

PRAXAIR INC  
Form 11-K  
June 15, 2009  
Table of Contents

**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

**Form 11-K**

**ANNUAL REPORT PURSUANT TO SECTION 15 (d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended December 31, 2008

OR

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

For the transition period from            to

Commission File Number 1-11037

A. Full title of the Plan and the address of the Plan, if different from that of the issuer named below:

**The Savings Program for Employees of Praxair Puerto Rico B.V. and**

## **Its Participating Subsidiary Companies**

**P.O. Box 307**

**Gurabo, Puerto Rico 00778**

- B. Name of issuer of the securities held pursuant to the Plan and the address of its principal executive office:  
Praxair, Inc.**

**39 Old Ridgebury Road**

**Danbury, Connecticut 06810-5113**

**Table of Contents**

**The Savings Program for Employees of Praxair Puerto Rico B.V. and  
Its Participating Subsidiary Companies**

**Index**

	<b>Page</b>
<u>Report of Independent Registered Public Accounting Firm</u>	3
Financial Statements	
<u>Statements of Net Assets Available for Benefits as of December 31, 2008 and 2007</u>	4
<u>Statement of Changes in Net Assets Available for Benefits for the Year Ended December 31, 2008</u>	5
<u>Notes to Financial Statements</u>	6-11
Supplemental Financial Schedules	
<u>Schedule H, line 4i Schedule of Assets (Held at End of Year) as of December 31, 2008</u>	12
<u>Schedule of Late Remittances for the Year Ended December 31, 2008</u>	13
<u>Signature</u>	14
<u>Consent of Independent Registered Public Accounting Firm</u>	15
All other schedules required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974 have been omitted because they are not applicable.	

**Table of Contents**

**Report of Independent Registered Public Accounting Firm**

To the Participants and Administrator of

The Savings Program for Employees of Praxair Puerto Rico B.V. and

Its Participating Subsidiary Companies

Gurabo, Puerto Rico

We have audited the accompanying statements of net assets available for benefits of The Savings Program for Employees of Praxair Puerto Rico B.V. and Its Participating Subsidiary Companies (the Plan ) as of December 31, 2008 and 2007, and the related statement of changes in net assets available for benefits for the year ended December 31, 2008. These financial statements are the responsibility of the Plan s management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Plan s internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets available for benefits of the Plan as of December 31, 2008 and 2007, and the changes in net assets available for benefits for the year ended December 31, 2008 in conformity with accounting principles generally accepted in the United States of America.

Our audits were performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental schedules delinquent contributions and assets (held at end of year) are presented for the purpose of additional analysis and are not a required part of the basic financial statements, but are supplementary information required by the Department of Labor s Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. These supplemental schedules are the responsibility of the Plan s management. The supplemental schedules have been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

/s/ BDO Seidman, LLP

Philadelphia, Pennsylvania

June 15, 2009

**Table of Contents****The Savings Program for Employees of Praxair Puerto Rico B.V. and Its****Participating Subsidiary Companies****Statements of Net Assets Available for Benefits****As of December 31, 2008 and 2007**

	<b>December 31,</b>	
	<b>2008</b>	<b>2007</b>
<b>Assets:</b>		
Investments, at fair value (Note 4)	\$ 3,417,112	\$ 4,958,390
Participant loans	465,319	506,522
 Total Investments	 3,882,431	 5,464,912
<b>Receivables:</b>		
Employer contributions	1,000	25,901
Participant contributions	2,174	2,775
Due from broker	13,999	
Dividends & interest	1,388	57
 Total Receivables	 18,561	 28,733
<b>Total Assets</b>	<b>3,900,992</b>	<b>5,493,645</b>
<b>Liabilities:</b>		
Contribution payable	2,722	1,463
 <b>Net Assets Available for Benefits</b>	 <b>\$ 3,898,270</b>	 <b>\$ 5,492,182</b>

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

**Table of Contents****The Savings Program for Employees of Praxair Puerto Rico B.V. and Its****Participating Subsidiary Companies****Statement of Changes in Net Assets Available for Benefits****For the Year Ended December 31, 2008****Additions to (Deductions from) Net Assets**

## Contributions:

Participants	\$ 258,500
Employer	117,072

<b>Total Contributions</b>	<b>375,572</b>
----------------------------	----------------

## Investment income (loss):

Net depreciation in fair value of investments (Note 4)	(1,660,208)
Interest and dividends	141,801
Interest on participant loans	44,504

Net Investment Loss	(1,473,903)
---------------------	-------------

Benefit payments	(495,581)
------------------	-----------

<b>Decrease in Net Assets</b>	<b>(1,593,912)</b>
-------------------------------	--------------------

**Net Assets Available for Benefits**

Beginning of year	5,492,182
-------------------	-----------

End of year	\$ 3,898,270
-------------	--------------

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

## **Table of Contents**

### **The Savings Program for Employees of Praxair Puerto Rico B.V. and Its**

#### **Participating Subsidiary Companies**

#### **Notes to the Financial Statements**

#### **December 31, 2008 and 2007**

#### **Note 1 - Inception of the Plan**

The Savings Program for Employees of Praxair Puerto Rico B.V. and Its Participating Subsidiary Companies (the Plan) was established on March 1, 1995 by Praxair Puerto Rico B.V. (the Company).

#### **Note 2 - Description of the Plan**

The Plan is a tax-qualified retirement plan. The following is a general description of the Plan. Participants should refer to the Plan document for a complete description of the Plan's provisions. The following information may not apply to employees covered under bargaining unit agreements if unionization were to occur.

#### **General**

The Plan is a defined contribution plan and is administered by the Administrative Committee of The Savings Program for Employees of Praxair Puerto Rico B.V. and Its Participating Subsidiary Companies (the Administrator). The Trustee and recordkeeper of the Plan's assets is Banco Popular de Puerto Rico. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA).

#### **Eligibility**

An employee of the Company is eligible to participate in the Plan if he or she is a minimum of 18 years of age and has completed 90 days of service.

#### **Contributions**

Participant contributions to the Plan are made through payroll deductions. Plan participants generally may elect to contribute up to 10% of their eligible compensation on either a before-tax and/or after-tax basis. Participants' before-tax contributions are limited to an annual statutory amount, which amounted to \$8,000 in 2008 and 2007.

Effective February 1, 2008, participants who reach age 50 by the close of the Plan year are eligible to make catch-up contributions. Catch-up contributions are limited to \$1,000 per Plan year (or such other limit as may be imposed through amendment to the Puerto Rico Internal Revenue Code of 1994 (PRIRC)). No matching contributions will be made with respect to such catch up contributions.

The Plan provides for a Company matching contribution equal to 70% of the first 2.5% of a participant's eligible compensation contributed to the Plan and 40% of the next 2.51% to 7.5% of the participant's eligible compensation contributed to the Plan. Effective January 31, 2008, Company matching contributions to the Plan are made in cash and are invested in accordance with each participant's investment direction. Prior to January 31, 2008, the Company's matching contributions were made to participant's accounts in the form of Praxair common stock.

Plan participants are permitted to direct the investments of their account balance among any available investment options under the Plan.

#### **Vesting**

Employees are fully vested at all times in their own contributions, company matching contributions, and rollover contributions. In the event of termination of employment from the Company, Plan participants receive all amounts credited to their accounts.





**Table of Contents**

**The Savings Program for Employees of Praxair Puerto Rico B.V. and Its**

**Participating Subsidiary Companies**

**Notes to the Financial Statements**

**December 31, 2008 and 2007**

**Investment Options**

Plan participants may direct the investment of their Plan accounts among various investment options offered by the Plan listed below.

Mutual Funds

Cash Equivalents

Praxair, Inc. Common Stock

**Withdrawals and Distributions**

Plan participants may withdraw after-tax contributions from their account balances while working and, in limited cases (as defined in the Plan's provisions), may withdraw before-tax contributions. Mandatory distributions from the Plan are required starting no later than April 1 of the year following the year in which a participant attains age 70 1/2 or retires from service with the Company, whichever is later. Optional distributions may begin at 59 1/2.

**Loans**

The Plan generally permits participants to borrow from their accounts up to the lesser of \$50,000 or 50% of their vested account balances. Certain other restrictions apply, as defined in the Plan's provisions. Participants are permitted to have only one loan outstanding at any time.

Loans may be repaid during fixed terms not to exceed five years (thirty years if used to purchase a primary residence). Principal and interest is paid ratably through payroll deductions. The loans are collateralized by the balance in the participant's account and bear interest at a fixed rate since Plan inception of 9% for 2008 and 2007.

**Unclaimed Benefits and Forfeitures**

The benefit payable on behalf of a participant who cannot be located by the Administrator is forfeited at such time as the Administrator has made the determination. However, the forfeiture will be restored to the Plan by the Administrator if such participant subsequently makes a valid claim for the benefit.

**Note 3 - Summary of Significant Accounting Policies**

**Method of Accounting**

The financial statements of the Plan are prepared under the accrual method of accounting.

## **Table of Contents**

### **The Savings Program for Employees of Praxair Puerto Rico B.V. and Its**

### **Participating Subsidiary Companies**

### **Notes to the Financial Statements**

### **December 31, 2008 and 2007**

### **New Accounting Pronouncement**

Effective January 1, 2008, the Plan adopted SFAS No. 157, Fair Value Measurements ( SFAS No. 157 ), which defines the method of determining fair value and requires additional disclosure about the use of fair value to measure assets and liabilities on a market-based exit price methodology. Adoption of SFAS No. 157 did not have a material impact on the Plan's financial statements. See Note 5 for the required disclosures.

### **Payment of Benefits**

Benefits are recorded when paid.

### **Participants' Account Activity**

Participants' accounts are credited with participant contributions, contributions from the Company and an allocation of Plan earnings, based on participants' account balances, and charged for withdrawals.

### **Investment Valuation and Income Recognition**

Plan investments are reported at fair value which is determined based upon quoted market prices or using observable market based inputs, other than quoted market prices, for similar investments. Funds are valued on a daily basis. Shares of mutual funds are valued at the net asset value of shares held by the Plan at year-end. Loans to participants are carried at outstanding balances which approximates fair value.

Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date.

The Plan presents in the Statement of Changes in Net Assets Available for Benefits, the net appreciation (depreciation) in the fair value of its investments, which consists of the realized gains or losses and the unrealized appreciation (depreciation) on those investments.

### **Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amount of income and expenses during the reporting period. Actual results could differ from those estimates.

### **Risks and Uncertainties**

The Plan provides for various investment options that invest in any combination of stocks, bonds, and fixed income securities and other investment securities. These investment securities are exposed to various risks, such as interest rate, market and credit risks. Due to the level of risk and uncertainty associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect participants' account balances and the amounts reported in the Statements of Net Assets Available for Benefits.



**Table of Contents**

**The Savings Program for Employees of Praxair Puerto Rico B.V. and Its**

**Participating Subsidiary Companies**

**Notes to the Financial Statements**

**December 31, 2008 and 2007**

**Contribution Payable**

The Plan is required to return contributions received during the Plan year in excess of the limit established by the PRIRC.

**Note 4 - Investments**

Individual investments held by the Plan that exceed five percent or more of the Plan's net assets available for benefits at December 31, 2008 and 2007, respectively, are noted below:

	<b>2008</b>	<b>2007</b>
Praxair, Inc. Common Stock	\$ 2,501,312	\$ 3,823,933
Participant Loans	465,319	506,522
Pimco Fds Pac Investment Management Service	275,271	*
Eaton Vance Large Cap Value Fund	258,850	418,988
Federated Investor Max-Cap Fund	*	301,845

\* Not applicable, investment amount is below five percent

During 2008, the Plan's investments (including gains and losses on investments bought and sold, as well as held during the year) depreciated in value as follows:

	<b>Year ended December 31, 2008</b>
Praxair, Inc. Common Stock	\$ (1,334,747)
Mutual Funds	(325,461)
	<b>\$ (1,660,208)</b>

**Table of Contents****The Savings Program for Employees of Praxair Puerto Rico B.V. and Its****Participating Subsidiary Companies****Notes to the Financial Statements****December 31, 2008 and 2007****Note 5 - Fair Value Measurements**

Effective January 1, 2008 the Plan adopted SFAS No. 157, *Fair Value Measurements*, which establishes a fair value hierarchy for disclosure of fair value measurements as follows:

Level 1 quoted prices in active markets for identical assets or liabilities

Level 2 quoted prices for similar assets and liabilities in active markets or inputs that are observable

Level 3 inputs that are unobservable (for example cash flow modeling inputs based on assumptions)

The following table summarizes investment assets measured at fair value at December 31, 2008:

	Investment Assets at Fair Value			Total
	Level 1	Level 2	Level 3	
<b>Assets</b>				
Mutual Funds	\$ 765,451	\$ 10,170		\$ 775,621
Cash Equivalents	140,179			140,179
Praxair, Inc. Common Stock	2,501,312			2,501,312
Participant Loans		465,319		465,319
<b>Total</b>	<b>\$ 3,406,942</b>	<b>\$ 475,489</b>		<b>\$ 3,882,431</b>

There are no plan liabilities that are required to be recorded at fair value at December 31, 2008.

**Note 6 - Tax Status**

The Plan qualifies under sections 1165(a), (e), and (g) of the PRIRC and complies with all applicable requirements of both Title I of ERISA and the PRIRC. Although the Plan has been amended since the date it was submitted, the Plan administrator and the Plan's tax counsel believe that in design and operation, it continues to operate in compliance with applicable law.

**Note 7 - Plan Expenses**

Transfer taxes and other costs and expenses, if any, except administrative costs of the Company associated with the sale and transfer of Praxair common stock, are deducted from the sale proceeds or charged to the participant account (for purchases). For the year ended December 31, 2008, the Company paid all costs of Plan administration and expenses of collecting and distributing amounts from and to the participants. Amounts paid by the Company for Plan expenses during the year were immaterial.



**Table of Contents**

**The Savings Program for Employees of Praxair Puerto Rico B.V. and Its**

**Participating Subsidiary Companies**

**Notes to the Financial Statements**

**December 31, 2008 and 2007**

**Note 8 - Parties-in-Interest Transactions**

Certain Plan investments are shares of mutual funds managed by Banco Popular de Puerto Rico. Banco Popular de Puerto Rico is the trustee as defined by the Plan and, therefore, these transactions qualify as party-in-interest transactions. Certain Plan investments include shares of common stock of Praxair, Inc., the Company's parent company, therefore these transactions qualify as party-in-interest transactions.

Participant loans also qualify as party-in-interest transactions.

**Note 9 - Plan Termination**

Although it has not expressed any intent to do so, the Company has the right under the Plan's provisions to terminate the Plan at its sole discretion. Upon such termination, the net assets of the Plan will be distributed or sold exclusively for the benefit of the participants (or their beneficiaries).

**Note 10 - Late Remittances**

During the Plan year ended December 31, 2008, participant contributions in the amount of \$21,723 were not remitted within the appropriate time period by the Company. These transactions constitute prohibited transactions as defined by ERISA. The Company is aware of the occurrence and has taken the appropriate steps to correct the situation.

**Table of Contents****The Savings Program for Employees of Praxair Puerto Rico B.V. and Its****Participating Subsidiary Companies**

EIN: ###-##-####, Plan Number: 001

**Schedule H, line 4i Schedule of Assets (Held at End of Year)**

As of December 31, 2008

(a)	(b)	(c)	(d)	(e)
Identity of issue, borrower, lessor or similar party	par or maturity value	Description of investment including maturity date, rate of interest, collateral,	Cost	Current value
* Praxair, Inc. Common Stock	Stock Fund		**	\$ 2,501,312
Pimco Fds Pac Investment Management Service	Mutual Fund		**	275,271
Eaton Vance Large Cap Value Fund	Mutual Fund		**	258,850
Federated Investor Max-Cap Fund	Mutual Fund		**	184,132
Federated Government Obligations	Cash Equivalent		**	103,167
* Banco Popular Puerto Rico Time Deposit	Cash Equivalent		**	37,012
Wells Fargo Advantage Government Sec Fund	Mutual Fund		**	15,800
Loomis Sayles Small Cap Value Fund	Mutual Fund		**	14,135
Harbor Capital Appreciation Fund	Mutual Fund		**	10,188
Artio Intl Equity Fund A	Mutual Fund		**	7,074
T Rowe Price Retirement 2010 Fund	Mutual Fund		**	6,265
T Rowe Price Retirement 2030 Fund	Mutual Fund		**	3,556
T Rowe Price Retirement 2020 Fund	Mutual Fund		**	350
				3,417,112
* Participant Loans	Interest rate of 9%; various maturities		**	465,319
				\$ 3,882,431
Total investments, at fair value				\$ 3,882,431

\* Party-in-interest

\*\* Cost information is not required for participant directed investments and therefore, is not included.



**Table of Contents**

**The Savings Program for Employees of Praxair Puerto Rico B.V. and Its**

**Participating Subsidiary Companies**

**EIN: ###-##-####, Plan Number: 001**

**Schedule of Late Remittances**

**For the Year-Ended December 31, 2008**

Participant contributions and loan repayments Transferred late to the Plan	Amounts Not Corrected	Amounts Corrected Outside VFCP (Voluntary Fiduciary Correction Program)		Amounts Pending Correction or in VFCP	Total Fully Corrected Under VFCP and PTE 2002-51
		Correction			
\$ 21,723	N/A	\$ 21,723		\$ 25	N/A

**Table of Contents**

**Signature**

Pursuant to the requirements of the Securities Exchange Act of 1934, the Administrator of the Plan has duly caused this annual report to be signed on its behalf by the undersigned thereunto duly authorized.

**The Savings Program for Employees of Praxair Puerto Rico B.V. and Its Participating Subsidiary Companies**

Date: June 15, 2009

By: /s/ Juan Pelaez  
Juan Pelaez, Managing Director, Praxair Puerto  
Rico, Inc. and member of Administrative  
Committee of The Savings Program for Employees  
of Praxair Puerto Rico B.V. and Its Participating  
Subsidiary Companies

(On behalf of the Plan)

**Table of Contents**

**CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

Praxair Puerto Rico B.V. and Its Participating Subsidiary Companies

Gurabo, Puerto Rico

We hereby consent to the incorporation by reference in the Registration Statement on Form S-8 (Nos. 33-87274, 33-48478 and 333-81248) of our report dated June 15, 2009, relating to the financial statements and supplemental schedule of The Savings Program for Employees of Praxair Puerto Rico B.V. and Its Participating Subsidiary Companies appearing in this Form 11-K for the year ended December 31, 2008.

/s/ BDO Seidman, LLP

Philadelphia, Pennsylvania

June 15, 2009