

ITEM 6.

SELECTED FINANCIAL DATA

FIVE-YEAR FINANCIAL SUMMARY

(Dollar amounts in millions, except per share data)

Year Ended December 31,	2016(a)	2015(a)	2014(a)	2013(a)	2012(a)
From the Consolidated Statements of Income					
Sales	\$ 10,534	\$ 10,776	\$ 12,273	\$ 11,925	\$ 11,224
Cost of sales, exclusive of depreciation and amortization	5,860	5,960	6,962	6,744	6,396
Selling, general and administrative	1,145	1,152	1,308	1,349	1,270
Depreciation and amortization	1,122	1,106	1,170	1,109	1,001
Research and development	92	93	96	98	98
Cost reduction program and other charges – net	100	172	138	32	65
Other income (expenses) – net	23	28	9	32	43
Operating profit	2,238	2,321	2,608	2,625	2,437
Interest expense – net	190	161	213	178	141
Income before income taxes and equity investments	2,048	2,160	2,395	2,447	2,296
Income taxes	551	612	691	649	586
Income before equity investments	1,497	1,548	1,704	1,798	1,710
Income from equity investments	41	43	42	38	34
Net income (including noncontrolling interests)	1,538	1,591	1,746	1,836	1,744
Noncontrolling interests	(38)	(44)	(52)	(81)	(52)
Net income – Praxair, Inc.	\$ 1,500	\$ 1,547	\$ 1,694	\$ 1,755	\$ 1,692
Per Share Data – Praxair, Inc. Shareholders					
Basic earnings per share	\$ 5.25	\$ 5.39	\$ 5.79	\$ 5.94	\$ 5.67
Diluted earnings per share	\$ 5.21	\$ 5.35	\$ 5.73	\$ 5.87	\$ 5.61
Cash dividends per share	\$ 3.00	\$ 2.86	\$ 2.60	\$ 2.40	\$ 2.20
Weighted Average Shares Outstanding (000's)					
Basic shares outstanding	285,677	287,005	292,494	295,523	298,316
Diluted shares outstanding	287,757	289,055	295,608	298,965	301,845
Other Information and Ratios					
Total assets	\$ 19,332	\$ 18,319	\$ 19,769	\$ 20,223	\$ 18,062
Total debt	\$ 9,515	\$ 9,231	\$ 9,225	\$ 8,779	\$ 7,334
Net debt (b)	\$ 8,991	\$ 9,084	\$ 9,099	\$ 8,641	\$ 7,177
Cash flow from operations (c)	\$ 2,773	\$ 2,695	\$ 2,887	\$ 2,936	\$ 2,774
Net cash used for investing activities	\$ (1,770)	\$ (1,303)	\$ (1,803)	\$ (3,237)	\$ (2,378)
Net cash used for financing activities (c)	\$ (643)	\$ (1,310)	\$ (1,027)	\$ 309	\$ (325)
Adjusted EBITDA (b)	\$ 3,501	\$ 3,642	\$ 3,958	\$ 3,804	\$ 3,537
Capital expenditures	\$ 1,465	\$ 1,541	\$ 1,689	\$ 2,020	\$ 2,180
Acquisitions, net of cash acquired	\$ 363	\$ 82	\$ 206	\$ 1,323	\$ 280
After-tax return on capital (b)	12.0%	12.6%	12.7%	12.8%	13.9%
Return on equity (b)	31.9%	34.6%	28.7%	28.6%	28.9%
Debt-to-capital ratio (b)	62.3%	64.9%	59.5%	54.2%	51.8%
Debt-to-adjusted EBITDA (b)	2.6	2.5	2.3	2.2	1.9
Shares outstanding (000's)	284,901	284,879	289,262	294,134	296,229
Number of employees	26,498	26,657	27,780	27,560	26,539

(a) Amounts for 2016 include: (i) a \$16 million charge to interest expense (\$10 million after-tax, or \$0.04 per diluted share) related to the redemption of the \$325 million 5.20% notes due 2017, (ii) a pre-tax pension settlement charge of \$4 million (\$3 million after-tax, or \$0.01 per diluted share) related to lump sum benefit payments made from the U.S. supplemental pension plan, and (iii) pre-tax charges of \$96 million (\$63 million after-tax and non-controlling interests, or \$0.22 per diluted share) primarily related to cost reduction actions.

Amounts for 2015 include: (i) a pre-tax charge of \$165 million (\$125 million after-tax, or \$0.43 per diluted share) related to the cost reduction program and other charges; and (ii) a pre-tax charge of \$7 million (\$5 million after-tax, or \$0.02 per diluted share) related to a pension settlement.

Amounts for 2014 include: (i) a pre-tax charge of \$131 million (\$131 million after-tax, or \$0.45 per diluted share) related to the Venezuela currency devaluation, (ii) a pre-tax charge of \$7 million (\$5 million after-tax, or \$0.02 per diluted share) related to pension settlements; and (iii) a pre-tax charge of \$36 million (\$22 million after-tax, or \$0.07 per diluted share) related to a bond redemption.

Amounts for 2013 include: (i) a pre-tax charge of \$23 million (\$23 million after-tax, or \$0.08 per diluted share) related to the Venezuela currency devaluation; (ii) a pre-tax charge of \$9 million (\$6 million after-tax, or \$0.02 per diluted share) related to pension settlements; (iii) an income tax benefit of \$40 million (\$24 million net of noncontrolling interests, or \$0.08 per diluted share) related to a realignment of the Italian legal structure; and (iv) a pre-tax charge of \$18 million (\$12 million after-tax, or \$0.04 per diluted share) related to a bond redemption.

Amounts for 2012 include: (i) a pre-tax charge of \$56 million, (\$38 million after-tax and non-controlling interests, or \$0.12 per diluted share) related to the 2012 cost reduction program; (ii) a pre-tax charge of \$9 million (\$6 million after-tax, or \$0.02 per diluted share) related to pension settlement; and (iii) an income tax benefit of \$55 million (\$0.18 per diluted share) related to a loss on a liquidated subsidiary as a result of the divestiture of the U.S. Homecare business.

See Notes 2, 5, 11 and 16 to the consolidated financial statements.

- (b) Non-GAAP measures. See the “Non-GAAP Financial Measures” section in Item 7 for definitions and reconciliation to reported amounts.
- (c) During 2016, Praxair adopted the FASB’s standard for Improvements to Employee Share-Based Payment Accounting. As a result of the standard, withholding tax payments related to stock compensation are required to be presented as financing versus operating cash flows on a retrospective basis (see Note 1 to the consolidated financial statements).