



PRAXAIR NEWS RELEASE

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PRAXAIR REPORTS FULL-YEAR AND FOURTH-QUARTER 2014 RESULTS

- Full-year sales of \$12.3 billion and EPS of \$5.73; adjusted EPS of \$6.27, up 6% from prior year*
- Full-year adjusted EBITDA and operating margins grew to record levels of 32.2% and 22.4%, respectively*
- Strong full-year operating cash flow of \$2.9 billion, 23% of sales; record free cash flow of \$1.2 billion*
- Announced 10% dividend increase; 22nd consecutive annual increase
- \$1.5 billion returned to shareholders, evenly split between dividends and net share repurchases
- Return on capital 12.7%; return on equity 28.7%*
- Fourth-quarter sales of \$3.0 billion; EPS \$1.03; adjusted EPS of \$1.57*
- Full-year 2015 EPS guidance of \$6.15 to \$6.50; up 5% to 11%, ex-FX*

DANBURY, Conn., January 28, 2015 -- Praxair, Inc. (NYSE: PX) reported fourth-quarter net income and diluted earnings per share of \$302 million and \$1.03, respectively. These results include charges to net income related to Venezuela currency devaluation, a bond redemption and a pension settlement. Excluding these items, adjusted net income and diluted earnings per share were \$460 million and \$1.57, respectively.*

Sales in the fourth quarter were \$2,990 million, 3% above the prior-year quarter excluding negative currency translation effects. Organic sales growth was driven by increased volumes, including volume growth from new plant start-ups, and higher price across the Americas and Asia.

Reported operating profit in the fourth quarter was \$525 million. Adjusted operating profit of \$663 million was steady with the prior-year quarter, excluding currency translation effects. Adjusted operating profit as a percentage of sales remained strong at 22.2%.*

Fourth-quarter cash flow from operations of \$772 million funded \$482 million of capital expenditures. The company paid \$189 million of dividends and repurchased \$282 million of stock, net of issuances.

For the full year of 2014, reported net income was \$1,694 million and diluted earnings per share was \$5.73. On an adjusted basis, full-year net income was \$1,852 million and diluted earnings per share was \$6.27, 5% and 6% above the prior year, respectively.*

Full-year sales were \$12,273, 6% above 2013 excluding negative currency translation. Growth was driven by higher volumes, pricing and acquisitions. Reported operating profit was \$2,608 million. Adjusted operating profit of \$2,746 million was 6% above 2013, excluding negative currency translation.*

For the full year, cash flow from operations was strong at \$2,868 million, 23% of sales. After capital expenditures of \$1,689 million, free cash flow was a record \$1,179 million. The company invested \$206 million in acquisitions, including several U.S. packaged gas distributors. The company paid dividends of \$759 million and repurchased \$759 million of stock, net of issuances. The debt-to-capital ratio was 59.6% and debt-to-adjusted EBITDA was 2.3x. After-tax return on capital and return on equity for the year were 12.7% and 28.7%, respectively.*

Commenting on the financial results and business outlook, Chairman, President and Chief Executive Officer Steve Angel said, “Praxair’s operational and capital discipline again yielded high-quality results in 2014, despite a challenging global environment. We generated strong operating cash flow of \$2.9 billion that represented 23% of sales and record free cash flow of \$1.2 billion. Operating and EBITDA margins grew to new highs.

“Sales growth of 6% and EPS growth of 9%, ex-currency, reflect strong price attainment across all of our businesses, relentless cost control and volume growth in the Americas and Asia. The acquisitions that we executed during the year were consistent with our strategy of improving geographic density in our core gases business.

“Looking forward to 2015, we expect modest global growth. More than half of our sales are generated in North America and with our industry-leading presence we will continue to take advantage of the underlying economic strengths of the region. While we continue to see slowing macro-economic trends in the rest of the world, our diverse end-markets and strong local teams will continue to drive resilient operating results and increasing cash flow. We are committed to high-quality growth and expect continued strong cash flow generation to fund new projects, increased dividends and ongoing share repurchases.”

For full-year 2015, Praxair expects sales in the range of \$12 billion to \$12.4 billion. This sales guidance assumes a negative currency impact of about 6% versus 2014. The company expects diluted earnings per share to be in the range of \$6.15 to \$6.50, up 5% to 11% ex-currency from 2014.* Full-year capital expenditures are expected to be about \$1.7 billion and the effective tax rate is forecasted to remain at about 28%.

For the first quarter of 2015, Praxair expects diluted earnings per share in the range of \$1.39 to \$1.47. This EPS guidance assumes a negative currency impact of approximately 7% year-over-year and 4% sequentially.

Following is additional detail on fourth-quarter 2014 results by segment.

In North America, fourth-quarter sales were \$1,589 million, up 3% from the prior-year quarter excluding currency translation. Organic sales growth of 2% was driven by higher pricing and growth in merchant and packaged gas volumes. Acquisitions of U.S. packaged gas distributors contributed 1% growth. Operating profit of \$388 million grew 2% from the prior year, excluding negative currency translation, primarily due to higher volumes, higher price and acquisitions.

In Europe, fourth-quarter sales were \$356 million, 12% below the prior-year quarter. Excluding currency, cost pass-through and net divestitures, organic sales were 1% below prior year due primarily to weaker sales in Northern Europe. Operating profit was \$63 million.

In South America, fourth-quarter sales were \$473 million, 2% below the prior-year quarter. Organic sales, excluding negative currency translation, grew 8% primarily from growth to food and beverage and healthcare end-markets. Operating profit was \$105 million, above the prior-year quarter excluding currency translation, due primarily to volume growth and higher pricing.

Sales in Asia were \$407 million in the quarter, 6% above the prior year excluding currency and cost pass-through, driven by volume growth in on-site, including new plant start-ups, and merchant. Operating profit was \$77 million as compared to \$80 million in the prior year.

Praxair Surface Technologies had fourth-quarter sales of \$165 million as compared to \$164 million in the prior-year quarter. Organic sales grew 1% due to favorable pricing. Overall volumes were comparable to the prior-year period. Operating profit was \$30 million as compared to \$27 million in the prior year.

*See the attachments for calculations of non-GAAP measures. Non-GAAP adjustments for 2014 relate to the impact of the fourth-quarter Venezuela currency devaluation, bond redemption, and pension settlement charges. Non-GAAP adjustments for 2013 relate to the first-quarter Venezuela currency devaluation charge, third-quarter pension settlement charge and fourth-quarter bond redemption charge and an income tax benefit.

Attachments: Non-GAAP Reconciliations, Statements of Income, Balance Sheets, Statements of Cash Flows, Segment Information, Quarterly Financial Summary and Appendix: Non-GAAP Measures.

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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. Additionally, financial projections or estimates exclude the impact of special items which the company believes are not indicative of ongoing business performance. 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 the company’s Form 10-K and 10-Q reports filed with the SEC which should be reviewed carefully. Please consider the company’s forward-looking statements in light of those risks.

>> About Praxair

Praxair, Inc., a Fortune 250 company with 2014 sales of \$12.3 billion, is the largest industrial gases company in North and South America and one of the largest [worldwide](#). The company produces, sells and distributes atmospheric, process and specialty [gases](#), and high-performance surface coatings. Praxair products, [services](#) and technologies are making our planet more productive by bringing efficiency and environmental benefits to a wide variety of industries, including [aerospace](#), [chemicals](#), [food and beverage](#), [electronics](#), [energy](#), [healthcare](#), manufacturing, primary metals and many others. More information about Praxair, Inc. is available at www.praxair.com.

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PRAXAIR, INC. AND SUBSIDIARIES
SUMMARY NON-GAAP RECONCILIATIONS
(UNAUDITED)

The following adjusted amounts are non-GAAP measures and are intended to supplement investors' understanding of the company's financial statements by providing measures which investors, financial analysts and management use to help evaluate the company's operating performance. 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. See the non-GAAP reconciliations starting on page 10 for additional details relating to the non-GAAP adjustments.

(Millions of dollars, except per share amounts)

| | Q4 | | | | Year | | | |
|-------------------------------------|-----------------|------------------|----------------------------|----------------|------------------|------------------|----------------------------|----------------|
| | Sales | Operating Profit | Net Income - Praxair, Inc. | Diluted EPS | Sales | Operating Profit | Net Income - Praxair, Inc. | Diluted EPS |
| 2014 | | | | | | | | |
| GAAP Amounts | \$ 2,990 | \$ 525 | \$ 302 | \$ 1.03 | \$ 12,273 | \$ 2,608 | \$ 1,694 | \$ 5.73 |
| Pension settlement charges (a) | - | 7 | 5 | 0.02 | - | 7 | 5 | 0.02 |
| Bond redemptions (b) | - | - | 22 | 0.07 | - | - | 22 | 0.07 |
| Venezuela currency devaluations (c) | - | 131 | 131 | 0.45 | - | 131 | 131 | 0.45 |
| Adjusted amounts | <u>\$ 2,990</u> | <u>\$ 663</u> | <u>\$ 460</u> | <u>\$ 1.57</u> | <u>\$ 12,273</u> | <u>\$ 2,746</u> | <u>\$ 1,852</u> | <u>\$ 6.27</u> |
| 2013 | | | | | | | | |
| GAAP Amounts | \$ 3,010 | \$ 690 | \$ 474 | \$ 1.59 | \$ 11,925 | \$ 2,625 | \$ 1,755 | \$ 5.87 |
| Pension settlement charges (a) | - | - | - | - | - | 9 | 6 | 0.02 |
| Bond redemptions (b) | - | - | 12 | 0.04 | - | - | 12 | 0.04 |
| Venezuela currency devaluations (c) | - | - | - | - | - | 23 | 23 | 0.08 |
| Income tax benefit (d) | - | - | (24) | (0.08) | - | - | (24) | (0.08) |
| Adjusted amounts | <u>\$ 3,010</u> | <u>\$ 690</u> | <u>\$ 462</u> | <u>\$ 1.55</u> | <u>\$ 11,925</u> | <u>\$ 2,657</u> | <u>\$ 1,772</u> | <u>\$ 5.93</u> |

(a) Pension settlement charges were recorded in the 2014 fourth quarter and 2013 third quarter related to lump sum benefit payments made to a number of former employees.

(b) Charges in the 2014 and 2013 fourth quarters related to the redemptions of the \$400 million 5.375% notes due in 2016 and \$400 million 5.25% notes due in 2014, respectively.

(c) Charges in the 2014 fourth quarter and 2013 first quarter related to Venezuela currency devaluations.

(d) Income tax benefit in the 2013 fourth quarter related to the realignment of Praxair's Italian legal structure.

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

| | Quarter Ended December 31, | | Year to Date December 31, | |
|--|-------------------------------|---------------|------------------------------|-----------------|
| | 2014 | 2013 | 2014 | 2013 |
| SALES | \$ 2,990 | \$ 3,010 | \$ 12,273 | \$ 11,925 |
| Cost of sales | 1,689 | 1,699 | 6,962 | 6,744 |
| Selling, general and administrative | 320 | 332 | 1,308 | 1,349 |
| Depreciation and amortization | 291 | 287 | 1,170 | 1,109 |
| Research and development | 24 | 26 | 96 | 98 |
| Venezuela currency devaluation and other charges | 138 | - | 138 | 32 |
| Other income (expense) - net | (3) | 24 | 9 | 32 |
| OPERATING PROFIT | 525 | 690 | 2,608 | 2,625 |
| Interest expense - net | 79 | 56 | 213 | 178 |
| INCOME BEFORE INCOME TAXES AND EQUITY INVESTMENTS | 446 | 634 | 2,395 | 2,447 |
| Income taxes | 145 | 136 | 691 | 649 |
| INCOME BEFORE EQUITY INVESTMENTS | 301 | 498 | 1,704 | 1,798 |
| Income from equity investments | 12 | 9 | 42 | 38 |
| NET INCOME (INCLUDING NONCONTROLLING INTERESTS) | 313 | 507 | 1,746 | 1,836 |
| Less: noncontrolling interests | (11) | (33) | (52) | (81) |
| NET INCOME - PRAXAIR, INC. | <u>\$ 302</u> | <u>\$ 474</u> | <u>\$ 1,694</u> | <u>\$ 1,755</u> |
| PER SHARE DATA - PRAXAIR, INC. SHAREHOLDERS | | | | |
| Basic earnings per share | \$ 1.04 | \$ 1.61 | \$ 5.79 | \$ 5.94 |
| Diluted earnings per share | \$ 1.03 | \$ 1.59 | \$ 5.73 | \$ 5.87 |
| Cash dividends | \$ 0.65 | \$ 0.60 | \$ 2.60 | \$ 2.40 |
| WEIGHTED AVERAGE SHARES OUTSTANDING | | | | |
| Basic shares outstanding (000's) | 290,667 | 294,697 | 292,494 | 295,523 |
| Diluted shares outstanding (000's) | 293,555 | 298,225 | 295,608 | 298,965 |

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

| | December 31, 2014 | December 31, 2013 |
|--|------------------------------|------------------------------|
| ASSETS | | |
| Cash and cash equivalents | \$ 126 | \$ 138 |
| Accounts receivable - net | 1,796 | 1,892 |
| Inventories | 551 | 506 |
| Prepaid and other current assets | 366 | 380 |
| TOTAL CURRENT ASSETS | 2,839 | 2,916 |
| Property, plant and equipment - net | 11,997 | 12,278 |
| Goodwill | 3,121 | 3,194 |
| Other intangibles - net | 603 | 596 |
| Other long-term assets | 1,242 | 1,271 |
| TOTAL ASSETS | \$ 19,802 | \$ 20,255 |
| LIABILITIES AND EQUITY | | |
| Accounts payable | \$ 864 | \$ 921 |
| Short-term debt | 587 | 782 |
| Current portion of long-term debt | 2 | 3 |
| Other current liabilities | 1,037 | 958 |
| TOTAL CURRENT LIABILITIES | 2,490 | 2,664 |
| Long-term debt | 8,669 | 8,026 |
| Other long-term liabilities | 2,457 | 2,255 |
| TOTAL LIABILITIES | 13,616 | 12,945 |
| REDEEMABLE NONCONTROLLING INTERESTS | 176 | 307 |
| EQUITY | | |
| Praxair, Inc. shareholders' equity | 5,623 | 6,609 |
| Noncontrolling interests | 387 | 394 |
| TOTAL EQUITY | 6,010 | 7,003 |
| TOTAL LIABILITIES AND EQUITY | \$ 19,802 | \$ 20,255 |

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

| | Quarter Ended | | Year to Date | |
|---|---------------|---------------|----------------|----------------|
| | December 31, | | December 31, | |
| | 2014 | 2013 | 2014 | 2013 |
| OPERATIONS | | | | |
| Net income - Praxair, Inc. | \$ 302 | \$ 474 | \$ 1,694 | \$ 1,755 |
| Noncontrolling interests | 11 | 33 | 52 | 81 |
| Net income (including noncontrolling interests) | <u>313</u> | <u>507</u> | <u>1,746</u> | <u>1,836</u> |
| Adjustments to reconcile net income to net cash provided by operating activities: | | | | |
| Venezuela currency devaluation and other charges | 138 | - | 138 | 23 |
| Depreciation and amortization | 291 | 287 | 1,170 | 1,109 |
| Accounts receivable | 64 | 55 | (80) | (84) |
| Inventory | 10 | 9 | (42) | (54) |
| Payables and accruals | 16 | 89 | 13 | 107 |
| Pension contributions | (4) | (4) | (18) | (52) |
| Deferred income taxes and other | (56) | 21 | (59) | 32 |
| Net cash provided by operating activities | <u>772</u> | <u>964</u> | <u>2,868</u> | <u>2,917</u> |
| INVESTING | | | | |
| Capital expenditures | (482) | (516) | (1,689) | (2,020) |
| Acquisitions, net of cash acquired | (15) | (12) | (206) | (1,323) |
| Divestitures and asset sales | 6 | 41 | 92 | 106 |
| Net cash used for investing activities | <u>(491)</u> | <u>(487)</u> | <u>(1,803)</u> | <u>(3,237)</u> |
| FINANCING | | | | |
| Debt increase (decrease) - net | 195 | (209) | 589 | 1,461 |
| Issuances of common stock | 18 | 46 | 103 | 154 |
| Purchases of common stock | (300) | (132) | (862) | (590) |
| Cash dividends - Praxair, Inc. shareholders | (189) | (177) | (759) | (708) |
| Excess tax benefit on stock option exercises | 3 | 15 | 31 | 46 |
| Noncontrolling interest transactions and other | 13 | (11) | (110) | (35) |
| Net cash provided by (used for) financing activities | <u>(260)</u> | <u>(468)</u> | <u>(1,008)</u> | <u>328</u> |
| Effect of exchange rate changes on cash and cash equivalents | <u>(63)</u> | <u>(5)</u> | <u>(69)</u> | <u>(27)</u> |
| Change in cash and cash equivalents | (42) | 4 | (12) | (19) |
| Cash and cash equivalents, beginning-of-period | <u>168</u> | <u>134</u> | <u>138</u> | <u>157</u> |
| Cash and cash equivalents, end-of-period | <u>\$ 126</u> | <u>\$ 138</u> | <u>\$ 126</u> | <u>\$ 138</u> |

PRAXAIR, INC. AND SUBSIDIARIES
SEGMENT INFORMATION
(Millions of dollars)
(UNAUDITED)

| | Quarter Ended December 31, | | Year to Date December 31, | |
|--|-------------------------------|-----------------|------------------------------|------------------|
| | 2014 | 2013 | 2014 | 2013 |
| SALES | | | | |
| North America | \$ 1,589 | \$ 1,567 | \$ 6,436 | \$ 6,164 |
| Europe | 356 | 404 | 1,546 | 1,542 |
| South America | 473 | 481 | 1,993 | 2,042 |
| Asia | 407 | 394 | 1,619 | 1,525 |
| Surface Technologies | 165 | 164 | 679 | 652 |
| Consolidated sales | <u>\$ 2,990</u> | <u>\$ 3,010</u> | <u>\$ 12,273</u> | <u>\$ 11,925</u> |
| OPERATING PROFIT | | | | |
| North America | \$ 388 | \$ 393 | \$ 1,580 | \$ 1,538 |
| Europe | 63 | 75 | 291 | 270 |
| South America | 105 | 115 | 449 | 467 |
| Asia | 77 | 80 | 303 | 271 |
| Surface Technologies | 30 | 27 | 123 | 111 |
| Segment operating profit | <u>663</u> | <u>690</u> | <u>2,746</u> | <u>2,657</u> |
| Venezuela currency devaluation and other charges | (138) | - | (138) | (32) |
| Consolidated operating profit | <u>\$ 525</u> | <u>\$ 690</u> | <u>\$ 2,608</u> | <u>\$ 2,625</u> |

PRAXAIR, INC. AND SUBSIDIARIES
QUARTERLY FINANCIAL SUMMARY
(Millions of dollars, except per share data)
(UNAUDITED)

| | 2014 | | | | 2013 | | | |
|--|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| | Q4 (b) | Q3 | Q2 | Q1 | Q4 (c) | Q3 (c) | Q2 | Q1 (c) |
| FROM THE INCOME STATEMENT | | | | | | | | |
| Sales | \$ 2,990 | \$ 3,144 | \$ 3,113 | \$ 3,026 | \$ 3,010 | \$ 3,013 | \$ 3,014 | \$ 2,888 |
| Cost of sales | 1,689 | 1,780 | 1,767 | 1,726 | 1,699 | 1,697 | 1,710 | 1,638 |
| Selling, general and administrative | 320 | 327 | 335 | 326 | 332 | 336 | 344 | 337 |
| Depreciation and amortization | 291 | 301 | 293 | 285 | 287 | 281 | 275 | 266 |
| Research and development | 24 | 25 | 24 | 23 | 26 | 24 | 24 | 24 |
| Venezuela currency devaluation and other charges | 138 | - | - | - | - | 9 | - | 23 |
| Other income (expenses) - net | (3) | - | 3 | 9 | 24 | 4 | 4 | - |
| Operating profit | 525 | 711 | 697 | 675 | 690 | 670 | 665 | 600 |
| Interest expense - net | 79 | 45 | 43 | 46 | 56 | 41 | 41 | 40 |
| Income taxes | 145 | 187 | 183 | 176 | 136 | 175 | 174 | 164 |
| Income from equity investments | 12 | 11 | 10 | 9 | 9 | 8 | 11 | 10 |
| Net income (including noncontrolling interests) | 313 | 490 | 481 | 462 | 507 | 462 | 461 | 406 |
| Less: noncontrolling interests | (11) | (13) | (14) | (14) | (33) | (17) | (16) | (15) |
| Net income - Praxair, Inc. | \$ 302 | \$ 477 | \$ 467 | \$ 448 | \$ 474 | \$ 445 | \$ 445 | \$ 391 |
| PER SHARE DATA - PRAXAIR, INC. SHAREHOLDERS | | | | | | | | |
| Diluted earnings per share | \$ 1.03 | \$ 1.62 | \$ 1.58 | \$ 1.51 | \$ 1.59 | \$ 1.49 | \$ 1.49 | \$ 1.30 |
| Cash dividends per share | \$ 0.65 | \$ 0.65 | \$ 0.65 | \$ 0.65 | \$ 0.60 | \$ 0.60 | \$ 0.60 | \$ 0.60 |
| Diluted weighted average shares outstanding (000's) | 293,555 | 295,239 | 295,976 | 297,253 | 298,225 | 298,357 | 298,654 | 299,700 |
| ADJUSTED AMOUNTS (a) | | | | | | | | |
| Operating profit | \$ 663 | \$ 711 | \$ 697 | \$ 675 | \$ 690 | \$ 679 | \$ 665 | \$ 623 |
| Net income | \$ 460 | \$ 477 | \$ 467 | \$ 448 | \$ 462 | \$ 451 | \$ 445 | \$ 414 |
| Diluted earnings per share | \$ 1.57 | \$ 1.62 | \$ 1.58 | \$ 1.51 | \$ 1.55 | \$ 1.51 | \$ 1.49 | \$ 1.38 |
| FROM THE BALANCE SHEET | | | | | | | | |
| Net debt (a) | \$ 9,132 | \$ 8,953 | \$ 8,992 | \$ 9,126 | \$ 8,673 | \$ 8,892 | \$ 9,004 | \$ 8,563 |
| Capital (a) | \$ 15,318 | \$ 16,083 | \$ 16,492 | \$ 16,319 | \$ 15,983 | \$ 15,757 | \$ 15,548 | \$ 15,344 |
| Debt-to-capital ratio (a) | 59.6% | 55.7% | 54.5% | 55.9% | 54.3% | 56.4% | 57.9% | 55.8% |
| FROM THE STATEMENT OF CASH FLOWS | | | | | | | | |
| Cash flow from operations | \$ 772 | \$ 713 | \$ 847 | \$ 536 | \$ 964 | \$ 904 | \$ 577 | \$ 472 |
| Capital expenditures | 482 | 430 | 384 | 393 | 516 | 516 | 522 | 466 |
| Acquisitions | 15 | 21 | 46 | 124 | 12 | 42 | 171 | 1,098 |
| Cash dividends | 189 | 189 | 190 | 191 | 177 | 176 | 177 | 178 |
| OTHER INFORMATION | | | | | | | | |
| After-tax return on capital (ROC) (a) | 12.7% | 12.6% | 12.6% | 12.6% | 12.8% | 12.8% | 13.0% | 13.3% |
| Return on Praxair, Inc. shareholders' equity (ROE) (a) | 28.7% | 28.2% | 28.3% | 28.7% | 28.6% | 28.4% | 28.4% | 28.1% |
| Adjusted EBITDA (a) | \$ 966 | \$ 1,023 | \$ 1,000 | \$ 969 | \$ 986 | \$ 968 | \$ 951 | \$ 899 |
| Adjusted EBITDA margin (a) | 32.3% | 32.5% | 32.1% | 32.0% | 32.8% | 32.1% | 31.6% | 31.1% |
| Debt-to-adjusted EBITDA ratio (a) | 2.3 | 2.2 | 2.3 | 2.3 | 2.2 | 2.2 | 2.1 | 2.1 |
| Number of employees | 27,780 | 27,626 | 27,735 | 27,578 | 27,560 | 27,794 | 27,878 | 27,380 |
| SEGMENT DATA | | | | | | | | |
| SALES | | | | | | | | |
| North America | \$ 1,589 | \$ 1,639 | \$ 1,628 | \$ 1,580 | \$ 1,567 | \$ 1,588 | \$ 1,552 | \$ 1,457 |
| Europe | 356 | 385 | 408 | 397 | 404 | 386 | 382 | 370 |
| South America | 473 | 523 | 509 | 488 | 481 | 494 | 536 | 531 |
| Asia | 407 | 426 | 394 | 392 | 394 | 385 | 379 | 367 |
| Surface Technologies | 165 | 171 | 174 | 169 | 164 | 160 | 165 | 163 |
| Total sales | \$ 2,990 | \$ 3,144 | \$ 3,113 | \$ 3,026 | \$ 3,010 | \$ 3,013 | \$ 3,014 | \$ 2,888 |
| OPERATING PROFIT | | | | | | | | |
| North America | \$ 388 | \$ 416 | \$ 398 | \$ 378 | \$ 393 | \$ 406 | \$ 381 | \$ 358 |
| Europe | 63 | 71 | 78 | 79 | 75 | 64 | 69 | 62 |
| South America | 105 | 118 | 113 | 113 | 115 | 115 | 123 | 114 |
| Asia | 77 | 75 | 76 | 75 | 80 | 67 | 61 | 63 |
| Surface Technologies | 30 | 31 | 32 | 30 | 27 | 27 | 31 | 26 |
| Segment operating profit | 663 | 711 | 697 | 675 | 690 | 679 | 665 | 623 |
| Venezuela currency devaluation and other charges | (138) | - | - | - | - | (9) | - | (23) |
| Total operating profit | \$ 525 | \$ 711 | \$ 697 | \$ 675 | \$ 690 | \$ 670 | \$ 665 | \$ 600 |

(a) Non-GAAP measure, see Appendix.

(b) 2014 includes: (i) a charge of \$36 million (\$22 after-tax, or \$0.07 per diluted share) related to a bond redemption, (ii) a charge of \$7 million (\$5 million after-tax, or \$0.02 per diluted share) related to pension settlement and (iii) a charge of \$131 million (\$131 million after-tax, or \$0.45 per diluted share), related to a Venezuela currency devaluation. At December 31, 2014, Praxair adopted the Venezuelan government's SICAD II currency exchange system rate of 50 bolivars per U.S. dollar. Previously, the Company used the government's official exchange rate of 6.3 bolivars per U.S. dollar.

(c) 2013 includes: (i) a charge of \$18 million (\$12 million after-tax, or \$0.04 per diluted share) related to a bond redemption and an income tax benefit of \$40 million (\$24 million after non-controlling interests, or \$0.08 per diluted share) related to the realignment of Praxair's Italian legal structure, both recorded during the fourth quarter; (ii) a charge of \$9 million (\$6 million after-tax, or \$0.02 per diluted share) related to pension settlement in the third quarter; and (iii) a charge of \$23 million (\$23 million after-tax, or \$0.08 per diluted share), related to a Venezuela currency devaluation in the first quarter.

PRAXAIR, INC. AND SUBSIDIARIES
APPENDIX
NON-GAAP MEASURES
(Millions of dollars, except per share data)

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 capital and operating performance. 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. Adjusted amounts exclude the impacts of the 2014 fourth quarter pension settlement, bond redemption and loss on Venezuela currency devaluation, 2013 fourth quarter bond redemption and the income tax benefit related to the realignment of Praxair's Italian legal structure, the 2013 third quarter pension settlement, the 2013 first quarter loss on Venezuela currency devaluation, and the 2012 third quarter cost reduction program, pension settlement charge, and an income tax benefit.

| | 2014 | | | | 2013 | | | | 2012 | | | |
|---|---------------|-----------------|-----------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|----------------|
| | Q4 | Q3 | Q2 | Q1 | Q4 | Q3 | Q2 | Q1 | Q4 | Q3 | Q2 | Q1 |
| Free Cash Flow (FCF) - Free cash flow is a measure used by investors, financial analysts and management to evaluate the ability of a company to pursue opportunities that enhance shareholder value. FCF equals cash flow from operations less capital expenditures. | | | | | | | | | | | | |
| Operating cash flow | \$ 772 | \$ 713 | \$ 847 | \$ 536 | \$ 964 | \$ 904 | \$ 577 | \$ 472 | \$ 879 | \$ 746 | \$ 725 | \$ 402 |
| Less: capital expenditures | (482) | (430) | (384) | (393) | (516) | (516) | (522) | (466) | (586) | (547) | (564) | (483) |
| Free Cash Flow | \$ 290 | \$ 283 | \$ 463 | \$ 143 | \$ 448 | \$ 388 | \$ 55 | \$ 6 | \$ 293 | \$ 199 | \$ 161 | \$ (81) |
| 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. | | | | | | | | | | | | |
| Debt | \$ 9,258 | \$ 9,121 | \$ 9,165 | \$ 9,270 | \$ 8,811 | \$ 9,026 | \$ 9,106 | \$ 8,676 | \$ 7,362 | \$ 7,136 | \$ 6,995 | \$ 6,856 |
| Less: cash and cash equivalents | (126) | (168) | (173) | (144) | (138) | (134) | (102) | (113) | (157) | (108) | (104) | (107) |
| Net debt | 9,132 | 8,953 | 8,992 | 9,126 | 8,673 | 8,892 | 9,004 | 8,563 | 7,205 | 7,028 | 6,891 | 6,749 |
| Equity and redeemable noncontrolling interests: | | | | | | | | | | | | |
| Redeemable noncontrolling interests | 176 | 190 | 194 | 195 | 307 | 290 | 259 | 255 | 252 | 243 | 232 | 232 |
| Praxair, Inc. shareholders' equity | 5,623 | 6,552 | 6,911 | 6,600 | 6,609 | 6,210 | 5,928 | 6,169 | 6,064 | 6,015 | 5,615 | 5,940 |
| Noncontrolling interests | 387 | 388 | 395 | 398 | 394 | 365 | 357 | 357 | 357 | 331 | 279 | 327 |
| Total equity and redeemable noncontrolling interests | 6,186 | 7,130 | 7,500 | 7,193 | 7,310 | 6,865 | 6,544 | 6,781 | 6,673 | 6,589 | 6,126 | 6,499 |
| Capital | \$ 15,318 | \$ 16,083 | \$ 16,492 | \$ 16,319 | \$ 15,983 | \$ 15,757 | \$ 15,548 | \$ 15,344 | \$ 13,878 | \$ 13,617 | \$ 13,017 | \$ 13,248 |
| Debt-to-capital | 59.6% | 55.7% | 54.5% | 55.9% | 54.3% | 56.4% | 57.9% | 55.8% | 51.9% | 51.6% | 52.9% | 50.9% |
| 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). | | | | | | | | | | | | |
| Adjusted operating profit (a) | \$ 663 | \$ 711 | \$ 697 | \$ 675 | \$ 690 | \$ 679 | \$ 665 | \$ 623 | \$ 616 | \$ 623 | \$ 636 | \$ 627 |
| Less: adjusted income taxes (a) | (161) | (187) | (183) | (176) | (182) | (178) | (174) | (164) | (162) | (164) | (169) | (165) |
| Less: tax benefit on adjusted interest expense (a) | (12) | (13) | (12) | (13) | (11) | (11) | (11) | (11) | (10) | (10) | (9) | (10) |
| Add: income from equity investments | 12 | 11 | 10 | 9 | 9 | 8 | 11 | 10 | 9 | 8 | 10 | 7 |
| Adjusted net operating profit after-tax (NOPAT) | \$ 502 | \$ 522 | \$ 512 | \$ 495 | \$ 506 | \$ 498 | \$ 491 | \$ 458 | \$ 453 | \$ 457 | \$ 468 | \$ 459 |
| 4-quarter trailing adjusted NOPAT | \$ 2,031 | \$ 2,035 | \$ 2,011 | \$ 1,990 | \$ 1,953 | \$ 1,900 | \$ 1,859 | \$ 1,836 | | | | |
| Ending capital (see above) | \$ 15,318 | \$ 16,083 | \$ 16,492 | \$ 16,319 | \$ 15,983 | \$ 15,757 | \$ 15,548 | \$ 15,344 | \$ 13,878 | \$ 13,617 | \$ 13,017 | \$ 13,248 |
| 5-quarter average ending capital | \$ 16,039 | \$ 16,127 | \$ 16,020 | \$ 15,790 | \$ 15,302 | \$ 14,829 | \$ 14,281 | \$ 13,821 | | | | |
| After-tax ROC (4-quarter trailing NOPAT / 5-quarter average capital) | 12.7% | 12.6% | 12.6% | 12.6% | 12.8% | 12.8% | 13.0% | 13.3% | | | | |
| 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. | | | | | | | | | | | | |
| Adjusted net income - Praxair, Inc. (a) | \$ 460 | \$ 477 | \$ 467 | \$ 448 | \$ 462 | \$ 451 | \$ 445 | \$ 414 | \$ 414 | \$ 419 | \$ 429 | \$ 419 |
| 4-quarter trailing adjusted net income - Praxair, Inc. | \$ 1,852 | \$ 1,854 | \$ 1,828 | \$ 1,806 | \$ 1,772 | \$ 1,724 | \$ 1,692 | \$ 1,676 | | | | |
| Ending Praxair, Inc. shareholders' equity | \$ 5,623 | \$ 6,552 | \$ 6,911 | \$ 6,600 | \$ 6,609 | \$ 6,210 | \$ 5,928 | \$ 6,169 | \$ 6,064 | \$ 6,015 | \$ 5,615 | \$ 5,940 |
| 5-quarter average Praxair shareholders' equity | \$ 6,459 | \$ 6,576 | \$ 6,452 | \$ 6,303 | \$ 6,196 | \$ 6,077 | \$ 5,958 | \$ 5,961 | | | | |
| ROE (4-quarter trailing adjusted net income - Praxair, Inc. / 5-quarter average Praxair shareholders' equity) | 28.7% | 28.2% | 28.3% | 28.7% | 28.6% | 28.4% | 28.4% | 28.1% | 28.9% | 29.2% | 29.0% | 28.4% |
| 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. | | | | | | | | | | | | |
| Adjusted net income - Praxair, Inc. (a) | \$ 460 | \$ 477 | \$ 467 | \$ 448 | \$ 462 | \$ 451 | \$ 445 | \$ 414 | \$ 414 | \$ 419 | \$ 429 | \$ 419 |
| Add: adjusted noncontrolling interests (a) | 11 | 13 | 14 | 14 | 17 | 17 | 16 | 15 | 14 | 12 | 15 | 13 |
| Add: adjusted interest expense - net (a) | 43 | 45 | 43 | 46 | 38 | 41 | 41 | 40 | 35 | 36 | 33 | 37 |
| Add: adjusted income taxes (a) | 161 | 187 | 183 | 176 | 182 | 178 | 174 | 164 | 162 | 164 | 169 | 165 |
| Add: depreciation and amortization | 291 | 301 | 293 | 285 | 287 | 281 | 275 | 266 | 254 | 248 | 247 | 252 |
| Adjusted EBITDA | \$ 966 | \$ 1,023 | \$ 1,000 | \$ 969 | \$ 986 | \$ 968 | \$ 951 | \$ 899 | \$ 879 | \$ 879 | \$ 893 | \$ 886 |
| Reported sales | 2,990 | 3,144 | 3,113 | 3,026 | 3,010 | 3,013 | 3,014 | 2,888 | 2,799 | 2,774 | 2,811 | 2,840 |
| Adjusted EBITDA margin | 32.3% | 32.5% | 32.1% | 32.0% | 32.8% | 32.1% | 31.6% | 31.1% | 31.4% | 31.7% | 31.8% | 31.2% |
| Full Year: | | | | | | | | | | | | |
| Reported sales | 12,273 | | | | 11,925 | | | | | | | |
| Adjusted EBITDA (below) | 3,958 | | | | 3,804 | | | | | | | |
| Adjusted EBITDA margin | 32.2% | | | | 31.9% | | | | | | | |
| Ending net debt (see above) | \$ 9,132 | \$ 8,953 | \$ 8,992 | \$ 9,126 | \$ 8,673 | \$ 8,892 | \$ 9,004 | \$ 8,563 | \$ 7,205 | \$ 7,028 | \$ 6,891 | \$ 6,749 |
| 5-quarter average net debt | \$ 8,975 | \$ 8,927 | \$ 8,937 | \$ 8,852 | \$ 8,467 | \$ 8,138 | \$ 7,738 | \$ 7,287 | | | | |
| 4-quarter trailing adjusted EBITDA | \$ 3,958 | \$ 3,978 | \$ 3,923 | \$ 3,874 | \$ 3,804 | \$ 3,697 | \$ 3,608 | \$ 3,550 | | | | |
| Debt-to-adjusted EBITDA ratio (5-quarter average net debt / 4-quarter trailing adjusted EBITDA) | 2.3 | 2.2 | 2.3 | 2.3 | 2.2 | 2.2 | 2.1 | 2.1 | | | | |

(a) The following table presents adjusted amounts for Operating Profit and Operating Profit Margin, Interest Expense - net, Income Taxes, Effective Tax Rate, Noncontrolling Interests, Net income - Praxair, Inc., and Diluted EPS for the periods presented. Additionally, this table presents the percentage change in Diluted EPS Guidance for the full year 2014 as compared to 2013 Adjusted Diluted EPS.

| | Year | Fourth Quarter | Year | Fourth Quarter | Third Quarter | First Quarter | Third Quarter | |
|---|----------------|----------------|-----------|----------------|---------------|---------------|---------------|--|
| | 2014 | 2014 | 2013 | 2013 | 2013 | 2013 | 2012 | |
| Adjusted Operating Profit and Operating Profit Margin | | | | | | | | |
| Reported operating profit | \$ 2,608 | \$ 525 | \$ 2,625 | \$ 690 | \$ 670 | \$ 600 | \$ 558 | |
| Add: Pension settlement charge | 7 | 7 | 9 | - | 9 | - | 9 | |
| Add: Venezuela currency devaluation | 131 | 131 | 23 | - | - | 23 | - | |
| Add: Cost reduction program | - | - | - | - | - | - | 56 | |
| Total adjustments | 138 | 138 | 32 | - | 9 | 23 | 65 | |
| Adjusted operating profit | \$ 2,746 | \$ 663 | \$ 2,657 | \$ 690 | \$ 679 | \$ 623 | \$ 623 | |
| Reported percentage change | -1% | -24% | | | | | | |
| Adjusted percentage change | 3% | -4% | | | | | | |
| Reported sales | \$ 12,273 | \$ 2,990 | \$ 11,925 | \$ 3,010 | \$ 3,013 | \$ 2,888 | \$ 2,774 | |
| Adjusted operating profit margin | 22.4% | 22.2% | 22.3% | 22.9% | 22.5% | 21.6% | 22.5% | |
| Adjusted Interest Expense - net | | | | | | | | |
| Reported interest expense - net | \$ 213 | \$ 79 | \$ 178 | \$ 56 | \$ 41 | \$ 40 | \$ 36 | |
| Less: Bond redemption | (36) | (36) | (18) | (18) | - | - | - | |
| Adjusted interest expense - net | \$ 177 | \$ 43 | \$ 160 | \$ 38 | \$ 41 | \$ 40 | \$ 36 | |
| Adjusted Income Taxes | | | | | | | | |
| Reported income taxes | \$ 691 | \$ 145 | \$ 649 | \$ 136 | \$ 175 | \$ 164 | \$ 90 | |
| Add: Bond redemption | 14 | 14 | 6 | 6 | - | - | - | |
| Add: Income tax benefit | - | - | 40 | 40 | - | - | 55 | |
| Add: Pension settlement charge | 2 | 2 | 3 | - | 3 | - | 3 | |
| Add: Cost reduction program | - | - | - | - | - | - | 16 | |
| Total adjustments | 16 | 16 | 49 | 46 | 3 | - | 74 | |
| Adjusted income taxes | \$ 707 | \$ 161 | \$ 698 | \$ 182 | \$ 178 | \$ 164 | \$ 164 | |
| Adjusted Effective Tax Rate | | | | | | | | |
| Reported income before income taxes and equity investments | \$ 2,395 | \$ 446 | \$ 2,447 | \$ 634 | \$ 629 | \$ 560 | \$ 522 | |
| Add: Bond redemption | 36 | 36 | 18 | 18 | - | - | - | |
| Add: Pension settlement charge | 7 | 7 | 9 | - | 9 | - | 9 | |
| Add: Venezuela currency devaluation | 131 | 131 | 23 | - | - | 23 | - | |
| Add: Cost reduction program | - | - | - | - | - | - | 56 | |
| Total adjustments | 174 | 174 | 50 | 18 | 9 | 23 | 65 | |
| Adjusted income before income taxes and equity investments | \$ 2,569 | \$ 620 | \$ 2,497 | \$ 652 | \$ 638 | \$ 583 | \$ 587 | |
| Adjusted income taxes (above) | \$ 707 | \$ 161 | \$ 698 | \$ 182 | \$ 178 | \$ 164 | \$ 164 | |
| Adjusted effective tax rate | 28% | 26% | 28% | 28% | 28% | 28% | 28% | |
| Adjusted Noncontrolling Interests | | | | | | | | |
| Reported noncontrolling interests | \$ (52) | \$ (11) | \$ 81 | \$ 33 | \$ 17 | \$ 15 | \$ 10 | |
| Less: Income tax benefit | - | - | (16) | (16) | - | - | - | |
| Add: Cost reduction program | - | - | - | - | - | - | 2 | |
| Total adjustments | - | - | (16) | (16) | - | - | 2 | |
| Adjusted noncontrolling interests | \$ (52) | \$ (11) | \$ 65 | \$ 17 | \$ 17 | \$ 15 | \$ 12 | |
| Adjusted Net Income - Praxair, Inc. | | | | | | | | |
| Reported net income - Praxair, Inc. | \$ 1,694 | \$ 302 | \$ 1,755 | \$ 474 | \$ 445 | \$ 391 | \$ 430 | |
| Add: Bond redemption | 22 | 22 | 12 | 12 | - | - | - | |
| Less: Income tax benefit | - | - | (24) | (24) | - | - | (55) | |
| Add: Pension settlement charge | 5 | 5 | 6 | - | 6 | - | 6 | |
| Add: Venezuela currency devaluation | 131 | 131 | 23 | - | - | 23 | - | |
| Add: Cost reduction program | - | - | - | - | - | - | 38 | |
| Total adjustments | 158 | 158 | 17 | (12) | 6 | 23 | (11) | |
| Adjusted net income - Praxair, Inc. | \$ 1,852 | \$ 460 | \$ 1,772 | \$ 462 | \$ 451 | \$ 414 | \$ 419 | |
| Reported percentage change | -3% | -36% | | | | | | |
| Adjusted percentage change | 5% | 0% | | | | | | |
| Adjusted Diluted EPS | | | | | | | | |
| Reported diluted EPS | \$ 5.73 | \$ 1.03 | \$ 5.87 | \$ 1.59 | \$ 1.49 | \$ 1.30 | \$ 1.43 | |
| Add: Bond redemption | 0.07 | 0.07 | 0.04 | 0.04 | - | - | - | |
| Less: Income tax benefit | - | - | (0.08) | (0.08) | - | - | (0.18) | |
| Add: Pension settlement charge | 0.02 | 0.02 | 0.02 | - | 0.02 | - | 0.02 | |
| Add: Venezuela currency devaluation | 0.45 | 0.45 | 0.08 | - | - | 0.08 | - | |
| Add: Cost reduction program | - | - | - | - | - | - | 0.12 | |
| Total adjustments | 0.54 | 0.54 | 0.06 | (0.04) | 0.02 | 0.08 | (0.04) | |
| Adjusted diluted EPS | \$ 6.27 | \$ 1.57 | \$ 5.93 | \$ 1.55 | \$ 1.51 | \$ 1.38 | \$ 1.39 | |
| Reported percentage change | -2% | -35% | | | | | | |
| Adjusted percentage change | 6% | 1% | | | | | | |
| Full-Year 2015 Diluted EPS Guidance | | | | | | | | |
| | Full Year 2015 | | | | | | | |
| | Low End | High End | | | | | | |
| 2015 diluted EPS guidance | \$ 6.15 | \$ 6.50 | | | | | | |
| Add: estimated negative currency impact | 0.44 | 0.44 | | | | | | |
| 2015 diluted EPS guidance, excluding negative currency impact | \$ 6.59 | \$ 6.94 | | | | | | |
| 2014 adjusted diluted EPS (see above) | \$ 6.27 | \$ 6.27 | | | | | | |
| Percentage change from 2014 | -2% | 4% | | | | | | |
| Percentage change from 2014, excluding currency impact | 5% | 11% | | | | | | |