PRAXAIR INC
Form 11-K
May 31, 2013

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
Form 11-K

ý ANNUAL REPORT PURSUANT TO SECTION 15 (d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended December 31, 2012
OR

.. TRANSITION REPORT PURSUANT TO SECTION 15 (d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from to
Commission File Number 1-11037

A. Full title of the Plan and the address of the Plan, if different from that of the issuer named below:
The Savings Program for Employees of Praxair Puerto Rico B.V. and
Its Participating Subsidiary Companies
P.O. Box 307
Gurabo, Puerto Rico 00778

B. Name of issuer of the securities held pursuant to the Plan and the address of its principal executive office:
Praxair, Inc.
39 Old Ridgebury Road
Danbury, Connecticut 06810-5113

The Savings Program for Employees of Praxair Puerto Rico B.V. and
Its Participating Subsidiary Companies

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All other schedules required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974 (ERISA) have been omitted because they are not applicable.

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Report of Independent Registered Public Accounting Firm

To the Participants and Administrator of
The Savings Program for Employees of Praxair Puerto Rico B.V. and
Its Participating Subsidiary Companies
Gurabo, Puerto Rico

We have audited the accompanying statements of net assets available for benefits of The Savings Program for Employees of Praxair Puerto Rico B.V. and Its Participating Subsidiary Companies (the “Plan”) as of December 31, 2012 and 2011, and the related statement of changes in net assets available for benefits for the year ended December 31, 2012. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Plan is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Plan's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.
In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets available for benefits of the Plan as of December 31, 2012 and 2011, and the changes in net assets available for benefits for the year ended December 31, 2012, in conformity with accounting principles generally accepted in the United States of America.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental schedule of assets (held at end of year) as of December 31, 2012 is presented for the purpose of additional analysis and is not a required part of the basic financial statements but is supplementary information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. This supplemental schedule is the responsibility of the Plan's management. The supplemental schedule has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

/s/ BDO USA, LLP
New York, New York
May 31, 2013

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The Savings Program for Employees of Praxair Puerto Rico B.V. and Its Participating Subsidiary Companies
Statements of Net Assets Available for Benefits
as of December 31, 2012 and 2011

	December 31,	
	2012	2011
Assets:		
Investments, at fair value (Notes 4 and 5):	$5,170,867	$5,599,256
Receivables:		
Employer contributions	3,705	883
Participant contributions	2,039	1,909
Due from broker	2,374	6,643
Dividends and interest	4	3
Notes receivable from participants	438,440	403,835
	446,562	413,273
Total Assets	5,617,429	6,012,529
Liabilities:		
Due to Broker	1,410	—
Withholding tax payable	—	900
Net Assets Available for Benefits	$5,616,019	$6,011,629

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

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The Savings Program for Employees of Praxair Puerto Rico B.V. and Its Participating Subsidiary Companies
Statement of Changes in Net Assets Available for Benefits
for the Year Ended December 31, 2012

Additions to (Deductions from) Net Assets	
Contributions:	
Participants	$207,531
Employer	91,843
	299,374
Investment income:	
Net appreciation in fair value of investments (Note 4)	166,463
Dividends and interest	116,200
Total net investment income	282,663
Interest on notes receivable from participants	34,630
Benefit payments to participants	(1,012,277)
Net Decrease In Net Assets Available for Benefits	(395,610)
Net Assets Available for Benefits	
Beginning of year	6,011,629
End of year	$5,616,019

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

The Savings Program for Employees of Praxair Puerto Rico B.V. and Its Participating Subsidiary Companies
Notes to Financial Statements
December 31, 2012 and 2011

Note 1 - Inception of the Plan

The Savings Program for Employees of Praxair Puerto Rico B.V. and Its Participating Subsidiary Companies (the "Plan") was established on March 1, 1995 by Praxair Puerto Rico B.V. (the "Company").

Note 2 - Description of the Plan

The Plan is a tax-qualified retirement plan. The following is a general description of the Plan. Participants should refer to the Plan document, as amended by the Popular Master Defined Contribution Retirement Plan Profit Sharing Plan with Cash or Deferred Arrangement Plan Adoption Agreement effective October 1, 2012 for a complete description of the Plan's provisions.

General

The Plan is a defined contribution plan and is administered by the Administrative Committee of The Savings Program for Employees of Praxair Puerto Rico B.V. and Its Participating Subsidiary Companies (the "Administrator"). The Trustee and recordkeeper of the Plan's assets is Banco Popular de Puerto Rico. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 ("ERISA").

Eligibility

An employee of the Company is eligible to participate in the Plan if he or she is a minimum of 18 years of age and has completed 90 days of service.

Contributions

Participant contributions to the Plan are made through payroll deductions. Plan participants generally may elect to contribute a percentage of their eligible compensation on either a before-tax and/or after-tax basis. Participants' before-tax contributions are limited to an annual statutory amount, which amounted to $10,000 in 2012.

Participants who reach age 50 by the close of the Plan year are eligible to make catch-up contributions. Catch-up contributions are limited to $1,000 per Plan year (or such other limit as may be imposed through amendment to the Puerto Rico Internal Revenue Code for a New Puerto Rico, as amended ("2011 PR Code"). No matching contributions will be made with respect to such catch up contributions.

For participants employed by the Company prior to October 1, 2012, the Plan provides for a Company matching contribution equal to 70% of the first 2.5% of a participant's eligible compensation contributed to the Plan and 40% of the next 5% of the participant's eligible compensation contributed to the Plan. For participants hired on or after October 1, 2012, the Company will make a matching contribution equal to 100% of the first 5% of a participant's eligible compensation contributed to the Plan. Company matching contributions to the Plan are made in cash and are invested in accordance with each participant's investment direction.

Participants' Account Activity

Participant accounts are credited with participant and Company contributions and investment returns which are based upon each participant's investment direction. Participant accounts are charged for withdrawals. The benefit to which a participant is entitled is the benefit that can be provided from the participant's vested account.

Vesting

Employees are fully vested at all times in their own contributions, company matching contributions, and rollover contributions. In the event of termination of employment from the Company, Plan participants receive all amounts credited to their accounts.

Investment Options

Plan participants may direct the investment of their Plan accounts among various investment options offered by the Plan listed below:

- Mutual funds
- Cash equivalents
- Money market funds

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The Savings Program for Employees of Praxair Puerto Rico B.V. and Its Participating Subsidiary Companies
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- Praxair, Inc. common stock

Participants may change the investment election of their contributions and existing balances on a daily basis.

Withdrawals and Distributions

Plan participants may generally withdraw after-tax contributions from their account balances while working and, in limited cases (as defined in the Plan's provisions), may withdraw before-tax contributions. Mandatory distributions from the Plan are required starting no later than April 1 of the year following the year in which a participant attains age 70 $^{1}/2$ or retires from service with the Company, whichever is later. Optional distributions may begin at 59 $^{1}/2$.

Notes Receivable from Participants (Participant Loans)

The Plan generally permits participants to borrow from their accounts a minimum of $1,000 up to the lesser of $50,000 or 50% of their vested account balances. Certain other restrictions apply, as defined in the Plan. Participants are permitted to have only one loan outstanding at any time.

Loans are repaid during fixed terms not to exceed five years (ten years if used to purchase a primary residence). Principal and interest are paid ratably through payroll deductions. The loans are collateralized by the balance in the participant’s account and bear interest at a fixed rate since Plan inception of 9%. A loan application fee of $125 is charged to the participant’s account for each new loan.

Loans to participants are carried at unpaid principal balance plus accrued but unpaid interest. No allowances for credit losses have been recorded as of December 31, 2012 and 2011. Delinquent participant loans are recorded as a distribution in accordance with the terms of the Plan and applicable law.

Rollovers

Rollovers represent transfers of account balances of certain participants into certain investments of the Plan from other qualified plans or from individual retirement accounts.

Unclaimed Benefits and Forfeitures

The benefit payable on behalf of a participant who cannot be located by the Administrator is forfeited at such time as the Administrator has made the determination. However, the forfeiture will be restored to the Plan by the Administrator if such participant subsequently makes a valid claim for the benefit.

Note 3 - Summary of Significant Accounting Policies

Method of Accounting

The financial statements of the Plan are prepared under the accrual method of accounting.

Accounting Standards Implemented in 2012

The following standard was effective for the Plan in 2012 and its adoption did not have a significant impact on the Plan's financial statements:

- Expanded Disclosures about Fair Value Measurements — In May 2011, the FASB issued guidance expanding the disclosures for Fair Value Measurements, particularly Level 3 inputs. For fair value measurements categorized in Level 3 of the fair value hierarchy, required disclosures include: (1) a quantitative disclosure of the unobservable inputs and assumptions used in the measurement, (2) a description of the valuation processes in place, and (3) a narrative description of the sensitivity of the fair value changes in unobservable inputs and interrelationships between those inputs. Refer to Note 5 for additional disclosures related the fair value.

Payment of Benefits

Benefits are recorded when paid.

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The Savings Program for Employees of Praxair Puerto Rico B.V. and Its Participating Subsidiary Companies
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December 31, 2012 and 2011

Investment Valuation and Income Recognition
Plan investments are reported at fair value which is determined based upon quoted market prices or using observable market based inputs, other than quoted market prices, for similar investments. Funds are valued on a daily basis. Shares of mutual funds are valued at the net asset value of shares held by the Plan at year-end.
Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date.
The Plan presents in the Statement of Changes in Net Assets Available for Benefits the net appreciation in the fair value of its investments, which consists of the realized gains or losses and the unrealized appreciation (depreciation) on those investments.
Use of Estimates
The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amount of income and expenses during the reporting period. Actual results could differ from those estimates.
Risks and Uncertainties
The Plan provides for various investment options that invest in any combination of stocks, bonds, and fixed income securities and other investment securities. These investment securities are exposed to various risks, such as interest rate, market and credit risks. Due to the level of risk and uncertainty associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect participants' account balances and the amounts reported in the Statement of Net Assets Available for Benefits.

Note 4 - Investments
Individual investments held by the Plan that exceed five percent or more of the Plan's net assets available for benefits at December 31, 2012 and 2011, respectively, are noted below:

	2012	2011
Praxair, Inc. Common Stock	$3,800,323	$4,422,774
PIMCO Total Return Fund Admin	388,496	*
American Funds Washington Mutual Investors Fund	303,510	**
Vanguard 500 Index Fund	292,243	***
Eaton Vance Large Cap Value Fund	**	318,665

* Not applicable, investment amount is below five percent
** Effective May 1, 2012, participant investment instructions were directed from Eaton Vance Large Cap Value Fund to the American Funds Washington Mutual Investors Fund
*** Effective May 1, 2012, participant investment instructions were directed from Federated Max-Cap Index Fund to the Vanguard 500 Index Fund. Federated Max-Cap Index Fund investment was below five percent in 2011.

Effective May 1, 2012, the three funds listed below were discontinued as investment options under the Plan and were replaced with the three new investment options listed below:

Discontinued Investment	New Investment Option
Eaton Vance Large Cap Value Fund	American Funds Washington Mutual Investors Fund
Federated Max-Cap Index Fund	Vanguard 500 Index Fund
Artio International Equity Fund	Harbor International Fund

Plan participants were notified of these fund changes in advance and provided an opportunity to transfer their Plan account balances from the discontinued investments to the other investments available under the Plan, including the new investment

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options. At the expiration of this period, the amounts remaining in the discontinued investment options were transferred to the new investment option with the risk and return characteristics most similar to the corresponding discontinued investment.

During 2012, the Plan’s investments (including gains and losses on investments bought and sold, as well as held during the year) appreciated in value as follows:

	Year Ended December 31, 2012
Praxair, Inc. common stock	$64,855
Mutual funds	101,608
	$166,463

Note 5 - Fair Value Measurements

The fair value hierarchy prioritizes the inputs to valuation techniques used to measure fair value in 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) and significant to the fair value measurement

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

The following tables summarize investment assets measured at fair value at December 31, 2012 and 2011:

	Investment Assets at Fair Value at December 31, 2012			
	Level 1	Level 2	Level 3	Total
Mutual funds:				
Large-Cap	$632,892	$—	$—	$632,892
Small-Cap	29,123			