

PRAXAIR INC
Form 10-Q
October 30, 2013
Table of Contents

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 September 30, 2013

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)

(203) 837-2000

(Registrant's telephone number, including area code)

06810-5113

(Zip 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 September 30, 2013, 294,363,397 shares of common stock (\$0.01 par value) of the Registrant were outstanding.

Table of Contents

INDEX

PART I - FINANCIAL INFORMATION

Item 1.	<u>Financial Statements</u>	
	<u>Consolidated Statements of Income - Praxair, Inc. and Subsidiaries Quarters Ended September 30, 2013 and 2012 (Unaudited)</u>	<u>3</u>
	<u>Consolidated Statements of Income - Praxair, Inc. and Subsidiaries Nine Months Ended September 30, 2013 and 2012 (Unaudited)</u>	<u>4</u>
	<u>Consolidated Statements of Comprehensive Income - Praxair, Inc. and Subsidiaries Quarters Ended September 30, 2013 and 2012 (Unaudited)</u>	<u>5</u>
	<u>Consolidated Statements of Comprehensive Income - Praxair, Inc. and Subsidiaries Nine Months Ended September 30, 2013 and 2012 (Unaudited)</u>	<u>6</u>
	<u>Condensed Consolidated Balance Sheets - Praxair, Inc. and Subsidiaries September 30, 2013 and December 31, 2012 (Unaudited)</u>	<u>7</u>
	<u>Condensed Consolidated Statements of Cash Flows - Praxair, Inc. and Subsidiaries Nine Months Ended September 30, 2013 and 2012 (Unaudited)</u>	<u>8</u>
	<u>Notes to Condensed Consolidated Financial Statements - Praxair, Inc. and Subsidiaries (Unaudited)</u>	<u>9</u>
Item 2.	<u>Management’s Discussion and Analysis of Financial Condition and Results of Operations</u>	<u>27</u>
Item 3.	<u>Quantitative and Qualitative Disclosures about Market Risk</u>	<u>49</u>
Item 4.	<u>Controls and Procedures</u>	<u>49</u>
<u>PART II - OTHER INFORMATION</u>		
Item 1.	<u>Legal Proceedings</u>	<u>50</u>
Item 1A.	<u>Risk Factors</u>	<u>50</u>
Item 2.	<u>Unregistered Sales of Equity Securities and Use of Proceeds</u>	<u>54</u>
Item 3.	<u>Defaults Upon Senior Securities</u>	<u>54</u>
Item 4.	<u>Mine Safety Disclosures</u>	<u>54</u>
Item 5.	<u>Other Information</u>	<u>54</u>
Item 6.	<u>Exhibits</u>	<u>55</u>
	<u>Signature</u>	<u>56</u>

Table of Contents

PRAXAIR, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME
(Millions of dollars, except per share data)
(UNAUDITED)

	Quarter Ended September	
	30,	
	2013	2012
SALES	\$3,013	\$2,774
Cost of sales, exclusive of depreciation and amortization	1,697	1,595
Selling, general and administrative	336	306
Depreciation and amortization	281	248
Research and development	24	24
Venezuela currency devaluation and other charges	9	65
Other income (expense) - net	4	22
OPERATING PROFIT	670	558
Interest expense - net	41	36
INCOME BEFORE INCOME TAXES AND EQUITY INVESTMENTS	629	522
Income taxes	175	90
INCOME BEFORE EQUITY INVESTMENTS	454	432
Income from equity investments	8	8
NET INCOME (INCLUDING NONCONTROLLING INTERESTS)	462	440
Less: noncontrolling interests	(17) (10
NET INCOME - PRAXAIR, INC.	\$445	\$430
PER SHARE DATA - PRAXAIR, INC. SHAREHOLDERS		
Basic earnings per share	\$1.51	\$1.44
Diluted earnings per share	\$1.49	\$1.43
Cash dividends per share	\$0.60	\$0.55
WEIGHTED AVERAGE SHARES OUTSTANDING (000's):		
Basic shares outstanding	295,124	298,416
Diluted shares outstanding	298,357	301,731
The accompanying notes are an integral part of these financial statements.		

Table of Contents

CONSOLIDATED STATEMENTS OF INCOME

(Millions of dollars, except per share data)

(UNAUDITED)

	Nine Months Ended September 30,	
	2013	2012
SALES	\$8,915	\$8,425
Cost of sales, exclusive of depreciation and amortization	5,045	4,813
Selling, general and administrative	1,017	951
Depreciation and amortization	822	747
Research and development	72	73
Venezuela currency devaluation and other charges	32	65
Other income (expense) - net	8	45
OPERATING PROFIT	1,935	1,821
Interest expense - net	122	106
INCOME BEFORE INCOME TAXES AND EQUITY INVESTMENTS	1,813	1,715
Income taxes	513	424
INCOME BEFORE EQUITY INVESTMENTS	1,300	1,291
Income from equity investments	29	25
NET INCOME (INCLUDING NONCONTROLLING INTERESTS)	1,329	1,316
Less: noncontrolling interests	(48) (38
NET INCOME - PRAXAIR, INC.	\$1,281	\$1,278
PER SHARE DATA - PRAXAIR, INC. SHAREHOLDERS		
Basic earnings per share	\$4.33	\$4.28
Diluted earnings per share	\$4.28	\$4.23
Cash dividends per share	\$1.80	\$1.65
WEIGHTED AVERAGE SHARES OUTSTANDING (000's):		
Basic shares outstanding	295,799	298,793
Diluted shares outstanding	299,077	302,352

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

Table of Contents

PRAXAIR, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Millions of dollars)
(UNAUDITED)

	Quarter Ended September 30,	
	2013	2012
NET INCOME (INCLUDING NONCONTROLLING INTERESTS)	\$462	