

Praxair, Inc.
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Danbury, CT 06810-5113

October 12, 2012

Ms. Susan M. Cosper Technical Director Financial Accounting Standards Board 401 Merritt 7 PO Box 5116 Norwalk, CT 06856-5116

File Reference No 2012-240

Re: FASB's Proposed Accounting Standards Update, Presentation of Items Reclassified Out of Accumulated Other Comprehensive Income

Dear Ms. Cosper:

We appreciate the opportunity to respond to the Board's proposed Accounting Standards Update (ASU), Comprehensive Income (Topic 220) – *Presentation of Items Reclassified Out of Accumulated Other Comprehensive Income (AOCI)*. Praxair, Inc. is a Fortune 300 public company that produces, sells and distributes atmospheric, process and specialty gases, and high-performance surface coatings with 2011 sales of over \$11 billion. About 63% of our sales are non-U.S. and we operate in over 40 countries. We have previously commented on this subject in our letters dated September 17, 2010 and October 17, 2011.

In summary, we do not believe a new standards update on this subject is required. We believe the accounting standards as currently set forth in ASC 220, *Comprehensive Income* (which includes ASU 2011-5 modified by ASU 2011-12) is adequate and no additional guidance is required. We do not believe the proposed additional disclosures are required for annual or interim financial statements.

We continue to challenge the usefulness of providing the income statement line items impacted by reclassifications from AOCI (even when reclassified in its entirety) and we do not believe the same level of information should be required to be presented in **condensed** interim financial statements as required in annual financial statements. To support these comments, we advise the Board that Praxair has never received a question or other inquiry of any kind from any user of our financial statements relating to comprehensive income, including information relating to income statement line items or the need for additional interim disclosures. Additionally, management does not use comprehensive income to manage its business internally. Although we have not conducted a survey, we do not believe we are unique in this regard. Finally, we do not see how this added information will significantly help users forecast future impacts.

If the Board continues to require the currently proposed and expanded disclosures, we believe the effective date should be delayed a year, primarily due to the proposed interim disclosures.

We continue to believe that the FASB and IASB should work toward agreement on the components of Other comprehensive income (OCI); including if, when, and where these components should be released.

Although we do not support the issuance of any additional ASU on this subject at this time, as an attachment to this letter we are providing additional comments on the Board's proposal, as requested.

Thank you for the opportunity to express our comments. We would be pleased to discuss our views with members of the Board or with its staff. Please contact me at 203-837-2158 (chuck_jacobson@Praxair.com) or Elizabeth Hirsch (VP & Controller) at 203-837-2354 (liz hirsch@Praxair.com) if you have any questions.

Very truly yours,

Charles L. Jacobson

Assistant Controller and Chief Accountant

Attachment to letter dated October 12, 2012 from Praxair, Inc. to FASB - Comments Re: FASB's Proposed Accounting Standards Update, Presentation of Items Reclassified Out of Accumulated Other Comprehensive Income.

Note: As noted in the attached cover letter, we do not believe a new ASU on this subject is required. We believe the accounting standard as currently set forth in ASC 220, Comprehensive Income (which includes ASU 2011-12 dated December 2011) is adequate and no additional guidance is required. We do not believe the proposed additional disclosures are required for annual or interim financial statements.

Our comments on the staff's specific questions follow:

Question 1: (a) The proposed amendments would require an entity to provide enhanced disclosures to present separately by component reclassifications out of accumulated other comprehensive income. (b) In addition, an entity would be required to provide a tabular disclosure of the effect of items reclassified out of accumulated other comprehensive income on the respective line items of net income, to the extent that the items reclassified are required under U.S. GAAP to be reclassified to net income in their entirety. (c) In addition, for other items not required under U.S. GAAP to be reclassified in their entirety to net income, the tabular disclosure would require only a cross-reference to other disclosures providing additional detail about these reclassifications.

Would the proposed disclosures provide useful information to users of financial statements? If not, please explain why.

Comments: (For ease of comment, we divided the FASB Question into 3 parts – a, b, c)

- (a) *Disclosure of reclassifications*. As stated in the attached letter, we believe current disclosure requirements address this matter and are adequate. We do not believe there needs to be "enhanced" disclosures.
- (b) Income statement line items impacted by reclassifications. As stated in our attached letter, we do not see the usefulness in requiring all entities to provide the income statement line items impacted by such reclassifications, even if the reclassification is in its entirety. Further, we do not believe a separate specified tabular presentation is needed. We have never had an inquiry from users of our financial statements relating to comprehensive income or the income statement line item impacted by reclassifications. If entities determine that it is meaningful for an understanding of the financial statements, management can and often does provide such information. If the Board determines that such disclosures are relevant for specific financial or derivative instruments or industry, then the disclosure requirements should be directed to those specific instruments or industries and not be a required disclosure for all entities.

If the Board continues with a new ASU, which we do not recommend, we suggest the following changes:

220-10-45-17 An entity shall present, in a tabular format, significant items reclassified out of each component of accumulated other comprehensive income and a subtotal for significant items. The total for each component of the table shall agree to the disclosure requirements in paragraph 220-10-45-14A. Both before-tax and net-of-tax presentations are permitted provided the entity complies with the requirements in paragraph 220-10-45-12. For each significant reclassification, the tabular disclosure shall identify, for those items that are required under U.S. GAAP to be reclassified to not income in their entirety, the line item affected by the reclassification on the statement where not income is presented.

(c) *Cross-reference.* As noted in (b) above, we do not believe a specified tabular presentation is needed. Also, we do not believe that entities need to be directed to cross-reference their financial statements.

If the Board continues with a new ASU that requires cross-referencing, which we do not recommend, the proposal should not require entities to add additional disclosures that would otherwise not be required by other standards. To make this clear, we suggest the following minor wording changes:

220-10-45-17 Any significant reclassification for which U.S. GAAP does not require the item to be reclassified to net income in its entirety, an entity shall cross-reference to the note where additional details about the effect of the reclassifications are disclosed, if such a note exists. However, an entity does not need to create a new note solely for this purpose.

Additionally, if the Board does not eliminate the income statement line item identification requirement as proposed by ASC 220-10-45-17 (see (b) above), we believe the standard should be clear that such line item identification is not required for such "partial" reclassifications to be identified within the cross-referenced notes. To make it clear, we suggest the following sentence be added at the end of proposed ASC 220-10-45-17 or elsewhere in the Guidance and Illustrations sections:

These additional details [included in the cross-referenced note(s)] do not require an identification of the line item affected by the reclassification on the statement where net income is presented, unless required by another accounting standard.

Question 2: (a) Would an entity incur significant costs because of the proposed amendments in Question 1? If so, please explain the nature of those costs. (b) The proposed amendments also would require an entity to provide the disclosures about the effect of reclassifications out of accumulated other comprehensive income by component both on an interim basis and on an annual basis. Would an entity incur significant costs because of the proposed requirement for interim-period

Comments: (For ease of comment, we divided the FASB Question into 2 parts -a, b)

(a) *Costs.* We can only comment on our company, however, we can see where other companies may be impacted more significantly. Although each incremental disclosure requirement adds up, we do not believe the proposed disclosures would have a significant impact on our costs, just more internal work to do, including the related XBRL tagging. Our concerns are more a question of disclosure usefulness.

(b) *Interim reporting*. The Board appropriately states the following in proposed ASC topic 270-10-50-1:

270-10-50-1 Many **publicly traded companies** report summarized financial information at periodic interim dates in considerably less detail than that provided in annual financial statements. While this information provides more timely information than would result if complete financial statements were issued at the end of each interim period, the timeliness of presentation may be partially offset by a reduction in detail in the information provided.

We agree with this paragraph. We also do not believe the same level of information should be required to be presented in interim financial statements as may be required in annual financial statements. In our opinion, the recent trend that often extends annual disclosure requirements to interim reporting has sometimes gone too far. We believe this would be such an example, if implemented.

We do not believe that all the information set forth in the proposed ASC 270-10-50-1 r. (which includes proposed ASC topics 220-10-45-14A and 220-10-45-17) should be required for summarized interim financial statements, especially when the changes from annual financial statements are not significant. Also, it is likely that interim financial statements will not include all the notes that may be required to be cross-referenced under the proposal; in these situations we believe new notes should not have to be created solely for this purpose? This should be clarified.

Instead we believe the interim requirements should allow entities to present condensed statements of comprehensive income which include the following disclosures:

- Net income
- Other comprehensive income, by major component e.g., Foreign currency items, Defined Benefit Pension Items, Cash flow hedges, etc. (See proposed ASC 220-10-55-15)
- Total comprehensive income

Specifically, we do not believe that additional disclosures set forth in proposed sections ASC 220-10-55-14A and 220-10-55-15A should be specifically required. This approach is consistent with most other interim disclosure requirements.

In accordance with the current and proposed ASC 220-10-45-18 topic, only "Total comprehensive income" is required to be included on the face of the financial statements for interim reporting purposes. Other disclosures can be presented in the notes. We know of very few entities that present a financial statement with only the one line item – Total comprehensive income. Therefore, we actually believe the one line requirement is too condensed and recommend that the requirement be revised to require at least the following captions on the face of the financial statements, with any additional required information in the footnotes:

- Net income
- Other comprehensive income (by major component)
- Total comprehensive income

We recommend that ASC sections 270-10 and proposed ASC section 220-10-45-18 could be revised to require this information.

In summary, there is no need to require other disclosures for interim reporting as set forth in proposed ASC 220-10-55-14A, proposed ASC 220-10-55-15A and proposed ASC 220-10-55-17A through 55-17E, unless significantly different from previous annual disclosures.

Accordingly, if the Board continues with its proposal, which we do not recommend, we would propose the following wording changes to the Board's proposal:

Interim-Period Reporting

220-10-45-18 Subtopic 270-10 clarifies the application of accounting principles and reporting practices to interim financial information, including interim financial statements and summarized interim financial data of publicly traded companies issued for external reporting purposes. An entity shall report net income, other comprehensive income (including major components), and a total for comprehensive income in condensed financial statements of interim periods in a single continuous statement or in two consecutive statements.

4. Add paragraphs 220-10-55-14A, 220-10-55-15A, and 220-10-55-17A through 55-17E and their related heading and amend-paragraph 220-10-55-15, with a link to transition paragraph 220-10-65-3, as follows:

Question 3: The proposed guidance would apply to both public entities and nonpublic entities (that is, private companies). Should any of the proposed amendments be different for nonpublic entities? If so, please identify those proposed amendments and describe how and why you think they should be different.

Comments:

No. We see no reason why they should be different. The information is equally important (or unimportant) for public and nonpublic entities.

Question 4: The Board has discussed the possibility of making these proposed amendments effective for public entities as early as for annual reporting periods ending after December 15, 2012, and to delay the effective date for nonpublic entities by one year. Would those effective dates be practicable? If not, please explain why.

Comments:

If the Board continues with its proposal to require new schedules and expanded interim financial statement disclosure requirements, which we do not recommend, we believe the effective date for public entities needs to be deferred for a year. This year delay is needed in order to gather the needed historical information (especially quarterly); develop and review disclosure formats with management, the audit committee, and the auditors; and to develop and appropriately test XBRL reporting.