

PRAXAIR INC  
Form 10-Q  
October 28, 2009  
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**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**  
**WASHINGTON, D.C. 20549**  
**FORM 10-Q**

x **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**  
For the quarterly period ended September 30, 2009

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)

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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 September 30, 2009, 306,809,303 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)

	<b>Quarter Ended September 30,</b>	
	<b>2009</b>	<b>2008</b>
<b>SALES</b>	<b>\$ 2,288</b>	<b>\$ 2,852</b>
Cost of sales, exclusive of depreciation and amortization	1,277	1,734
Selling, general and administrative	284	341
Depreciation and amortization	217	218
Research and development	20	24
Brazil tax amnesty program and other charges	306	
Other income (expense) - net	(10)	9
<b>OPERATING PROFIT</b>	<b>174</b>	<b>544</b>
Interest expense - net	32	50
<b>INCOME BEFORE INCOME TAXES AND EQUITY INVESTMENTS</b>	<b>142</b>	<b>494</b>
Income taxes	(187)	139
<b>INCOME BEFORE EQUITY INVESTMENTS</b>	<b>329</b>	<b>355</b>
Income from equity investments	7	11
<b>NET INCOME (INCLUDING NONCONTROLLING INTERESTS)</b>	<b>336</b>	<b>366</b>
Less: noncontrolling interests	(11)	(11)
<b>NET INCOME - PRAXAIR, INC.</b>	<b>\$ 325</b>	<b>\$ 355</b>
<b>PER SHARE DATA - PRAXAIR, INC. SHAREHOLDERS</b>		
Basic earnings per share	\$ 1.06	\$ 1.13
Diluted earnings per share	\$ 1.04	\$ 1.11
Cash dividends per share	\$ 0.40	\$ 0.375
<b>WEIGHTED AVERAGE SHARES OUTSTANDING (000 s):</b>		
Basic shares outstanding	307,360	313,749
Diluted shares outstanding	312,182	319,505

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)

	<b>Nine Months Ended September 30,</b>	
	<b>2009</b>	<b>2008</b>
<b>SALES</b>	\$ 6,549	\$ 8,393
Cost of sales, exclusive of depreciation and amortization	3,662	5,077
Selling, general and administrative	814	1,017
Depreciation and amortization	623	644
Research and development	56	72
Brazil tax amnesty program and other charges	306	17
Other income (expense) - net	(25)	3
<b>OPERATING PROFIT</b>	<b>1,063</b>	<b>1,569</b>
Interest expense - net	100	149
<b>INCOME BEFORE INCOME TAXES AND EQUITY INVESTMENTS</b>	<b>963</b>	<b>1,420</b>
Income taxes	36	398
<b>INCOME BEFORE EQUITY INVESTMENTS</b>	<b>927</b>	<b>1,022</b>
Income from equity investments	18	28
<b>NET INCOME (INCLUDING NONCONTROLLING INTERESTS)</b>	<b>945</b>	<b>1,050</b>
Less: noncontrolling interests	(31)	(39)
<b>NET INCOME - PRAXAIR, INC.</b>	<b>\$ 914</b>	<b>\$ 1,011</b>
<b>PER SHARE DATA - PRAXAIR, INC. SHAREHOLDERS</b>		
Basic earnings per share	\$ 2.97	\$ 3.22
Diluted earnings per share	\$ 2.93	\$ 3.15
Cash dividends per share	\$ 1.20	\$ 1.125
<b>WEIGHTED AVERAGE SHARES OUTSTANDING (000 s):</b>		
Basic shares outstanding	307,712	314,332
Diluted shares outstanding	312,185	320,719

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

**Table of Contents****PRAXAIR, INC. AND SUBSIDIARIES****CONDENSED CONSOLIDATED BALANCE SHEETS**

(Millions of dollars)

(UNAUDITED)

	September 30, 2009	December 31, 2008
<b>ASSETS</b>		
Cash and cash equivalents	\$ 65	\$ 32
Accounts receivable - net	1,629	1,604
Inventories	398	445
Prepaid and other current assets	207	220
<b>TOTAL CURRENT ASSETS</b>	<b>2,299</b>	<b>2,301</b>
Property, plant and equipment (less accumulated depreciation of \$9,246 at September 30, 2009 and \$8,341 at December 31, 2008)	8,807	7,922
Goodwill	2,057	1,909
Other intangible assets - net	144	121
Other long-term assets	864	801
<b>TOTAL ASSETS</b>	<b>\$ 14,171</b>	<b>\$ 13,054</b>
<b>LIABILITIES AND EQUITY</b>		
Accounts payable	\$ 717	\$ 820
Short-term debt	242	642
Current portion of long-term debt	266	674
Other current liabilities	810	843
<b>TOTAL CURRENT LIABILITIES</b>	<b>2,035</b>	<b>2,979</b>
Long-term debt	4,727	3,709
Other long-term obligations	2,002	2,055
<b>TOTAL LIABILITIES</b>	<b>8,764</b>	<b>8,743</b>
<b>Commitments and contingencies (Note 11)</b>		
<b>Praxair, Inc. Shareholders' Equity:</b>		
Common stock \$0.01 par value, authorized - 800,000,000, shares, issued 2009 - 378,698,584 shares and 2008 - 377,026,109 shares	4	4
Additional paid-in capital	3,422	3,328
Retained earnings	6,615	6,068
Accumulated other comprehensive income (loss)	(1,205)	(1,768)
Treasury stock, at cost (2009 - 71,889,281 shares and 2008 - 70,164,741 shares)	(3,751)	(3,623)
<b>Total Praxair, Inc. Shareholders' Equity</b>	<b>5,085</b>	<b>4,009</b>
Noncontrolling interests	322	302
<b>TOTAL EQUITY</b>	<b>5,407</b>	<b>4,311</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>\$ 14,171</b>	<b>\$ 13,054</b>

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)

	<b>Nine Months Ended September 30,</b>	
	<b>2009</b>	<b>2008</b>
<b>OPERATIONS</b>		
Net income - Praxair, Inc.	\$ 914	\$ 1,011
Noncontrolling interests	31	39
Net income (including noncontrolling interests)	\$ 945	\$ 1,050
Adjustments to reconcile net income to net cash provided by operating activities:		
Brazil tax amnesty program and other charges	306	17
Depreciation and amortization	623	644
Deferred income taxes	(251)	27
Share-based compensation	30	34
Accounts receivable	(10)	(109)
Inventory	37	(22)
Prepaid and other current assets	20	(36)
Payables and accruals	(232)	36
Pension contributions	(123)	(14)
Other	114	(229)
Net cash provided by operating activities	1,459	1,398
<b>INVESTING</b>		
Capital expenditures	(997)	(1,129)
Acquisitions, net of cash acquired	(128)	(105)
Divestitures and asset sales	20	48
Net cash used for investing activities	(1,105)	(1,186)
<b>FINANCING</b>		
Short-term debt borrowings - net	(436)	525
Long-term debt borrowings	1,846	972
Long-term debt repayments	(1,275)	(677)
Issuances of common stock	68	176
Purchases of common stock	(145)	(891)