

PRAXAIR INC
Form 10-Q
July 25, 2012
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended June 30, 2012

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

PRAXAIR, INC.

(Exact name of registrant as specified in its charter)

DELAWARE

(State or other jurisdiction of incorporation)

1-11037
(Commission File Number)

06-1249050
(IRS Employer Identification No.)

39 OLD RIDGEBURY ROAD, DANBURY, CT
(Address of principal executive offices)

06810-5113
(Zip Code)

(203) 837-2000

(Registrant's telephone number, including area code)

N/A

(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject

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to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definitions of large accelerated filer, accelerated filer, and smaller reporting company in Rule 12b-2 of the Exchange Act.

Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller reporting company

Indicate by check mark whether the Registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

At June 30, 2012, 298,171,508 shares of common stock (\$0.01 par value) of the Registrant were outstanding.

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Table of Contents**PRAXAIR, INC. AND SUBSIDIARIES****CONSOLIDATED STATEMENTS OF INCOME**

(Millions of dollars, except per share data)

(UNAUDITED)

	Quarter Ended June 30,	
	2012	2011
SALES	\$ 2,811	\$ 2,858
Cost of sales, exclusive of depreciation and amortization	1,602	1,640
Selling, general and administrative	310	309
Depreciation and amortization	247	254
Research and development	25	23
Other income (expense) - net	9	(5)
OPERATING PROFIT	636	627
Interest expense - net	33	36
INCOME BEFORE INCOME TAXES AND EQUITY INVESTMENTS	603	591
Income taxes	169	163
INCOME BEFORE EQUITY INVESTMENTS	434	428
Income from equity investments	10	11
NET INCOME (INCLUDING NONCONTROLLING INTERESTS)	444	439
Less: noncontrolling interests	(15)	(14)
NET INCOME - PRAXAIR, INC.	\$ 429	\$ 425
PER SHARE DATA - PRAXAIR, INC. SHAREHOLDERS		
Basic earnings per share	\$ 1.43	\$ 1.40
Diluted earnings per share	\$ 1.42	\$ 1.38
Cash dividends per share	\$ 0.55	\$ 0.50
WEIGHTED AVERAGE SHARES OUTSTANDING (000 s):		
Basic shares outstanding	298,885	303,709
Diluted shares outstanding	302,492	308,253

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

Table of Contents**PRAXAIR, INC. AND SUBSIDIARIES****CONSOLIDATED STATEMENTS OF INCOME**

(Millions of dollars, except per share data)

(UNAUDITED)

	Six Months Ended June 30,	
	2012	2011
SALES	\$ 5,651	\$ 5,560
Cost of sales, exclusive of depreciation and amortization	3,218	3,176
Selling, general and administrative	645	617
Depreciation and amortization	499	498
Research and development	49	45
Other income (expense) - net	23	(6)
OPERATING PROFIT	1,263	1,218
Interest expense - net	70	71
INCOME BEFORE INCOME TAXES AND EQUITY INVESTMENTS	1,193	1,147
Income taxes	334	319
INCOME BEFORE EQUITY INVESTMENTS	859	828
Income from equity investments	17	20
NET INCOME (INCLUDING NONCONTROLLING INTERESTS)	876	848
Less: noncontrolling interests	(28)	(25)
NET INCOME - PRAXAIR, INC.	\$ 848	\$ 823
PER SHARE DATA - PRAXAIR, INC. SHAREHOLDERS		
Basic earnings per share	\$ 2.84	\$ 2.71
Diluted earnings per share	\$ 2.80	\$ 2.67
Cash dividends per share	\$ 1.10	\$ 1.00
WEIGHTED AVERAGE SHARES OUTSTANDING (000 s):		
Basic shares outstanding	298,981	303,890
Diluted shares outstanding	302,657	308,460

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

Table of Contents**PRAXAIR, INC. AND SUBSIDIARIES****CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)**

(Millions of dollars)

(UNAUDITED)

	Quarter Ended June 30,	
	2012	2011
NET INCOME (INCLUDING NONCONTROLLING INTERESTS)	\$ 444	\$ 439
OTHER COMPREHENSIVE INCOME (LOSS) (Net of Tax)		
Translation adjustments (Note 12)	(548)	133
Derivative instruments (Note 4)	4	(1)
Funded status - retirement obligations (Note 9)	9	(8)
COMPREHENSIVE INCOME (LOSS) (INCLUDING NONCONTROLLING INTERESTS)	(91)	563
Less: noncontrolling interests		(19)
COMPREHENSIVE INCOME (LOSS) - PRAXAIR, INC.	\$ (91)	\$ 544
	Six Months Ended June 30,	
	2012	2011
NET INCOME (INCLUDING NONCONTROLLING INTERESTS)	\$ 876	\$ 848
OTHER COMPREHENSIVE INCOME (LOSS) (Net of Tax)		
Translation adjustments (Note 12)	(276)	363
Derivative instruments (Note 4)	5	
Funded status - retirement obligations (Note 9)	16	(5)
COMPREHENSIVE INCOME (INCLUDING NONCONTROLLING INTERESTS)	621	1,206
Less: noncontrolling interests	(19)	(40)
COMPREHENSIVE INCOME - PRAXAIR, INC.	\$ 602	\$ 1,166

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

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PRAXAIR, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS

(Dollar amounts in millions)

(UNAUDITED)

	June 30, 2012	December 31, 2011
ASSETS		
Cash and cash equivalents	\$ 104	\$ 90
Accounts receivable - net	1,843	1,795
Inventories	469	456
Prepaid and other current assets	236	266
TOTAL CURRENT ASSETS	2,652	2,607
Property, plant and equipment (less accumulated depreciation of \$10,719 in 2012 and \$10,497 in 2011)	10,466	10,131
Goodwill	2,353	2,372
Other intangible assets - net	152	167
Other long-term assets	1,065	1,079
TOTAL ASSETS	\$ 16,688	\$ 16,356
LIABILITIES AND EQUITY		
Accounts payable	\$ 896	\$ 896
Short-term debt	125	337
Current portion of long-term debt	909	387
Other current liabilities	798	915
TOTAL CURRENT LIABILITIES	2,728	2,535
Long-term debt	5,961	5,838
Other long-term liabilities	1,873	1,966
TOTAL LIABILITIES	10,562	10,339
Commitments and contingencies (Note 10)		
Redeemable noncontrolling interests (Note 12)	232	220
Praxair, Inc. Shareholders' Equity:		
Common stock \$0.01 par value, authorized - 800,000,000 shares, issued 2012 - 382,968,729 shares and 2011 - 382,854,272 shares	4	4
Additional paid-in capital	3,835	3,809
Retained earnings	9,024	8,510
Accumulated other comprehensive income (loss)	(1,992)	(1,746)
Treasury stock, at cost (2012 - 84,797,221 shares and 2011 - 84,324,255 shares)	(5,256)	(5,089)
Total Praxair, Inc. Shareholders' Equity	5,615	5,488
Noncontrolling interests	279	309