

PRAXAIR INC
Form 10-Q
April 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 March 31, 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 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 March 31, 2012, 298,689,341 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)

	Three Months Ended March 31,	
	2012	2011
SALES	\$ 2,840	\$ 2,702
Cost of sales, exclusive of depreciation and amortization	1,616	1,536
Selling, general and administrative	335	308
Depreciation and amortization	252	244
Research and development	24	22
Other income (expense) - net	14	(1)
OPERATING PROFIT	627	591
Interest expense - net	37	35
INCOME BEFORE INCOME TAXES AND EQUITY INVESTMENTS	590	556
Income taxes	165	156
INCOME BEFORE EQUITY INVESTMENTS	425	400
Income from equity investments	7	9
NET INCOME (INCLUDING NONCONTROLLING INTERESTS)	432	409
Less: noncontrolling interests	(13)	(11)
NET INCOME - PRAXAIR, INC.	\$ 419	\$ 398
PER SHARE DATA - PRAXAIR, INC. SHAREHOLDERS		
Basic earnings per share	\$ 1.40	\$ 1.31
Diluted earnings per share	\$ 1.38	\$ 1.29
Cash dividends per share	\$ 0.55	\$ 0.50
WEIGHTED AVERAGE SHARES OUTSTANDING (000 s):		
Basic shares outstanding	299,077	304,071
Diluted shares outstanding	302,876	308,595

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

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

(Millions of dollars)

(UNAUDITED)

	Quarter Ended March 31,	
	2012	2011
NET INCOME (INCLUDING NONCONTROLLING INTERESTS)	\$ 432	\$ 409
OTHER COMPREHENSIVE INCOME (Net of Tax)		
Translation adjustments (Note 12)	272	230
Derivative instruments (Note 4)	1	1
Funded status - retirement obligations (Note 9)	7	3
COMPREHENSIVE INCOME (INCLUDING NONCONTROLLING INTERESTS)	712	643
Less: noncontrolling interests	(19)	(21)
COMPREHENSIVE INCOME - PRAXAIR, INC.	\$ 693	\$ 622

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)

	March 31, 2012	December 31, 2011
ASSETS		
Cash and cash equivalents	\$ 107	\$ 90
Accounts receivable - net	1,934	1,795
Inventories	482	456
Prepaid and other current assets	239	266
TOTAL CURRENT ASSETS	2,762	2,607
Property, plant and equipment (less accumulated depreciation of \$10,855 in 2012 and \$10,497 in 2011)	10,523	10,131
Goodwill	2,413	2,372
Other intangible assets - net	165	167
Other long-term assets	1,124	1,079
TOTAL ASSETS	\$ 16,987	\$ 16,356
LIABILITIES AND EQUITY		
Accounts payable	\$ 919	\$ 896
Short-term debt	256	337
Current portion of long-term debt	180	387
Other current liabilities	799	915
TOTAL CURRENT LIABILITIES	2,154	2,535
Long-term debt	6,420	5,838
Other long-term liabilities	1,914	1,966
TOTAL LIABILITIES	10,488	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 - 382,911,932 shares and 2011 - 382,854,272 shares	4	4
Additional paid-in capital	3,808	3,809
Retained earnings	8,762	8,510
Accumulated other comprehensive income (loss)	(1,472)	(1,746)
Treasury stock, at cost (2012 - 84,222,591 shares and 2011 - 84,324,255 shares)	(5,162)	(5,089)
Total Praxair, Inc. Shareholders' Equity	5,940	5,488
Noncontrolling interests	327	309

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TOTAL EQUITY	6,267	5,797
TOTAL LIABILITIES AND EQUITY	\$ 16,987	\$ 16,356

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

Table of Contents**PRAXAIR, INC. AND SUBSIDIARIES****CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**

(Millions of dollars)

(UNAUDITED)

	Three Months Ended March 31,	
	2012	2011
OPERATIONS		
Net income - Praxair, Inc.	\$ 419	\$ 398
Noncontrolling interests	13	11
Net income (including noncontrolling interests)	432	409
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	252	244
Deferred income taxes	69	34
Share-based compensation	17	14
Accounts receivable	(143)	(178)
Inventory	(31)	(17)
Prepaid and other current assets	4	(4)
Payables and accruals	(95)	(143)
Pension contributions	(106)	(8)
Long-term assets, liabilities and other	3	8
Net cash provided by operating activities	402	359
INVESTING		
Capital expenditures	(483)	(334)
Acquisitions, net of cash acquired	(12)	
Divestitures and asset sales	64	30
Net cash used for investing activities	(431)	(304)
FINANCING		
Short-term debt borrowings (repayments) - net	(88)	(46)
Long-term debt borrowings	596	506
Long-term debt repayments	(230)	(197)
Issuances of common stock	73	77
Purchases of common stock	(175)	(215)
Cash dividends - Praxair, Inc. shareholders	(164)	(152)
Excess tax benefit on share-based compensation	32	18
Noncontrolling interest transactions and other		(1)
Net cash (used for) provided by financing activities	44	(10)
Effect of exchange rate changes on cash and cash equivalents	2	2