News Release

Praxair, Inc.
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PRAXAIR REPORTS FOURTH-QUARTER EARNINGS PER SHARE OF 85 CENTS

DANBURY, Conn., January 29, 2003 -- Praxair, Inc. (NYSE:PX) reported fourth-quarter 2002 net income of $140 million and diluted earnings per share of 85 cents, up from $118 million and 72 cents per share in the prior-year quarter. Earnings per share grew 18% on a reported basis, and 10% excluding the favorable effect of a change in goodwill accounting.

Sales for the quarter were $1,297 million versus $1,238 million in 2001. Sales grew 5% on a reported basis, and 7% excluding the impact of currency and natural gas price changes. Operating profit for the period was $227 million, versus $208 million in the 2001 quarter.

For the full year 2002, Praxair reported net income of $548 million, or diluted earnings per share of $3.33, before the effect of adopting a change in goodwill accounting. In the prior year, net income was $432 million, including the effect of special charges. On a comparable basis, excluding the effects of this charge and changes in accounting for goodwill, net income and earnings per share grew by 5% and 4%, respectively. Full-year sales were $5,128 million versus $5,158 million in 2001. Excluding the impact of fluctuating currencies and natural gas prices, sales were 3% higher. Full-year operating profit was $923 million, reflecting growth on a comparable basis of 2%.

Commenting on the results, Dennis H. Reilley, chairman and chief executive officer, said, "Weak global economic conditions posed challenges for all of our businesses throughout the year. However, we achieved record operating results in 2002 due to our intense customer focus, which allowed us to gain new business in many markets, while continuing to drive productivity and maintaining our capital discipline."

In the fourth quarter, overall sales in North America were up 7% from the prior year (5% excluding natural gas), reflecting higher levels of product volume sold to customers in our traditional business, and additional growth from healthcare and refinery hydrogen. Segment operating profit rose 10% (6% excluding the change in goodwill accounting).

In Europe, sales grew 18% and operating profit 26%, due to strong volume growth, productivity, and the stronger Euro. In Asia, sales and operating profit were both higher than the year-ago quarter due to new business and the consolidation of a joint venture in China. Sales in South America declined 19% as a result of currency devaluation, which more than offset higher volumes. Operating profit was slightly higher, due to cost controls, pricing initiatives, and the change in goodwill accounting, which more than offset the currency decline.

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Cash flow from operations for the quarter and full year was $338 million and $1,001 million, respectively. Capital expenditures were $158 million for the quarter, and $498 million for the full-year 2002. The company reduced debt by $245 million during the year, and the ended the year with a debt-to-capital ratio of 52.3%. Return on capital for the full year was 13.4%, up from 12.7% in 2001 on a comparable basis.

Looking ahead, Reilley said, "We remain cautious about the pace of economic recovery. In particular, the first quarter may be starting off on a weaker note, as a result of political uncertainty and higher energy prices which may exacerbate weak demand in electronics and general manufacturing in the United States."

For the first quarter of 2003, Praxair expects sales and operating profit similar to the first quarter of 2002, with diluted earnings per share of 76 cents to 80 cents. This reflects an effective tax rate of about 24%, somewhat higher than last year's effective rate.

For the full-year 2003, Praxair anticipates sales and operating profit growth of 2% to 4%. Full-year 2003 diluted earnings per share are estimated to be in the range of $3.40 to $3.60, reflecting an effective tax rate of about 24%. Interest expense should decline versus 2002. Full-year capital expenditures are expected to be in the range of $600 million, including the costs associated with the new Gulf Coast hydrogen plants previously announced.

"We are committed to continuing to grow earnings, without much help from the economy," continued Reilley. "Our focus in the short term will be to drive our growth programs in healthcare, refinery hydrogen, electronics, technology licensing and China. These programs, combined with our relentless focus on productivity and capital discipline, will deliver superior results in 2003."

Praxair is the largest industrial gases company in North and South America. The company produces, sells and distributes atmospheric and process gases, and high-performance surface coatings. Praxair products, services and technologies bring productivity and environmental benefits to a wide variety of industries, including aerospace, chemicals, food and beverage, electronics, energy, healthcare, manufacturing, metals and others. More information on Praxair is available on the Internet at www.praxair.com.

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Attachments: Statement of Income, Balance sheet, Cash Flow Statement and Segment Information.

A teleconference on Praxair's fourth-quarter and full-year 2002 results is being held this morning, January 29, at 10:00 am Eastern Standard Time. The number is (203) 748-8964. The call also is available as a web cast at www.praxair.com/investors. Materials to be used on the teleconference are available on www.praxair.com/investors.

Forward-Looking Statements: The forward-looking statements contained in this announcement concerning demand for products and services, the expected macroeconomic environment, sales and earnings growth, and other financial goals involve risks and uncertainties, and are subject to change based on various factors. These include the impact of changes in worldwide and national economies, the cost and availability of electric power, natural gas and other materials, development of operational efficiencies, changes in foreign currencies, changes in interest rates, the continued timely development and acceptance of new products and processes, the impact of competitive products and pricing, and the impact of tax and other legislation and regulation in the jurisdictions in which the company operates.

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

	Quarter Ended December 31,	
	2002[b,c]	2001[a]
SALES	$1,297	$1,238
Cost of sales	747	715
Selling, general and administrative	189	175
Depreciation and amortization	122	125
Research and development	20	18
Other income - net	8	3
OPERATING PROFIT	227	208
Interest expense	45	54
INCOME BEFORE INCOME TAXES	182	154
Income taxes	40	35
INCOME OF CONSOLIDATED ENTITIES	142	119
Minority interests	(5)	(4)
Income from equity investments	3	3
NET INCOME	$ 140	$ 118
PER SHARE DATA:		
Basic earnings per share:	$ 0.86	$ 0.73
Diluted earnings per share:	$ 0.85	$ 0.72
Cash dividends	$ 0.19	$ 0.17
WEIGHTED AVERAGE SHARES OUTSTANDING (000'S):		
Basic shares outstanding	162,555	161,991
Diluted shares outstanding	164,315	164,137

(a) The following table summarizes comparative performance excluding the effect of goodwill amortization:

Adjusted	2002	2001
Sales	$1,297	$1,238
Operating Profit	227	218
Net Income	140	126
Diluted earnings per share	$ 0.85	$ 0.77

Praxair adopted SFAS 142, which eliminated the amortization of goodwill prospectively in 2002. 2001 reported results for the quarter included goodwill amortization of $10 million pre-tax; $8 million after-tax; and, affected diluted earnings per share by $0.05.

(b) Results for the quarter ended December 31, 2002 include a $40 million decrease in sales; a $2 million increase in operating profit; and a $2 million increase in net income, from currency effects worldwide compared to the 2001 results.

(c) Results for the quarter ended December 31, 2002 include a $16 million increase in sales from the contractual pass-through of higher on-site hydrogen raw material costs tied to natural gas prices, with no impact on operating profit.

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

	Year Ended December 31, 2002[b,c,d] (Unaudited)	2001[a]
SALES	$5,128	$5,158
Cost of sales	2,950	3,060
Selling, general and administrative	751	699
Depreciation and amortization	483	499
Research and development	69	66
Other income (expense) - net [d]	48	(34)
OPERATING PROFIT	923	800
Interest expense [e]	206	224
INCOME BEFORE INCOME TAXES	717	576
Income taxes	158	135
INCOME OF CONSOLIDATED ENTITIES	559	441
Minority interests	(20)	(18)
Income from equity investments	9	9
INCOME BEFORE ACCOUNTING CHANGES	548	432
Cumulative effect of accounting changes [f]	(139)	(2)
NET INCOME	$ 409	$ 430
PER SHARE DATA:		
Basic earnings per share:		
Before accounting changes	$ 3.36	$ 2.68
Accounting changes[f]	(0.85)	(0.01)
Net income	$ 2.51	$ 2.67
Diluted earnings per share:		
Before accounting changes	$ 3.33	$ 2.64
Accounting changes [f]	(0.85)	(0.01)
Net income	$ 2.48	$ 2.63
Cash dividends	$ 0.76	$ 0.68
WEIGHTED AVERAGE SHARES OUTSTANDING (000'S):		
Basic shares outstanding	162,768	161,510
Diluted shares outstanding	164,745	163,507

(a) The following table summarizes comparative performance excluding the effects of goodwill amortization and special charges in 2001:

	Adjusted 2002	2001
Sales	$5,128	$5,158
Operating Profit	923	908
Income Before Accounting Changes	548	522
Diluted earnings per share before accounting changes	$ 3.33	$ 3.19

Praxair adopted SFAS 142, which eliminated the amortization of goodwill prospectively in 2002. 2001 reported results included goodwill amortization of $38 million pre-tax; $33 million after-tax; and, affected diluted earnings per share by $0.20.

2001 reported results include pre-tax special charges of $70 million ($57 million after-tax or $0.35 per diluted share) related to restructuring and other actions. The charge was recorded as: $7 million cost of sales, $5 million in selling, general and administrative, and $58 million in other income (expense) net.

(b) Results for the year ended December 31, 2002 include a $135 million decrease in sales; a $1 million increase in operating profit; and a $1 million increase in net income from currency effects worldwide compared to the 2001 results.

(c) Results for the year ended December 31, 2002 include a $58 million decrease in sales from the contractual pass-through of lower on-site hydrogen raw material costs tied to natural gas prices, with no impact on operating profit.

(d) Other income (expense) – net for the year ended December 31, 2002 includes a net gain of $7 million related to the settlement of litigation with Airgas, Inc. and $17 million of net income hedge gains.

(e) Interest expense for the year ended December 31, 2002 includes $15 million from the early retirement of $300 million of bonds.

(f) In the second quarter of 2002, Praxair completed the initial goodwill impairment tests required for the adoption of SFAS 142, which indicated an impairment of goodwill related to previous acquisitions. As a result, a non-cash transition charge to earnings was recorded as a cumulative effect of an accounting change, retroactive to the first quarter 2002, of $139 million (refer to Praxair's second quarter Form 10-Q dated August 13, 2002). In the 2001 first quarter the Company recorded a one-time transition charge of $2 million ($0.01 per share) recorded for the adoption of SFAS 133 which established new accounting rules for derivatives.

PRAXAIR, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEET
(Millions of dollars)

	December 31,[b] 2002 (Unaudited)	2001
ASSETS		
Cash and cash equivalents	$ 39	$ 39
Accounts receivable	860	857
Inventories	277	287
Prepaid and other current assets	110	93
TOTAL CURRENT ASSETS	1,286	1,276
Property, plant and equipment – net	4,666	4,817
Goodwill	985	1,136
Other Intangibles	50	44
Other assets	414	442
TOTAL ASSETS	$7,401	$7,715
LIABILITIES AND EQUITY		
Accounts payable	$ 378	$ 413
Short-term debt	215	178
Current portion of long-term debt	23	86
Other current liabilities	484	517
TOTAL CURRENT LIABILITIES	1,100	1,194
Long-term debt	2,510	2,725
Other long-term liabilities	1,287	1,158
TOTAL LIABILITIES	4,897	5,077
Minority interests	164	141
Preferred stock	-	20
Shareholders' equity[a]	2,340	2,477
TOTAL LIABILITIES AND EQUITY	$7,401	$7,715

(a) 2002 includes a net decrease of $284 million for translation adjustments (primarily South America), and a decrease of $95 million for additional minimum pension liability in accordance with SFAS No. 87 (primarily North America).

(b) Debt (Short-term debt + Current portion of long-term debt + Long-term debt) to Capital (Debt + Minority interest + Preferred stock + Shareholders' equity) was 52.3% at December 31, 2002, and was 53.1% at December 31, 2001.

PRAXAIR, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
(Millions of dollars)

	Quarter Ended December 31, 2002	Quarter Ended December 31, 2001	Year Ended December 31, 2002	Year Ended December 31, 2001
	(Unaudited)	(Unaudited)	(Unaudited)	
OPERATIONS				
Net income	$ 140	$ 118	$ 409	$ 430
Adjustments:				
Depreciation and amortization	122	125	483	499
Accounting change/special charges	-	-	139	58
Other non-cash (benefits) charges	43	9	40	25
Working capital	21	123	(27)	55
Long-term assets, liabilities and other	12	(19)	(43)	(47)
Net cash provided by operating activities	338	356	1,001	1,020
INVESTING				
Capital expenditures	(158)	(178)	(498)	(595)
Acquisitions	(37)	(17)	(113)	(213)
Divestitures and asset sales	3	6	24	45
Net cash used for investing activities	(192)	(189)	(587)	(763)
FINANCING				
Debt decrease - net	(137)	(181)	(245)	(189)
Issuance of common stock	35	53	206	142
Purchases of common stock	(11)	-	(276)	(76)
Cash dividends	(30)	(27)	(123)	(110)
Minority transactions and other*	(7)	(4)	27	(14)
Net cash used for financing activities	(150)	(159)	(411)	(247)
Effect of exchange rate changes on cash and Cash equivalents	(1)	1	(3)	(2)
Change in cash and cash equivalents	(5)	9	-	8
Cash and cash equivalents beginning-of-period	44	30	39	31
Cash and cash equivalents end-of-period	$ 39	$ 39	$ 39	$ 39

* Minority transactions and other for the year ended December 31, 2002 includes $47 million of cash proceeds related to the early termination of an interest rate swap, and a $20 million payment for the retirement of preferred stock.

PRAXAIR, INC. AND SUBSIDIARIES
SEGMENT INFORMATION
(Millions of dollars)
(UNAUDITED)

	Quarter Ended December 31, 2002	Quarter Ended December 31, 2001	Year Ended December 31, 2002	Year Ended December 31, 2001
SALES				
North America[a]	$ 852	$ 800	$3,351	$3,434
South America[b]	136	167	632	674
Europe[c]	157	133	589	537
Asia[d]	88	75	324	255
Surface Technologies	97	100	394	410
Elimination	(33)	(37)	(162)	(152)
Total Sales	$1,297	$1,238	$5,128	$5,158
SEGMENT OPERATING PROFIT				
North America[a,e,g]	$ 142	$ 129	$ 557	$ 545
South America[b,e,g]	26	25	134	129
Europe[c,e,g]	39	31	139	119
Asia[d,e,g]	14	13	51	38
Surface Technologies[e,g]	6	10	35	39
All Other[f,g]	-	-	7	-
Total Operating Profit	$ 227	$ 208	$ 923	$ 870

(a) North American results for the quarter and year ended December 31, 2002 include a $16 million increase and a $58 million decrease in sales, respectively, from the contractual pass-through of on-site hydrogen raw material costs tied to natural gas prices, with no impact on operating profit versus the respective 2001 periods.

(b) South American results for the quarter and year ended December 31, 2002 include a $50 million and $149 million decrease in sales, respectively; and, a $2 million and $6 million decrease in operating profit, respectively, from currency effects versus the 2001 periods, including the impact of net income hedges.

(c) European results for the quarter and year ended December 31, 2002 include a $12 million and $22 million increase in sales, respectively; and, a $5 million and $8 million increase in operating profit, respectively, from currency effects versus the 2001 periods, including the impact of net income hedges.

(d) During the third quarter of 2001 and the first quarter of 2002 Praxair increased its ownership and began consolidating joint ventures in India and China, respectively. For the quarter and years ended December 31, 2002 versus the 2001 periods, these consolidations increased sales by $6 million and $51 million, respectively; and, operating profit by $1 million and $12 million, respectively.

(e) Effective in 2002, Praxair adopted SFAS 142, which eliminated the amortization of goodwill prospectively. Goodwill amortization included in the quarter and years ended December 31, 2001 was as follows (millions of dollars):

	Quarter	Year
North America	$ 5	$ 20
South America	2	9
Europe	1	4
Asia	1	3
Surface Technologies	1	2
Total	$ 10	$ 38

(f) All other for the year ended December 31, 2002 represents a gain of $7 million in the second quarter related to the settlement of litigation with Airgas, Inc.

(g) Praxair recorded pre-tax special charges totaling $70 million in the third quarter of 2001, which are not included in Praxair's management reporting definition of operating profit. Following is a reconciliation of segment operating profit to reported operating profit for the year ended December 31, 2001:

Segment operating profit	$870
Less special charges:	
North America	(26)
South America	(30)
Europe	(3)
Asia	-
Surface Technologies	(4)
All Other	(7)
Consolidated operating profit	$800

PRAXAIR, INC. AND SUBSIDIARIES
RETURN ON CAPITAL
(Millions of dollars)
(UNAUDITED)

	December 31,[(a)]	
	2002	**2001**
Operating Profit	$ 923	$ 800
Add-back: goodwill amortization	-	38
Add-back: special charges	-	70
Adjusted Operating Profit	923	908
Less: reported taxes	(158)	(135)
Less: tax benefit on interest expense	(46)	(50)
Less: tax benefit on goodwill amortization	-	(5)
Less: tax benefit on special charges	-	(13)
Add-back: equity income	9	9
Net Operating Profit After-tax(NOPAT)	$ 728	$ 714
Beginning capital[(b)]	$5,627	$5,656
Ending capital[(b)]	$5,252	$5,627
Average capital[(b)]	$5,440	$5,642
After-tax return on capital	13.4%	12.7%

(a) Defined as after-tax operating profit plus income from equity investments, divided by average capital, excluding goodwill amortization and excluding special charges. Praxair's definition of after-tax return on capital may not be comparable to similar definitions used by other companies. The Company believes that its after-tax return on invested capital is an appropriate measure for judging performance as it reflects the approximate after-tax profit earned as a percentage of investments by all parties in the business (debt, minority interest, preferred stock, and shareholders' equity).

(b) Capital includes debt, minority interests, preferred stock and shareholders'equity. Average capital is (beginning capital + ending capital)/2.