# Investor Teleconference Presentation
# First Quarter 2017

Praxair, Inc.
April 27, 2017

# Forward Looking Statement

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 expected timing and likelihood of the entry into or the completion of the contemplated business combination with Linde AG, including the timing, receipt and terms and conditions of any required governmental and regulatory approvals that could reduce anticipated benefits or cause the parties not to enter into, or to abandon the transaction; the occurrence of any event, change or other circumstances that could give rise to the termination of the proposed business combination agreement; the ability to successfully complete the proposed business combination and the exchange offer, including satisfying closing conditions; the success of the business following the proposed business combination; the ability to successfully integrate the Praxair and Linde businesses; the possibility that Praxair stockholders may not approve the proposed business combination agreement or that the requisite number of Linde shares may not be tendered in the public offer; the risk that the combined company may be unable to achieve expected synergies or that it may take longer or be more costly than expected to achieve those synergies; 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; the impact of potential unusual or non-recurring items; 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 GAAP or adjusted 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 the company's latest Annual Report on Form 10-K filed with the SEC which should be reviewed carefully. Please consider the company's forward-looking statements in light of those risks.

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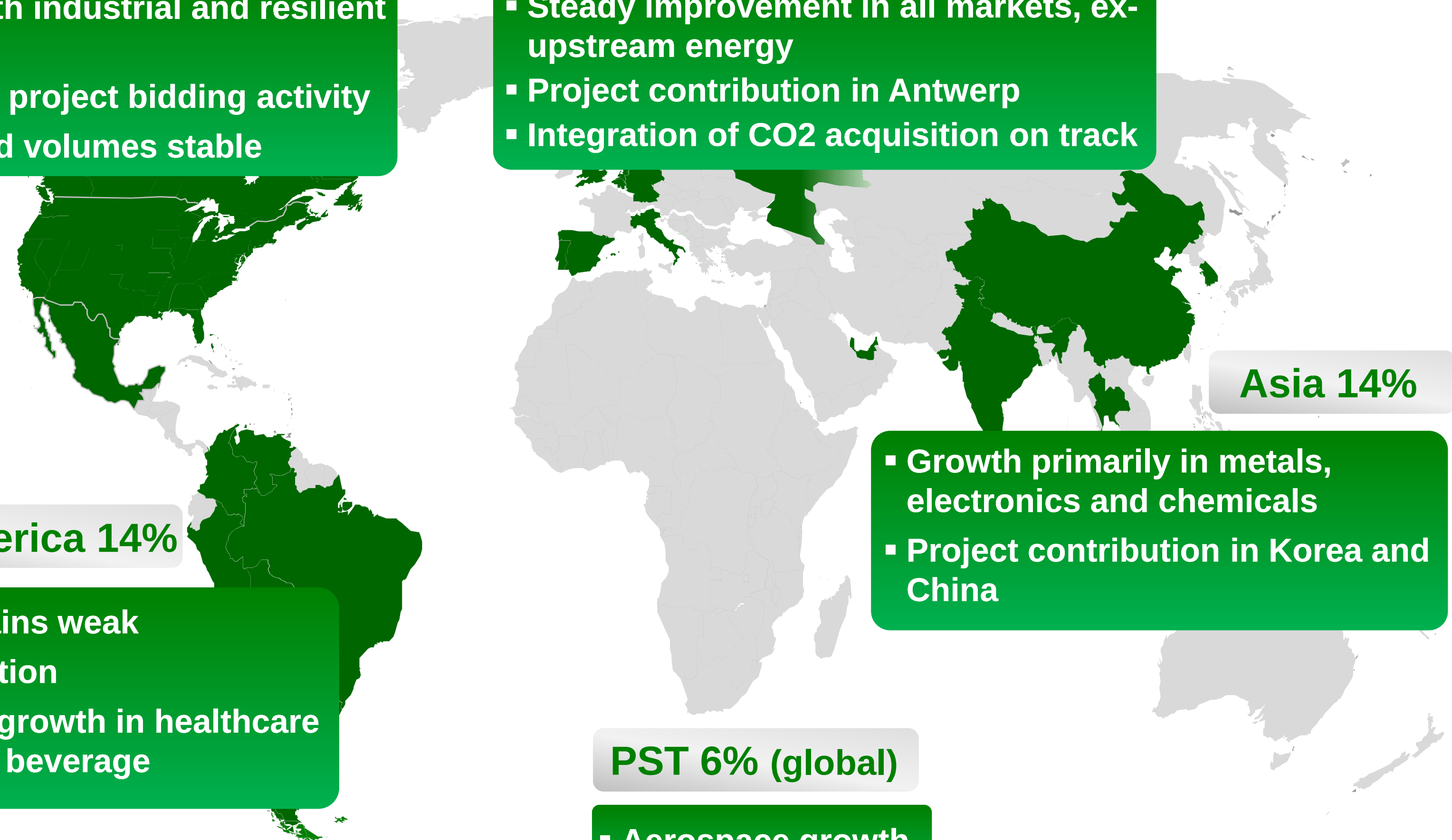
# Praxair, Inc.

Matthew J. White
Senior Vice President and Chief Financial Officer

# 1Q17 Global Trends



## North America 53%

- Growth in both industrial and resilient end-markets
- Strong USGC project bidding activity
- U.S. packaged volumes stable

## Europe 13%

- Steady improvement in all markets, ex-upstream energy
- Project contribution in Antwerp
- Integration of CO2 acquisition on track

## South America 14%

- Brazil remains weak
- Lower inflation
- Continued growth in healthcare and food & beverage

## Asia 14%

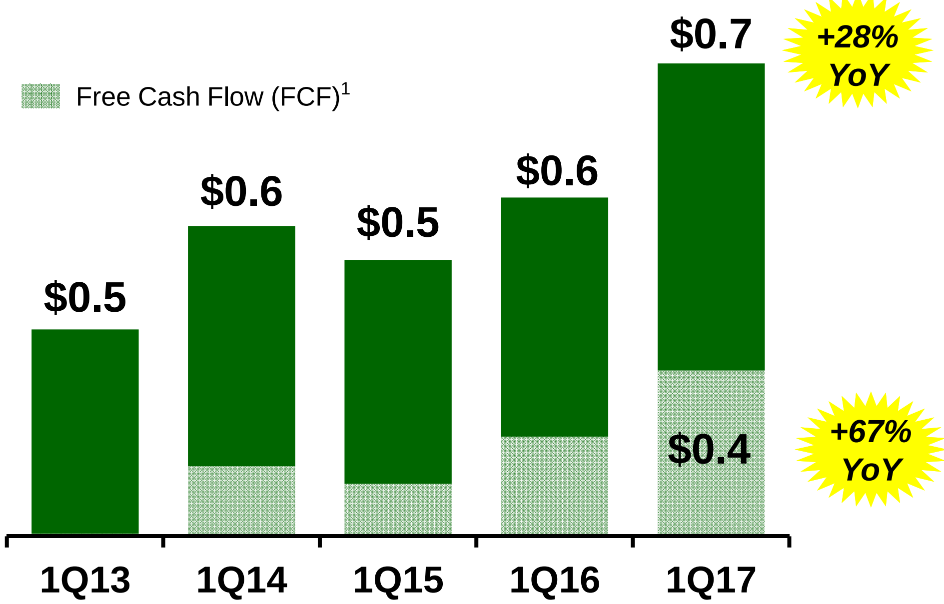
- Growth primarily in metals, electronics and chemicals
- Project contribution in Korea and China

## PST 6% (global)

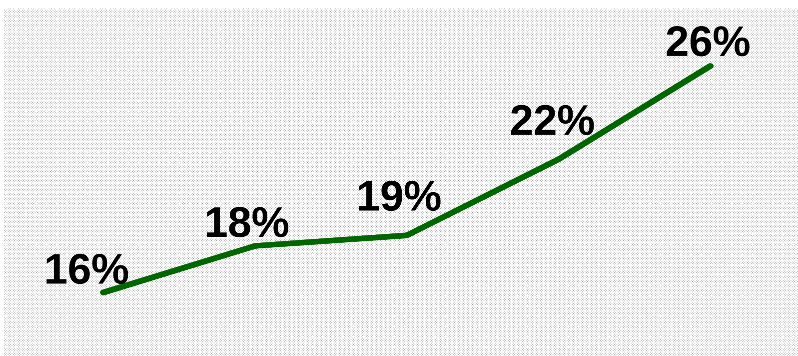
- Aerospace growth

# Cash Flow Generation

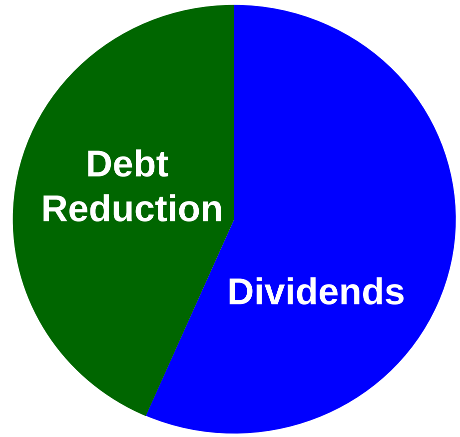
## 1Q Operating Cash Flow Trend ($B)




## 1Q Operating Cash Flow (% of Sales)




## 1Q 2017 Free Cash Flow Use




- **Paused stock buybacks during proposed merger**
- **Anticipate further debt reduction**

(1) Non-GAAP measure. Free cash flow equals operating cash flow minus capital expenditures

# First Quarter Results

| ($ MM) | Adj. First Quarter 2017[1] | Fourth Quarter 2016 | Adj. First Quarter 2016[1] |
|---|---|---|---|
| Sales | $2,728 | $2,644 | $2,509 |
| Operating Profit | $588 | $599 | $554 |
| Operating Margin | 21.6% | 22.7% | 22.1% |
| EBITDA[1] | $887 | $894 | $836 |
| EBITDA Margin[1] | 32.5% | 33.8% | 33.3% |
| Net Income[2] | $395 | $406 | $366 |
| Diluted EPS[2] | $1.37 | $1.41 | $1.28 |
| After–Tax ROC[1] | 12.0% | 12.0% | 12.4% |
| ROE[1] | 31.1% | 31.9% | 34.6% |

(1) Non-GAAP measures, other than sales. See Appendix.

(2) Net Income and Diluted EPS attributable to Praxair, Inc. shareholders.

| | YOY | 1Q vs. 4Q |
|---|---|---|
| Sales Growth | + 9% | + 3% |
| Volume | + 4% | + 2% |
| Price / Mix | + 1% | -- |
| Cost pass-thru | + 2% | + 1% |
| Currency | + 1% | -- |
| Acq/Div | + 1% | -- |

- Strong operating cash flow, +28% YoY
- YoY volume growth:
  - + Metals, downstream energy, chemicals, electronics
  - + Aerospace, food & beverage, healthcare
- Sequential volume growth primarily from NA manufacturing and downstream energy
- YoY operating margin impacted by higher cost pass-through
- Backlog $1.5B, includes recently announced Celanese win in U.S. Gulf Coast

# 2017 Guidance Update

## Second-Quarter 2017

- EPS in the range of $1.38 to $1.43

## Full-Year 2017

- Adjusted EPS in the range of $5.55 to $5.80*

  +2% to +7%, ex-FX*

  Prior guidance: $5.45 to $5.80

- CAPEX approximately $1.4B



Second quarter and full year 2017 guidance does not include transaction costs related to potential Linde merger.

*Non-GAAP measure. See Appendix for reconciliation.

# Appendix

# North America

| ($ MM) | First Quarter 2017 | Fourth Quarter 2016 | First Quarter 2016 |
|---|---|---|---|
| **Sales** | $1,458 | $1,397 | $1,353 |
| **Segment OP** | $357 | $359 | $349 |
| **Operating Margin** | 24.5% | 25.7% | 25.8% |

| | YOY | 1Q vs. 4Q |
|---|---|---|
| **Sales Growth** | **+ 8%** | **+ 4%** |
| **Volume** | **+ 3%** | **+ 3%** |
| **Price / Mix** | **+ 1%** | **--** |
| **Cost pass-thru** | **+ 3%** | **+ 1%** |
| **Currency** | **--** | **--** |
| **Acq/Div** | **+ 1%** | **--** |

- **YoY volumes:**
  - \+ **Metals, downstream energy and chemicals**
  - \+ **Food and beverage, healthcare**
  - \- **Upstream energy**
- **Seq volumes:**
  - \+ **Manufacturing and metals**
  - \+ **Downstream energy and electronics**
  - \- **Upstream energy**
- **Margins impacted by higher natural gas pass-through**

# Europe

| ($ MM) | First Quarter 2017 | Fourth Quarter 2016 | First Quarter 2016 |
|---|---|---|---|
| **Sales** | $356 | $351 | $320 |
| **Segment OP** | $66 | $71 | $62 |
| **Operating Margin** | 18.5% | 20.2% | 19.4% |

| | YOY | 1Q vs. 4Q |
|---|---|---|
| **Sales Growth** | **+ 11%** | **+ 1%** |
| **Volume** | **+ 6%** | **+ 2%** |
| **Price / Mix** | **--** | **--** |
| **Cost pass-thru** | **+ 1%** | **--** |
| **Currency** | **- 3%** | **- 1%** |
| **Acq/Div** | **+ 7%** | **--** |

- **YoY volumes:**
  - + **Chemicals, food & beverage**
  - + **Manufacturing and metals**
  - + **Project start-ups**
- **Seq volumes:**
  - + **Manufacturing and metals**
  - − **Seasonality in food & beverage**
- **Carbon dioxide acquisition +7%:**
  - **Largely serving resilient end-market**
  - **Integration going as planned**

# South America

| ($ MM) | First Quarter 2017 | Fourth Quarter 2016 | First Quarter 2016 |
|---|---|---|---|
| **Sales** | $369 | $352 | $311 |
| **Segment OP** | $64 | $64 | $55 |
| **Operating Margin** | 17.3% | 18.2% | 17.7% |

| | YOY | 1Q vs. 4Q |
|---|---|---|
| **Sales Growth** | **+ 19%** | **+ 5%** |
| **Volume** | **--** | **+ 1%** |
| **Price / Mix** | **+ 1%** | **--** |
| **Cost pass-thru** | **--** | **--** |
| **Currency** | **+ 18%** | **+ 4%** |
| **Acq/Div** | **--** | **--** |

- **YoY volumes:**
  - \+ **Project start-ups, resilient end-markets**
  - \- **Industrial markets**
- **Anticipate continued operating margin challenges:**
  - **Further industrial volume reduction**
  - **Lower inflation impacting price**
  - **Mix from lower merchant and packaged volumes**
- **Ongoing actions to mitigate negative economic impact:**
  - **Employee benefit realignment resulting in current quarter gain**
  - **Tightly managing cost and capex**
  - **Resilient end-market focus**

# Asia

| ($ MM) | First Quarter 2017 | Fourth Quarter 2016 | First Quarter 2016 |
|---|---|---|---|
| Sales | $395 | $395 | $376 |
| Segment OP | $75 | $78 | $63 |
| Operating Margin | 19.0% | 19.7% | 16.8% |

| | YOY | 1Q vs. 4Q |
|---|---|---|
| Sales Growth | + 5% | -- |
| Volume | + 9% | - 1% |
| Price / Mix | - 1% | -- |
| Cost pass-thru | + 1% | + 1% |
| Currency | - 1% | -- |
| Acq/Div | - 3% | -- |

- YoY volumes:
  - + Metals, electronics, and chemicals
  - + Food and beverage, healthcare and downstream energy
  - + Project start-ups
- Sequential volumes impacted by Lunar New Year
- Negative price largely driven by helium and rare gases
- Higher margin includes productivity and cost control
- India joint venture divestiture

# Surface Technologies

| ($ MM) | First Quarter 2017 | Fourth Quarter 2016 | First Quarter 2016 |
|---|---|---|---|
| **Sales** | $150 | $149 | $149 |
| **Segment OP** | $26 | $27 | $25 |
| **Operating Margin** | 17.3% | 18.1% | 16.8% |

- **Steady growth in aerospace end-market, offset by weaker energy, primarily industrial gas turbines**
- **YoY margin improvement include cost control and productivity**

# 1Q17 Backlog - $1.5B Capital Expenditures

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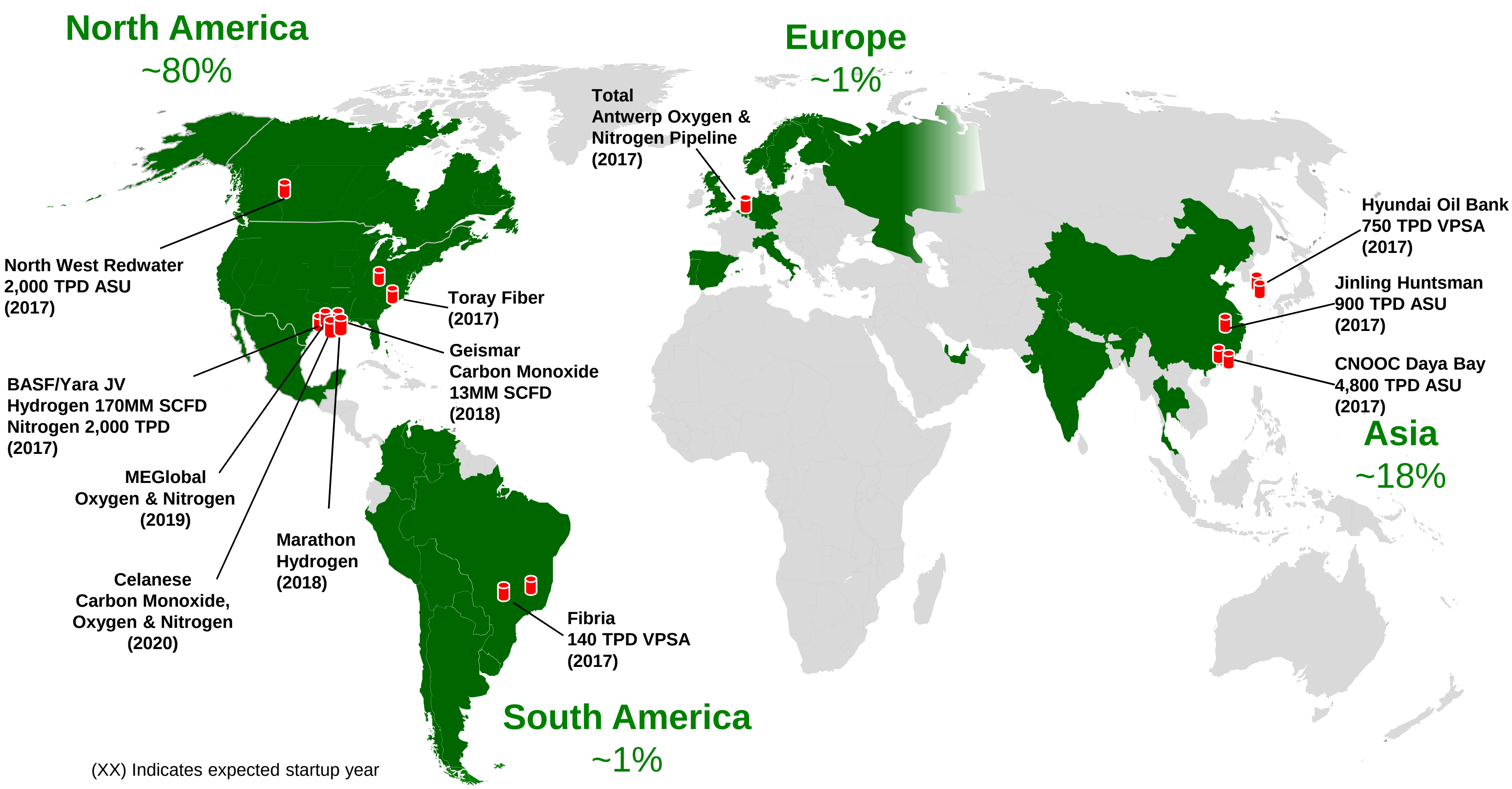


(XX) Indicates expected startup year

% of backlog capex



ASU – Air separation unit(s)
VPSA – Vacuum pressure swing adsorption
TPD – Tons per day
SCFD – Standard cubic feet per day

# Global End-Market Trends

| | | 1Q17 Sales Growth* | | |
|---|---|---|---|---|
| | 1Q17 % of Sales | YOY | Vs. 4Q16 | |
|  | Manufacturing (23%) | -- | + 6% | Seq North America |
|  | Metals (17%) | + 7% | + 1% | S. America projects, North America and Asia |
|  | Energy (12%) | + 4% | -- | North America refining |
|  | Chemicals (10%) | + 8% | + 1% | North America and Asia |
|  | Food & Bev (9%) | + 7% | - 2% | North and South America and Europe; Seq seasonality |
|  | Healthcare (8%) | + 5% | -- | YoY North and South America |
|  | Electronics (9%) | + 8% | + 6% | YoY Asia; Seq Asia and North America |

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

# Strategy

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2015 | 2016 | 2017 | 2018+

**Optimize Base Business**
- Price Management
- Cash Flow
- Productivity
- Align with market realities

**Grow Resilient End-Markets**
- Healthcare
- Food & Beverage
- Environmental
- Specialty Gases
- Aerospace

**Capitalize on Acquisition / JV Opportunities**
- Build geographic density
- Increase presence in resilient end-markets

**Execute Backlog & Win New Projects**
- U.S. Gulf Coast focus
- Stronger contribution in 2017+

**Leverage Cyclical Recovery**
- Emerging Markets
- Oil and Metals
- Associated FX tailwind

Grow profitably regardless of the macroeconomic environment

# Non-GAAP Measures

**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 the next page for additional details relating to the Non-GAAP adjustments.

*(Millions of dollars, except per share amounts)*

| | Sales | | Operating Profit | | Net Income - Praxair, Inc. | | Diluted EPS | |
|---|---|---|---|---|---|---|---|---|
| | 2017 | 2016 | 2017 | 2016 | 2017 | 2016 | 2017 | 2016 |
| **Quarter Ended March 31** | | | | | | | | |
| Reported GAAP Amounts | $ 2,728 | $ 2,509 | $ 582 | $ 554 | $ 389 | $ 356 | $ 1.35 | $ 1.24 |
| Transaction costs (a) | - | - | 6 | - | 6 | - | 0.02 | - |
| Bond redemption (b) | - | - | - | - | - | 10 | - | 0.04 |
| Total adjustments | - | - | 6 | - | 6 | 10 | 0.02 | 0.04 |
| Adjusted amounts | $ 2,728 | $ 2,509 | $ 588 | $ 554 | $ 395 | $ 366 | $ 1.37 | $ 1.28 |

(a) Charges in the 2017 first quarter for transaction costs related to the potential Linde merger.
(b) $16 million charge to interest expense ($10 million after-tax or $0.04 per diluted share) in the 2016 first quarter related to a bond redemption.

# Non-GAAP Measures, continued

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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 2017 first quarter transaction costs, 2016 third quarter cost reduction program and pension settlement, 2016 first quarter bond redemption, 2015 third quarter cost reduction program and pension settlement, and 2015 second quarter cost reduction program and other charges.

**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.

| | 2017 Q1 | 2016 Q4 | 2016 Q3 | 2016 Q2 | 2016 Q1 | 2015 Q4 | 2015 Q3 | 2015 Q2 | 2015 Q1 |
|---|---|---|---|---|---|---|---|---|---|
| Operating cash flow | $ 710 | $ 726 | $ 788 | $ 706 | $ 553 | $ 791 | $ 676 | $ 710 | $ 518 |
| Less: capital expenditures | (327) | (409) | (376) | (357) | (323) | (387) | (405) | (352) | (397) |
| **Free Cash Flow** | **$ 383** | **$ 317** | **$ 412** | **$ 349** | **$ 230** | **$ 404** | **$ 271** | **$ 358** | **$ 121** |

**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.

| | 2017 Q1 | 2016 Q4 | 2016 Q3 | 2016 Q2 | 2016 Q1 | 2015 Q4 | 2015 Q3 | 2015 Q2 | 2015 Q1 |
|---|---|---|---|---|---|---|---|---|---|
| Debt | $ 9,368 | $ 9,515 | $ 9,842 | $ 9,956 | $ 9,404 | $ 9,231 | $ 9,480 | $ 9,313 | $ 9,360 |
| Less: cash and cash equivalents | (519) | (524) | (627) | (567) | (221) | (147) | (136) | (136) | (117) |
| Net debt | 8,849 | 8,991 | 9,215 | 9,389 | 9,183 | 9,084 | 9,344 | 9,177 | 9,243 |
| Equity and redeemable noncontrolling interests: | | | | | | | | | |
| Redeemable noncontrolling interests | 10 | 11 | 11 | 12 | 119 | 113 | 169 | 175 | 170 |
| Praxair, Inc. shareholders' equity | 5,529 | 5,021 | 5,245 | 5,140 | 4,888 | 4,389 | 4,264 | 4,964 | 5,018 |
| Noncontrolling interests | 436 | 420 | 393 | 407 | 417 | 404 | 380 | 380 | 375 |
| Total equity and redeemable noncontrolling interests | 5,975 | 5,452 | 5,649 | 5,559 | 5,424 | 4,906 | 4,813 | 5,519 | 5,563 |
| Capital | $ 14,824 | $ 14,443 | $ 14,864 | $ 14,948 | $ 14,607 | $ 13,990 | $ 14,157 | $ 14,696 | $ 14,806 |
| **Debt-to-capital** | **59.7%** | **62.3%** | **62.0%** | **62.8%** | **62.9%** | **64.9%** | **66.0%** | **62.4%** | **62.4%** |

**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).

| | 2017 Q1 | 2016 Q4 | 2016 Q3 | 2016 Q2 | 2016 Q1 | 2015 Q4 | 2015 Q3 | 2015 Q2 | 2015 Q1 |
|---|---|---|---|---|---|---|---|---|---|
| Adjusted operating profit (a) | $ 588 | $ 599 | $ 597 | $ 588 | $ 554 | $ 624 | $ 620 | $ 626 | $ 623 |
| Less: adjusted income taxes (a) | (149) | (152) | (149) | (146) | (139) | (163) | (164) | (164) | (162) |
| Less: tax benefit on adjusted interest expense (a) | (12) | (10) | (12) | (12) | (14) | (12) | (10) | (11) | (12) |
| Add: income from equity investments | 12 | 10 | 10 | 11 | 10 | 12 | 10 | 10 | 11 |
| Adjusted net operating profit after-tax (NOPAT) | $ 439 | $ 447 | $ 446 | $ 441 | $ 411 | $ 461 | $ 456 | $ 461 | $ 460 |
| 4-quarter trailing adjusted NOPAT | $ 1,773 | $ 1,745 | $ 1,759 | $ 1,769 | $ 1,789 | $ 1,838 | $ 1,879 | $ 1,945 | $ 1,996 |
| Ending capital (see above) | $ 14,824 | $ 14,443 | $ 14,864 | $ 14,948 | $ 14,607 | $ 13,990 | $ 14,157 | $ 14,696 | $ 14,806 |
| 5-quarter average ending capital | $ 14,737 | $ 14,570 | $ 14,513 | $ 14,480 | $ 14,451 | $ 14,587 | $ 14,999 | $ 15,460 | $ 15,777 |
| **After-tax ROC (4-quarter trailing NOPAT / 5-quarter average capital)** | **12.0%** | **12.0%** | **12.1%** | **12.2%** | **12.4%** | **12.6%** | **12.5%** | **12.6%** | **12.7%** |

# Non-GAAP Measures, continued

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| | 2017 Q1 | 2016 Q4 | 2016 Q3 | 2016 Q2 | 2016 Q1 | 2015 Q4 | 2015 Q3 | 2015 Q2 | 2015 Q1 |
|---|---|---|---|---|---|---|---|---|---|
| **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) | $ 395 | $ 406 | $ 405 | $ 399 | $ 366 | $ 422 | $ 419 | $ 420 | $ 416 |
| 4-quarter trailing adjusted net income - Praxair, Inc. | $ 1,605 | $ 1,576 | $ 1,592 | $ 1,606 | $ 1,627 | $ 1,677 | $ 1,715 | $ 1,773 | $ 1,820 |
| Ending Praxair, Inc. shareholders' equity | $ 5,529 | $ 5,021 | $ 5,245 | $ 5,140 | $ 4,888 | $ 4,389 | $ 4,264 | $ 4,964 | $ 5,018 |
| 5-quarter average Praxair shareholders' equity | $ 5,165 | $ 4,937 | $ 4,785 | $ 4,729 | $ 4,705 | $ 4,852 | $ 5,284 | $ 5,814 | $ 6,141 |
| **ROE (4-quarter trailing adjusted net income - Praxair, Inc. / 5-quarter average Praxair shareholders' equity)** | **31.1%** | **31.9%** | **33.3%** | **34.0%** | **34.6%** | **34.6%** | **32.5%** | **30.5%** | **29.6%** |
| **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 profitability. | | | | | | | | | |
| Adjusted net income - Praxair, Inc. (a) | $ 395 | $ 406 | $ 405 | $ 399 | $ 366 | $ 422 | $ 419 | $ 420 | $ 416 |
| Add: adjusted noncontrolling interests (a) | 15 | 13 | 10 | 10 | 10 | 9 | 12 | 12 | 12 |
| Add: adjusted interest expense - net (a) | 41 | 38 | 43 | 44 | 49 | 42 | 35 | 40 | 44 |
| Add: adjusted income taxes (a) | 149 | 152 | 149 | 146 | 139 | 163 | 164 | 164 | 162 |
| Add: depreciation and amortization | 287 | 285 | 284 | 281 | 272 | 275 | 276 | 278 | 277 |
| **Adjusted EBITDA** | **$ 887** | **$ 894** | **$ 891** | **$ 880** | **$ 836** | **$ 911** | **$ 906** | **$ 914** | **$ 911** |
| Reported sales | 2,728 | 2,644 | 2,716 | 2,665 | 2,509 | 2,595 | 2,686 | 2,738 | 2,757 |
| **Adjusted EBITDA margin** | **32.5%** | **33.8%** | **32.8%** | **33.0%** | **33.3%** | **35.1%** | **33.7%** | **33.4%** | **33.0%** |
| Ending net debt (see above) | $ 8,849 | $ 8,991 | $ 9,215 | $ 9,389 | $ 9,183 | $ 9,084 | $ 9,344 | $ 9,177 | $ 9,243 |
| 5-quarter average net debt | $ 9,125 | $ 9,172 | $ 9,243 | $ 9,236 | $ 9,206 | $ 9,189 | $ 9,157 | $ 9,080 | $ 9,063 |
| 4-quarter trailing adjusted EBITDA | $ 3,552 | $ 3,501 | $ 3,518 | $ 3,533 | $ 3,567 | $ 3,642 | $ 3,697 | $ 3,814 | $ 3,900 |
| **Debt-to-adjusted EBITDA ratio (5-quarter average net debt / 4-quarter trailing adjusted EBITDA)** | **2.6** | **2.6** | **2.6** | **2.6** | **2.6** | **2.5** | **2.5** | **2.4** | **2.3** |

# Non-GAAP Measures, continued

(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 cash income taxes and cash interest, net of interest capitalized and excluding the bond redemption costs for 2016.

| | First Quarter 2017 | Year 2016 | Third Quarter 2016 | First Quarter 2016 | Year 2015 | Third Quarter 2015 | Second Quarter 2015 |
|---|---|---|---|---|---|---|---|
| **Adjusted Operating Profit and Operating Profit Margin** | | | | | | | |
| Reported operating profit | $ 582 | $ 2,238 | $ 497 | $ 554 | $ 2,321 | $ 594 | $ 480 |
| Add: Cost reduction program and other charges | - | 96 | 96 | - | 165 | 19 | 146 |
| Add: Pension settlement charge | - | 4 | 4 | - | 7 | 7 | - |
| Add: Transaction costs | 6 | - | - | - | - | - | - |
| Total adjustments | 6 | 100 | 100 | - | 172 | 26 | 146 |
| Adjusted operating profit | $ 588 | $ 2,338 | $ 597 | $ 554 | $ 2,493 | $ 620 | $ 626 |
| Reported percentage change | 5% | | | | | | |
| Adjusted percentage change | 6% | | | | | | |
| Reported sales | $ 2,728 | $ 10,534 | $ 2,716 | $ 2,509 | $ 10,776 | $ 2,686 | $ 2,738 |
| Adjusted operating profit margin | 21.6% | 22.2% | 22.0% | 22.1% | 23.1% | 23.1% | 22.9% |
| **Adjusted Interest Expense - net** | | | | | | | |
| Reported interest expense - net | $ 41 | $ 190 | $ 43 | $ 65 | $ 161 | $ 35 | $ 40 |
| Less: Bond redemption | - | (16) | - | (16) | - | - | - |
| Adjusted interest expense - net | $ 41 | $ 174 | $ 43 | $ 49 | $ 161 | $ 35 | $ 40 |
| **Adjusted Income Taxes** | | | | | | | |
| Reported income taxes | $ 149 | $ 551 | $ 120 | $ 133 | $ 612 | $ 156 | $ 131 |
| Add: Cost reduction program and other charges | - | 28 | 28 | - | 39 | 6 | 33 |
| Add: Bond redemption | - | 6 | - | 6 | - | - | - |
| Add: Pension settlement charge | - | 1 | 1 | - | 2 | 2 | - |
| Add: Transaction costs | - | | | | | | |
| Total adjustments | - | 35 | 29 | 6 | 41 | 8 | 33 |
| Adjusted income taxes | $ 149 | $ 586 | $ 149 | $ 139 | $ 653 | $ 164 | $ 164 |
| **Adjusted Effective Tax Rate** | | | | | | | |
| Reported income before income taxes and equity investments | $ 541 | $ 2,048 | $ 454 | $ 489 | $ 2,160 | $ 559 | $ 440 |
| Add: Cost reduction program and other charges | - | 96 | 96 | - | 165 | 19 | 146 |
| Add: Bond redemption | - | 16 | - | 16 | - | - | - |
| Add: Pension settlement charge | - | 4 | 4 | - | 7 | 7 | - |
| Add: Transaction costs | 6 | - | - | - | - | - | - |
| Total adjustments | 6 | 116 | 100 | 16 | 172 | 26 | 146 |
| Adjusted income before income taxes and equity investments | $ 547 | $ 2,164 | $ 554 | $ 505 | $ 2,332 | $ 585 | $ 586 |
| Reported effective tax rate | 27.5% | 26.9% | 26.4% | 27.2% | 28.3% | 27.9% | 29.8% |
| Adjusted effective tax rate | 27.2% | 27.1% | 26.9% | 27.5% | 28.0% | 28.0% | 28.0% |

# Non-GAAP Measures, continued

| | First Quarter 2017 | Year 2016 | Third Quarter 2016 | First Quarter 2016 | Year 2015 | Third Quarter 2015 | Second Quarter 2015 |
|---|---|---|---|---|---|---|---|
| **Adjusted Noncontrolling Interests** | | | | | | | |
| Reported noncontrolling interests | $ 15 | $ 38 | $ 5 | $ 10 | $ 44 | $ 12 | $ 11 |
| Add: Cost reduction program and other charges | - | 5 | 5 | - | 1 | - | 1 |
| Total adjustments | - | 5 | 5 | - | 1 | - | 1 |
| Adjusted noncontrolling interests | $ 15 | $ 43 | $ 10 | $ 10 | $ 45 | $ 12 | $ 12 |
| | | | | | | | |
| **Adjusted Net Income - Praxair, Inc.** | | | | | | | |
| Reported net income - Praxair, Inc. | $ 389 | $ 1,500 | $ 339 | $ 356 | $ 1,547 | $ 401 | $ 308 |
| Add: Cost reduction program and other charges | - | 63 | 63 | - | 125 | 13 | 112 |
| Add: Bond redemption | - | 10 | - | 10 | - | - | - |
| Add: Pension settlement charge | - | 3 | 3 | - | 5 | 5 | - |
| Add: Transaction costs | 6 | - | - | - | - | - | - |
| Total adjustments | 6 | 76 | 66 | 10 | 130 | 18 | 112 |
| Adjusted net income - Praxair, Inc. | $ 395 | $ 1,576 | $ 405 | $ 366 | $ 1,677 | $ 419 | $ 420 |
| | | | | | | | |
| Reported percentage change | 9% | | | | | | |
| Adjusted percentage change | 8% | | | | | | |
| | | | | | | | |
| **Adjusted Diluted EPS** | | | | | | | |
| Reported diluted EPS | $ 1.35 | $ 5.21 | $ 1.18 | $ 1.24 | $ 5.35 | $ 1.40 | $ 1.06 |
| Add: Cost reduction program and other charges | - | 0.22 | 0.22 | - | 0.43 | 0.04 | 0.39 |
| Add: Bond redemption | - | 0.04 | - | 0.04 | - | - | - |
| Add: Pension settlement charge | - | 0.01 | 0.01 | - | 0.02 | 0.02 | - |
| Add: Transaction costs | 0.02 | - | - | - | - | - | - |
| Total adjustments | 0.02 | 0.27 | 0.23 | 0.04 | 0.45 | 0.06 | 0.39 |
| Adjusted diluted EPS | $ 1.37 | $ 5.48 | $ 1.41 | $ 1.28 | $ 5.80 | $ 1.46 | $ 1.45 |
| | | | | | | | |
| Reported percentage change | 9% | | | | | | |
| Adjusted percentage change | 7% | | | | | | |
| | | | | | | | |
| **Cash Income Taxes and Interest** | | | | | | | |
| Income taxes paid | | $ 585 | | | $ 420 | | |
| Interest paid, net of interest capitalized and excluding bond redemption | | $ 173 | | | $ 174 | | |

**Full Year 2017 Diluted EPS Guidance**

| | Full Year 2017 Low End | Full Year 2017 High End |
|---|---|---|
| 2017 GAAP diluted EPS guidance | $ 5.53 | $ 5.78 |
| Add: Q1 Transaction costs (excludes future merger transaction costs) | 0.02 | 0.02 |
| 2017 adjusted diluted EPS guidance | $ 5.55 | $ 5.80 |
| 2016 adjusted diluted EPS (see above for full year amounts) | $ 5.48 | $ 5.48 |
| | | |
| Adjusted percentage change | 1% | 6% |
| Adjusted percentage change, excluding estimated currency impact | 2% | 7% |

# Sustainable Development Highlights

PRAXAIR
Making our planet more productive™

## BEST-IN-CLASS SAFETY PERFORMANCE

SAFETY FIRST

**15x BETTER** than US OSHA Industrial Average Lost Workday Case Rate

Praxair applications enabled

**2X more GHG emissions to be avoided**

than were emitted from all its operations

### RECOGNITION

MEMBER OF
Dow Jones Sustainability Indices
In Collaboration with RobecoSAM

2017 WORLD'S MOST ETHICAL COMPANIES®
WWW.ETHISPHERE.COM

CDP A LIST 2016 CLIMATE

DiversityInc 2016 TOP 50 COMPANIES FOR DIVERSITY® 25 NOTEWORTHY

Forbes | 2016 AMERICA'S BEST LARGE EMPLOYERS
POWERED BY STATISTA

**350,000** global beneficiaries from Praxair's Community Engagement Program

**125MM** people globally served by water applications

300+ SITES AND 12,500+ EMPLOYEES PARTICIPATED IN PRAXAIR'S **Zero Waste Program**

**Praxair's Global Giving Program supported 900 organizations in 29 countries around the world**

PRAXAIR
Making our planet more productive™

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