires Praxair not to exceed a maximum 70% leverage ratio, as defined in the agreements. For purposes of the leverage ratio calculation, consolidated shareholders' equity excludes changes in the cumulative foreign currency translation adjustments after June 30, 2011. At both March 31, 2015 and December 31, 2014, the actual leverage ratio calculated in accordance with the agreements was 54%.

Other Financial Data

Praxair's debt to capital ratio was 62.5% at March 31, 2015 versus 55.9% at March 31, 2014. Although net debt increased \$153 million, the increase is due primarily to lower capital. The equity component of capital was reduced by a \$1,817 million loss in accumulated other comprehensive income, primarily from currency impacts.

After-tax return on capital ("ROC") was consistent year-over-year at 12.6% for the four-quarter trailing period ended March 31, 2015 and 2014.

Return on equity ("ROE") for the four-quarter trailing period ended March 31, 2015 was strong at 29.6% and 90 basis-points above prior year.

EBITDA of \$911 million for the 2015 quarter decreased \$58 million from \$969 million in 2014 due primarily to negative currency translation impacts.

Debt-to-Adjusted EBITDA was consistent year-over-year at 2.3 for the four-quarter trailing period ended March 31, 2015 and 2014.

See the "Non-GAAP Financial Measures" section below for definitions and reconciliations of these non-GAAP measures to reported GAAP amounts.

Legal Proceedings

See Note 11 to the condensed consolidated financial statements.

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Non-GAAP Financial Measures

The following non-GAAP measures are intended to supplement investors' understanding of the company's financial information by providing measures which investors, financial analysts and management use to help evaluate the company's financial leverage, return on net assets employed and operating performance. Special items which the company does not believe to be indicative of on-going business trends are excluded from these calculations so that investors can better evaluate and analyze historical and future business trends on a consistent basis. Definitions of these non-GAAP measures may not be comparable to similar definitions used by other companies and are not a substitute for similar GAAP measures.

The following are the non-GAAP measures presented in the MD&A:

	March 31,			
(Dollar amounts in millions, except per share data)	2015		2014	
Debt-to-capital	62.5	%	55.9	%
After-tax return on capital	12.6	%	12.6	%
Return on equity	29.6	%	28.7	%
EBITDA	\$911		\$969	
Debt-to-adjusted EBITDA	2.3		2.3	

Debt-to-Capital Ratio

The debt-to-capital ratio is a measure used by investors, financial analysts and management to provide a measure of financial leverage and insights into how the company is financing its operations.

	Three Months Ended March 31,			
(Dollar amounts in millions)	2015		2014	
Debt	\$9,396		\$9,270	
Less: cash and cash equivalents	(117	)	(144	)
Net debt	9,279		9,126	
Equity and redeemable noncontrolling interests				
Redeemable noncontrolling interests	170		195	
Praxair, Inc. shareholders' equity	5,018		6,600	
Noncontrolling interests	375		398	
Total equity and redeemable noncontrolling interests	5,563		7,193	
Capital	\$14,842		\$16,319	
DEBT-TO-CAPITAL RATIO	62.5	%	55.9	%

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After-tax Return on Capital (ROC)

After-tax return on capital is a measure used by investors, financial analysts and management to evaluate the return on net assets employed in the business. ROC measures the after-tax operating profit that the company was able to generate with the investments made by all parties in the business (debt, noncontrolling interests and Praxair, Inc. shareholders' equity).

	2015			2014		
	Four Quarter Trailing	Three Months Ended March 31, 2015	Nine Months Ended December 31, 2014	Four Quarter Trailing	Three Months Ended March 31, 2014	Nine Months Ended December 31, 2013
(Dollar amounts in millions)						
Adjusted operating profit (see below)	\$2,694	\$623	\$2,071	\$2,709	\$675	\$2,034
Less: adjusted income taxes (see below)	(693)	) (162)	) (531)	) (710)	) (176)	) (534)
Less: tax benefit on interest expense*	(49)	) (12)	) (37)	) (46)	) (13)	) (33)
Add: equity income	44	11	33	37	9	28
Net operating profit after-tax (NOPAT)	\$1,996	\$460	\$1,536	\$1,990	\$495	\$1,495
Capital:						
March 31st, 2015 & 2014	\$14,842			\$16,319		
December 31st, 2014 & 2013	\$15,318			\$15,983		
September 30th, 2014 & 2013	\$16,083			\$15,757		
June 30th, 2014 & 2013	\$16,492			\$15,548		
March 31st, 2014 & 2013	\$16,319			\$15,344		
Five-quarter average	\$15,811			\$15,790		
AFTER-TAX ROC	12.6	%		12.6	%	

* Tax benefit on interest expense is computed using the effective rate. The effective tax rate used was 28% for 2015 and 2014.

Return on Praxair, Inc. Shareholders' Equity (ROE)

Return on Praxair, Inc. shareholders' equity is a measure used by investors, financial analysts and management to evaluate operating performance from a Praxair shareholder perspective. ROE measures the net income attributable to Praxair, Inc. that the company was able to generate with the money shareholders have invested.

	2015			2014		
	Four Quarter Trailing	Three Months Ended March 31, 2015	Nine Months Ended December 31, 2014	Four Quarter Trailing	Three Months Ended March 31, 2014	Nine Months Ended December 31, 2013
(Dollar amounts in millions)						
Adjusted Net income - Praxair, Inc. (see below)	\$1,820	\$416	\$1,404	\$1,806	\$448	\$1,358
Praxair, Inc. shareholders' equity						
March 31st, 2015 & 2014	\$5,018			\$6,600		
December 31st, 2014 & 2013	\$5,623			\$6,609		

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September 30th, 2014 & 2013	\$6,552		\$6,210	
June 30th, 2014 & 2013	\$6,911		\$5,928	
March 31st, 2014 & 2013	\$6,600		\$6,169	
Five-quarter average	\$6,141		\$6,303	
ROE	29.6	%	28.7	%

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Adjusted EBITDA, Adjusted EBITDA Margin and Debt-to-Adjusted EBITDA Ratio

These measures are used by investors, financial analysts and management to assess a company's ability to meet its financial obligations.

	2015	Three	Nine	2014	Three	Nine
	Four	Months	Months	Four	Months	Months
	Quarter	Ended	Ended	Quarter	Ended	Ended
	Trailing	March 31,	December	Trailing	March 31,	December
		2015	31, 2014		2014	31, 2013
(Dollar amounts in millions)						
Adjusted net income - Praxair, Inc. (see below)	\$1,820	\$416	\$1,404	\$1,806	\$448	\$1,358
Add: adjusted noncontrolling interest (see below)	50	12	38	64	14	50
Add: adjusted interest expense - net (see below)	175	44	131	166	46	120
Add: adjusted income taxes (see below)	693	162	531	710	176	534
Add: depreciation and amortization	1,162	277	885	1,128	285	843
ADJUSTED EBITDA	\$3,900	\$911	\$2,989	\$3,874	\$969	\$2,905
Reported Sales		2,757			3,026	
Adjusted EBITDA Margin		33.0	%		32.0	%
Net Debt:						
March 31st, 2015 & 2014	\$9,279			\$9,126		
December 31st, 2014 & 2013	\$9,132			\$8,673		
September 30th, 2014 & 2013	\$8,953			\$8,892		
June 30th, 2014 & 2013	\$8,992			\$9,004		
March 31st, 2014 & 2013	\$9,126			\$8,563		
Five-quarter average	\$9,096			\$8,852		
DEBT-TO-ADJUSTED EBITDA RATIO	2.3			2.3		

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Adjusted Amounts

Adjusted amounts for the nine months ended December 31, 2014 exclude the impact of the Venezuela currency devaluation, pension settlement charge and bond redemption charge. Adjusted amounts for the nine months ended December 31, 2013 exclude the impact of pension settlement, bond redemption charge and income tax benefit. The company does not believe these items are indicative of on-going business trends and, accordingly, the impact is excluded from the reported amounts so that investors can better evaluate and analyze historical and future business trends on a consistent basis. For a description of these items, refer to Notes 2, 5 & 11 to the consolidated financial statements of Praxair's 2014 Annual Report on Form 10-K.

Certain amounts for 2014 and 2013 have been included for reference purposes and to facilitate the calculations contained herein.

	Quarter Ended March 31,		Nine Months Ended December 31,		
(Dollar amounts in millions, except per share data)	2015	2014	2014	2013	
Adjusted Operating Profit					
Reported operating profit	\$623	\$675	\$1,933	\$2,025	
Add: Venezuela currency devaluation	—	—	131	—	
Add: Pension settlement charge	—	—	7	9	
Total adjustments	—	—	138	9	
Adjusted operating profit	\$623	\$675	\$2,071	\$2,034	
Reported percent change	(8	)%	(5	)%	
Adjusted percent change	(8	)%	2	%	
Adjusted Interest Expense					
Reported interest expense	\$44	\$46	\$167	\$138	
Less: Bond redemption	—	—	(36	) (18	)
Total adjustments	—	—	(36	) (18	)
Adjusted interest expense	\$44	\$46	\$131	\$120	
Adjusted Income Taxes and Effective Tax Rate					
Reported income taxes	\$162	\$176	\$515	\$485	
Add: Bond redemption	—	—	14	6	
Add: Income tax benefit	—	—	—	40	
Add: Pension settlement charge	—	—	2	3	
Total adjustments	—	—	16	49	
Adjusted income taxes	\$162	\$176	\$531	\$534	

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	Quarter Ended March 31,		Nine Months Ended December 31,	
(Dollar amounts in millions, except per share data)	2015	2014	2014	2013
Adjusted Effective Tax Rate				
Reported income before income taxes and equity investments	\$579	\$629	\$1,766	\$1,887
Add: Bond redemption	—	—	36	18
Add: Pension settlement charge	—	—	7	9
Add: Venezuela currency devaluation	—	—	131	—
Total adjustments	—	—	174	27
Adjusted income before income taxes and equity investments	\$579	\$629	\$1,940	\$1,914
Adjusted effective tax rate	28.0	% 28.0	% 27.4	% 27.9
Adjusted Noncontrolling Interests				
Reported noncontrolling interests	\$12	\$14	\$38	\$66
Less: Income tax benefit	—	—	—	(16)
Total adjustments	—	—	—	(16)
Adjusted Noncontrolling Interests	\$12	\$14	\$38	\$50
Adjusted Net Income - Praxair, Inc.				
Reported net income - Praxair, Inc.	\$416	\$448	\$1,246	\$1,364
Add: Bond redemption	—	—	22	12
Less: Income tax benefit	—	—	—	(24)
Add: Pension settlement charge	—	—	5	6
Add: Venezuela currency devaluation	—	—	131	—
Total adjustments	—	—	158	(6)
Adjusted net income - Praxair, Inc.	\$416	\$448	\$1,404	\$1,358
Reported percent change	(7	)%	(9	)%
Adjusted percent change	(7	)%	3	%

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Percentage Change in Full - Year 2015 Diluted EPS Guidance

	Low End	High End	
2015 Diluted EPS guidance	\$5.90	\$6.15	
2014 Adjusted Diluted EPS (see 2014 Annual Report on Form 10-K)	\$6.27	\$6.27	
Percentage change from 2014 adjusted amounts	(6	)% (2	)%

New Accounting Standards

Refer to Note 1 of the condensed consolidated financial statements.

Forward-looking Statements

This document contains “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. These statements are based on management’s reasonable expectations and assumptions as of the date the statements are made but involve risks and uncertainties. These risks and uncertainties include, without limitation: the performance of stock markets generally; developments in worldwide and national economies and other international events and circumstances; changes in foreign currencies and in interest rates; the cost and availability of electric power, natural gas and other raw materials; the ability to achieve price increases to offset cost increases; catastrophic events including natural disasters, epidemics and acts of war and terrorism; the ability to attract, hire, and retain qualified personnel; the impact of changes in financial accounting standards; the impact of changes in pension plan liabilities; the impact of tax, environmental, healthcare and other legislation and government regulation in jurisdictions in which the company operates; the cost and outcomes of investigations, litigation and regulatory proceedings; continued timely development and market acceptance of new products and applications; the impact of competitive products and pricing; future financial and operating performance of major customers and industries served; the impact of information technology system failures, network disruptions and breaches in data security; and the effectiveness and speed of integrating new acquisitions into the business. These risks and uncertainties may cause actual future results or circumstances to differ materially from the projections or estimates contained in the forward-looking statements. The company assumes no obligation to update or provide revisions to any forward-looking statement in response to changing circumstances. The above listed risks and uncertainties are further described in Item 1A (Risk Factors) in this report which should be reviewed carefully. Please consider the company’s forward-looking statements in light of those risks.

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Item 3. Quantitative and Qualitative Disclosures About Market Risk

Refer to Item 7A. to Part II of Praxair's 2014 Annual Report on Form 10-K for discussion.

Item 4. Controls and Procedures

Based on an evaluation of the effectiveness of Praxair's disclosure controls and procedures, which was made under the supervision and with the participation of management, including Praxair's principal executive officer and principal financial officer, the principal executive officer and principal financial officer have each concluded that, (a) as of the end of the quarterly period covered by this report, such disclosure controls and procedures are effective in ensuring that information required to be disclosed by Praxair in reports that it files under the Exchange Act of 1934 is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms, and accumulated and communicated to management including Praxair's principal executive officer and principal financial officer, to allow timely decisions regarding required disclosure.

There were no changes in Praxair's internal control over financial reporting that occurred during the quarterly (b) period covered by this report that have materially affected, or are reasonably likely to materially affect, Praxair's internal control over financial reporting.

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PART II - OTHER INFORMATION

Praxair, Inc. and Subsidiaries

Item 1. Legal Proceedings

See Note 11 to the condensed consolidated financial statements for a description of current legal proceedings.

Item 1A. Risk Factors

Due to the size and geographic reach of the company's operations, a wide range of factors, many of which are outside of the company's control, could materially affect the company's future operations and financial performance.

Management believes the following risks may significantly impact the company:

General Economic Conditions - Weakening economic conditions in markets in which the company does business may adversely impact the company's financial results and/or cash flows.

Praxair serves a diverse group of industries across more than 50 countries, which generally leads to financial stability through various business cycles. However, a broad decline in general economic or business conditions in the industries served by its customers could adversely affect the demand for Praxair's products and impair the ability of our customers to satisfy their obligations to the company, resulting in uncollected receivables and/or unanticipated contract terminations or project delays. In addition, many of the company's customers are in businesses that are cyclical in nature, such as the chemicals, electronics, metals and refining industries. Downturns in these industries may adversely impact the company during these cycles. Additionally, such conditions could impact the utilization of the company's manufacturing capacity which may require the company to recognize impairment losses on tangible assets such as property, plant and equipment as well as intangible assets such as intellectual property or goodwill.

Cost and Availability of Raw Materials and Energy - Increases in the cost of energy and raw materials and/or disruption in the supply of these materials could result in lost sales or reduced profitability.

Energy is the single largest cost item in the production and distribution of industrial gases. Most of Praxair's energy requirements are in the form of electricity, natural gas and diesel fuel for distribution. Praxair attempts to minimize the financial impact of variability in these costs through the management of customer contracts and reducing demand through operational productivity and energy efficiency. Large customer contracts typically have escalation and pass-through clauses to recover energy and feedstock costs. Such attempts may not successfully mitigate cost variability which could negatively impact its financial condition or results of operations. The supply of energy has not been a significant issue in the geographic areas where it conducts business. However, regional energy conditions are unpredictable and may pose future risk.

For carbon dioxide, carbon monoxide, helium, hydrogen, specialty gases and surface technologies, raw materials are largely purchased from outside sources. Where feasible, Praxair sources several of these gases, including carbon dioxide, hydrogen and calcium carbide, as chemical or industrial by products. In addition, Praxair has contracts or commitments for, or readily available sources of, most of these raw materials; however, their long-term availability and prices are subject to market conditions. A disruption in supply of such raw materials could impact the company's ability to meet contractual supply commitments.

International Events and Circumstances - The company's international operations are subject to the risks of doing business abroad and international events and circumstances may adversely impact its business, financial condition or results of operations.

Praxair has substantial international operations which are subject to risks including devaluations in currency exchange rates, transportation delays and interruptions, political and economic instability and disruptions, restrictions on the transfer of funds, the imposition of duties and tariffs, import and export controls, changes in governmental policies, labor unrest, possible nationalization and/or expropriation of assets, domestic and international tax laws and compliance with governmental regulations. These events could have an adverse effect on the international operations in the future by reducing the demand for its products, decreasing the prices at which it can sell its products, reducing the U.S. dollar value of revenue from international operations or otherwise having an adverse effect on its business. Also, the Company is monitoring developments regarding the collectability of government receivables from healthcare sales to public hospitals in Spain and Italy where economic conditions have been challenging and

uncertain. Historically, collection of such government receivables has extended beyond the contractual terms of sale; however, payment has always been received. At March 31, 2015 government receivables in Spain and Italy totaled \$66 million (\$60 million at December 31, 2014).

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Global Financial Markets Conditions - Macroeconomic factors may impact the company's ability to obtain financing or increase the cost of obtaining financing which may adversely impact the company's financial results and/or cash flows.

Volatility and disruption in the U.S. and global credit and equity markets, from time to time, could make it more difficult for Praxair to obtain financing for its operations and/or could increase the cost of obtaining financing. In addition, the company's borrowing costs can be affected by short and long-term debt ratings assigned by independent rating agencies which are based, in significant part, on the company's performance as measured by certain criteria such as interest coverage and leverage ratios. A decrease in these debt ratings could increase the cost of borrowing or make it more difficult to obtain financing. While the impact of volatility in the global credit markets cannot be predicted with certainty, the company believes that it has sufficient operating flexibility, cash reserves, and funding sources to maintain adequate amounts of liquidity to meet its business needs around the world.

Competitor Actions - The inability to effectively compete could adversely impact results of operations.

Praxair operates within a highly competitive environment worldwide. Competition is based on price, product quality, delivery, reliability, technology and service to customers. Competitors' behavior related to these areas could potentially have significant impacts on the company's financial results.

Governmental Regulations - The company is subject to a variety of United States and foreign government regulations. Changes in these regulations could have an adverse impact on the business, financial position and results of operations.

The company is subject to regulations in the following areas, among others:

Environmental protection including climate change;

Domestic and international tax laws and currency controls;

Safety;

Securities laws (e.g., SEC and generally accepted accounting principles in the United States);

Trade and import/ export restrictions;

Antitrust matters;

Global anti-bribery laws, including the U.S. Foreign Corrupt Practices Act;

Healthcare reimbursement regulations; and

Conflict minerals

Changes in these or other regulatory areas may impact the company's profitability, may require the company to spend additional resources to comply with the regulations, or may restrict the company's ability to compete effectively in the marketplace. Noncompliance with such laws and regulations could result in penalties or sanctions that could have an adverse impact on the company's financial results. Environmental protection is discussed further below.

Praxair is subject to various environmental and occupational health and safety laws and regulations, including those governing the discharge of pollutants into the air or water, the storage, handling and disposal of chemicals, hazardous substances and wastes, the remediation of contamination, the regulation of greenhouse gas emissions, and other potential climate change initiatives. Violations of these laws could result in substantial penalties, third party claims for property damage or personal injury, or sanctions. The company may also be subject to liability for the investigation and remediation of environmental contamination at properties that it owns or operates and at other properties where Praxair or its predecessors have operated or arranged for the disposal of hazardous wastes. Although management does not believe that any such liabilities will have a material adverse impact on its financial position and results of operations, management cannot provide assurance that such costs will not increase in the future or will not become material. See the section captioned "Management's Discussion and Analysis – Environmental Matters" in Item 7 of Praxair's 2014 Annual Report on Form 10-K.

Catastrophic Events - Catastrophic events could disrupt the operations of the company and/or its customers and suppliers and may have a significant adverse impact on the results of operations.

The occurrence of catastrophic events or natural disasters such as extreme weather, including hurricanes and floods; health epidemics; acts of war or terrorism; could disrupt or delay the company's ability to produce and distribute its products to customers and could potentially expose the company to third-party liability claims. In addition, such events could impact the company's customers and suppliers resulting in temporary or long-term outages and/or the

limitation of supply of energy and other raw materials used in normal business operations. To mitigate these risks, Praxair evaluates the direct and indirect business risks; consults with vendors, insurance providers and industry experts; makes investments in suitably resilient design

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and technology, and conducts regular reviews of the business risks with management. Despite these steps, however, these situations are outside the company's control and may have a significant adverse impact on the company's financial results.

Retaining Qualified Personnel - The inability to attract and retain qualified personnel may adversely impact the company's business.

If Praxair fails to attract, hire and retain qualified personnel, the company may not be able to develop, market or sell its products or successfully manage its business. Praxair is dependent upon its highly skilled, experienced and efficient workforce to be successful. Much of Praxair's competitive advantage is based on the expertise and experience of its key personnel regarding its marketing, technology, manufacturing and distribution infrastructure, systems and products. The inability to attract and hire qualified individuals or the loss of key employees in very skilled areas could have a negative effect on the company's financial results.

Technological Advances - If the company fails to keep pace with technological advances in the industry or if new technology initiatives do not become commercially accepted, customers may not continue to buy the company's products and results of operations could be adversely affected.

Praxair's research and development is directed toward developing new and improved methods for the production and distribution of industrial gases and the development of new markets and applications for the use of these gases. This results in the frequent introduction of new industrial gas applications and the development of new advanced air separation process technologies. The company also conducts research and development for its surface technologies to improve the quality and durability of coatings and the use of specialty powders for new applications and industries. As a result of these efforts, the company develops new and proprietary technologies and employs necessary measures to protect such technologies within the global geographies in which the company operates. These technologies help Praxair to create a competitive advantage and to provide a platform for the company to grow its business. If Praxair's research and development activities do not keep pace with competitors or if it does not create new technologies that benefit customers, future results of operations could be adversely affected.

Litigation and Governmental Investigations - The outcomes of litigation and governmental investigations may affect the company's financial results.

Praxair is subject to various lawsuits and governmental investigations arising out of the normal course of business that may result in adverse outcomes. These actions are based upon alleged environmental, tax, antitrust and personal injury claims, among others. Adverse outcomes in some or all of the claims pending may result in significant monetary damages or injunctive relief that could adversely affect its ability to conduct business. While management currently believes that resolving all of these matters, individually or in the aggregate, will not have a material adverse impact on the company's financial position or liquidity, the litigation and other claims Praxair faces are subject to inherent uncertainties and management's view of these matters may change in the future. There exists the possibility of a material adverse impact on the company's results of operations for the period in which the effect of an unfavorable final outcome becomes probable and reasonably estimable.

Tax Liabilities - Potential tax liabilities could adversely impact the company's financial position and results of operations.

Praxair is subject to income and other taxes in both the United States and numerous foreign jurisdictions. The determination of the company's worldwide provision for income taxes and other tax liabilities requires judgment and is based on diverse legislative and regulatory structures that exist in the various jurisdictions where the company operates. Although management believes its estimates are reasonable, the ultimate tax outcome may differ from the amounts recorded in its financial statements and may materially affect the company's financial results for the period when such determination is made. See Notes 5 and 17 to the consolidated financial statements of Praxair's 2014 Annual Report on Form 10-K.

Pension Liabilities - Risks related to our pension benefit plans may adversely impact our results of operations and cash flows.

Pension benefits represent significant financial obligations that will be ultimately settled in the future with employees who meet eligibility requirements. Because of the uncertainties involved in estimating the timing and amount of future payments and asset returns, significant estimates are required to calculate pension expense and liabilities related to the

company's plans. The company utilizes the services of independent actuaries, whose models are used to facilitate these calculations. Several key assumptions are used in the actuarial models to calculate pension expense and liability amounts recorded in the consolidated financial statements. In particular, significant changes in actual investment returns on pension assets, discount rates, or legislative or regulatory changes could impact future results of operations and required pension contributions. For information regarding the potential impacts regarding significant assumptions used to estimate pension expense, including discount rates and the expected long-term rates of return on plan assets. See "Critical Accounting Policies - Pension Benefits" included in

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“Management’s Discussion and Analysis of Financial Condition and Results of Operations” in Item 7 of Praxair’s 2014 Annual Report on Form 10-K.

Operational Risks - Operational risks may adversely impact the company’s business or results of operations.

Praxair’s operating results are dependent on the continued operation of its production facilities and its ability to meet customer contract requirements and other needs. Insufficient or excess capacity threatens the company’s ability to generate competitive profit margins and may expose the company to liabilities related to contract commitments.

Operating results are also dependent on the company’s ability to complete new construction projects on time, on budget and in accordance with performance requirements. Failure to do so may expose the business to loss of revenue, potential litigation and loss of business reputation.

Also inherent in the management of the company’s production facilities and delivery systems, including storage, vehicle transportation and pipelines, are operational risks that require continuous training, oversight and control.

Material operating failures at production, storage facilities or pipelines, including fire, toxic release and explosions, or the occurrence of vehicle transportation accidents could result in loss of life, damage to the environment, loss of production and/or extensive property damage, all of which may negatively impact the company’s financial results.

Information Technology Systems – The Company may be subject to information technology system ("IT") failures, network disruptions and breaches in data security.

Praxair relies on IT systems and networks for business and operational activities, and also stores and processes sensitive business and proprietary information in these systems and networks. These systems are susceptible to outages due to fire, floods, power loss, telecommunications failures, viruses, break-ins and similar events, or breaches of security. Management has taken steps to address these risks and concerns by implementing advanced security technologies, internal controls, network and data center resiliency and recovery processes. Despite these steps, however, operational failures and breaches of security from increasingly sophisticated cyber threats could lead to the loss or disclosure of confidential information, result in regulatory actions and have a material adverse impact on Praxair's operations, reputation and financial results.

Acquisitions and Joint Ventures - The inability to effectively integrate acquisitions or collaborate joint venture partners could adversely impact the company’s financial position and results of operations.

Praxair has evaluated, and expects to continue to evaluate, a wide array of potential strategic acquisitions and joint ventures. Many of these transactions, if consummated, could be material to its financial condition and results of operations. In addition, the process of integrating an acquired company, business or group of assets may create unforeseen operating difficulties and expenditures. Although historically the company has been successful with its acquisition strategy and execution, the areas where the company may face risks include:

- The need to implement or remediate controls, procedures and policies appropriate for a larger public company at companies that prior to the acquisition lacked these controls, procedures and policies;
- Diversion of management time and focus from operating existing business to acquisition integration challenges;
- Cultural challenges associated with integrating employees from the acquired company into the existing organization;
- The need to integrate each company’s accounting, management information, human resource and other administrative systems to permit effective management;
- Difficulty with the assimilation of acquired operations and products;
- Failure to achieve targeted synergies; and
- Inability to retain key employees and business relationships of acquired companies.

Foreign acquisitions and joint ventures involve unique risks in addition to those mentioned above, including those related to integration of operations across different cultures and languages, currency risks and the particular economic, political and regulatory risks associated with specific countries. Also, the anticipated benefit of the company’s acquisitions may not materialize. Future acquisitions or dispositions could result in potentially dilutive issuances of equity securities, the incurrence of debt, contingent liabilities or amortization expenses, or impairments of goodwill, any of which could adversely impact the company’s financial results.

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Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

Purchases of Equity Securities- Certain information regarding purchases made by or on behalf of the company or any affiliated purchaser (as defined in Rule 10b-18(a)(3) under the Securities Exchange Act of 1934, as amended) of its common stock during the quarter ended March 31, 2015 is provided below:

Period	Total Number of Shares Purchased (Thousands)	Average Price Paid Per Share	Total Numbers of Shares Purchased as Part of Publicly Announced Program (1) (Thousands)	Approximate Dollar Value of Shares that May Yet be Purchased Under the Program (2) (Millions)
January 2015	668	\$ 124.94	668	\$ 955
February 2015	516	\$ 125.27	516	\$ 890
March 2015	695	\$ 124.05	695	\$ 804
First Quarter 2015	1,879	\$ 124.70	1,879	\$ 804

On January 28, 2014, the company's board of directors approved the repurchase of \$1.5 billion of its common stock (1)(2014 program) which could take place from time to time on the open market (which could include the use of 10b5-1 trading plans) or through negotiated transactions, subject to market and business conditions.

As of March 31, 2015, the Company purchased \$696 million of its common stock pursuant to the 2014 program, (2)leaving an additional \$804 million remaining authorized under the 2014 program. The 2014 program does not have any stated expiration date.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

None.

Item 6. Exhibits

(a) Exhibits

12.01	Computation of Ratio of Earnings to Fixed Charges.
31.01	Rule 13a-14(a) Certification
31.02	Rule 13a-14(a) Certification
32.01	Section 1350 Certification (such certifications are furnished for the information of the Commission and shall not be deemed incorporated by reference into any filing under the Securities Act or the Exchange Act).
32.02	Section 1350 Certification (such certifications are furnished for the information of the Commission and shall not be deemed incorporated by reference into any filing under the Securities Act or the Exchange Act).
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema
101.CAL	XBRL Taxonomy Extension Calculation Linkbase

101.LAB XBRL Taxonomy Extension Label Linkbase

101.PRE XBRL Taxonomy Extension Presentation Linkbase

101.DEF XBRL Taxonomy Extension Definition Linkbase

* Indicates a management contract or compensatory plan or arrangement.

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SIGNATURE

Praxair, Inc. and Subsidiaries

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

PRAXAIR, INC.

(Registrant)

Date: April 29, 2015

By: /s/ Elizabeth T. Hirsch

Elizabeth T. Hirsch
Vice President and Controller
(On behalf of the Registrant
and as Chief Accounting Officer)