News Release

Praxair, Inc.
39 Old Ridgebury Road
Danbury, CT 06810, U.S.A
www.praxair.com

Contacts

Susan Szita Gore, Media (203) 837-2311 - susan_szita-gore@praxair.com
Elizabeth Hirsch, Investors (203) 837-2354 - liz_hirsch@praxair.com

PRAXAIR FOURTH-QUARTER EPS UP 9.3% TO 47 CENTS

DANBURY, Conn., January 27, 2004 -- Praxair, Inc. (NYSE: PX) reported record net income of $155 million for the fourth quarter of 2003, and diluted earnings per share of 47 cents, compared to $140 million and 43 cents per diluted share in the 2002 fourth quarter, adjusted to reflect the two-for-one stock split which occurred on December 15, 2003. Growth in net income was due to higher sales, higher operating profit and lower interest expense, partially offset by a higher effective tax rate.

Sales for the quarter of $1,461 million grew 13% from 2002 as a result of volume growth in all geographic regions, higher overall pricing and stronger currencies in Europe and South America. Operating profit was $244 million, up 7% from $227 million in the prior year, driven by strong revenue growth.

For the full year 2003, Praxair reported net income of $585 million, and diluted earnings per share of $1.77, an increase of 7% from $548 million* and $1.66*, adjusted for the stock split. Full-year sales were $5,613 million, an increase of 9% from 2002. Full-year operating profit was $922 million compared to $923 million in 2002. Excluding the effects of net income hedges in both years, and a litigation settlement gain in 2002, operating profit grew 4%.

Commenting on the results, Chairman and Chief Executive Officer Dennis H. Reilley said, "Our strong performance during the economic downturn validates that our business strategy is robust, and demonstrates our ability to execute well in the marketplace. During 2003, we won significant new business and we are well on our way to implementing our growth strategies in refinery hydrogen, healthcare, electronics and China."

In the fourth quarter, sales in North America of $923 million grew 8% from the prior year. The growth in sales came from new business and higher pricing. On-site, merchant and packaged gases volumes were higher than the prior year, and grew sequentially from the third quarter. Operating profit was $141 million, comparable to the prior year, as higher energy costs offset some of the volume gains.

In Europe, sales rose 22% to $191 million. Excluding the effect of the stronger Euro and a divestiture, sales grew 6% from higher price and volumes across the region. Operating profit grew 21% to $47 million, in line with sales growth.

- more -

In South America, sales of $188 million grew 38%, or 18% excluding the effect of currency appreciation. Sales grew as a result of higher pricing and higher volumes. Operating profit was $30 million, 15% above the prior year.

Sales in Asia grew 25% to $110 million, primarily from strong volume demand, particularly in China. Excluding the effect of a business consolidation, sales grew 19%. Operating profit grew to $19 million from $14 million a year ago.

Praxair Surface Technologies' sales for the quarter were $104 million, and operating profit was $7 million, compared to $97 million and $6 million in 2002. Sales reflect the stronger Euro and relatively flat volumes in global coatings and aviation markets compared to the previous year.

Cash flow from operations for the quarter and full year were $387 million and $1,137 million, respectively. Capital expenditures during the quarter were $199 million, reflecting increased investment in the U.S. Gulf Coast hydrogen complex. Full-year capital expenditures were $644 million, excluding the purchase of leased assets. At year-end, Praxair's debt-to-capital ratio was reduced to 46.2%**, and in the fourth quarter its after-tax return-on-capital ratio improved to 12.5%**.

For the first quarter of 2004, Praxair expects sales to grow 8% to 12%, and operating profit to grow 10% to 14% versus the first quarter of 2003. Diluted earnings per share are expected to be in the range of 43 cents to 47 cents, an increase of 10% to 20% from the prior year. This reflects an effective tax rate of 25%, slightly higher than the tax rate in 2003.

For the full year of 2004, Praxair expects sales growth in the range of 6% to 10%, and operating profit growth of 8% to 14% from 2003. Guidance for earnings per share is $1.90 to $2.05, reflecting growth of 8% to 15%, and assuming a higher effective tax rate of 25%. Full-year capital expenditures are expected to be in the range of $700 million, anticipating additional investment in hydrogen infrastructure, significant investment in China to supply new contracts awarded in 2003, and business won in North America.

"2003 started on a very weak note, but business around the world began to pick up in the third and fourth quarters. We achieved record results by gaining new business around the world and by continuing to focus on productivity," said Reilley. "As we begin 2004, we remain cautiously optimistic. Business conditions are much improved versus this time last year, particularly in the United States. However, we are concerned about whether the level of economic stimulus that was required to ignite the U.S. economy can be maintained. Nonetheless, our focus on productivity improvements in our base business, and disciplined capital investment will drive strong cash flow and higher returns on capital in 2004."

- more -

Praxair is the largest industrial gases company in North and South America, and one of the largest worldwide. 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.

---

*Excluding the cumulative effect of an accounting change for goodwill of $139 million, or 42 cents per diluted share.

**Non GAAP measure: See quarterly Financial Summary and Appendix: Non-GAAP measures

# # #

P-07/04

***Attachments:* Statements of Income, Balance Sheets, Statements of Cash Flows, Segment Information, Quarterly Financial Summary and Appendix: Non-GAAP Measures**

***A teleconference* on Praxair's fourth-quarter and full-year 2003 results is being held January 28, at 9:00 am Eastern Standard Time. The number is (617) 786-4512 -- Passcode: 55638504.**
The call also is available as a web cast at www.praxair.com/investors. Materials to be used in the teleconference are available on www.praxair.com/investors.

***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 STATEMENTS OF INCOME
(Millions of dollars, except per share data)
(UNAUDITED)

	Quarter Ended December 31,		Year Ended December 31,	
	2003 (a,b)	2002	2003 (a,b)	2002
SALES	$ 1,461	$ 1,297	$ 5,613	$ 5,128
Cost of sales	859	747	3,328	2,950
Selling, general and administrative	198	189	766	751
Depreciation and amortization	135	122	517	483
Research and development	21	20	75	69
Other Income (expense) - net (c)	(4)	8	(5)	48
OPERATING PROFIT	244	227	922	923
Interest expense (d)	36	45	151	206
INCOME BEFORE INCOME TAXES	208	182	771	717
Income taxes	49	40	174	158
	159	142	597	559
Minority interests	(7)	(5)	(24)	(20)
Income from equity investments	3	3	12	9
INCOME BEFORE ACCOUNTING CHANGE	155	140	585	548
Cumulative effect of an accounting change (e)	-	-	-	(139)
NET INCOME	$ 155	$ 140	$ 585	$ 409
PER SHARE DATA:(f)				
Basic earnings per share:				
Before accounting change	$ 0.47	$ 0.43	$ 1.79	$ 1.68
Accounting change (e)	-	-	-	(0.42)
Net income	$ 0.47	$ 0.43	$ 1.79	$ 1.26
Diluted earnings per share:				
Before accounting change	$ 0.47	$ 0.43	$ 1.77	$ 1.66
Accounting change (e)	-	-	-	(0.42)
Net income	$ 0.47	$ 0.43	$ 1.77	$ 1.24
Cash dividends	$ 0.14	$ 0.10	$ 0.46	$ 0.38
WEIGHTED AVERAGE SHARES OUTSTANDING:(f)				
Basic shares outstanding (000's)	326,672	325,110	326,388	325,536
Diluted shares outstanding (000's)	331,966	328,630	330,991	329,489

(a) Consolidated sales for the 2003 quarter and year increased $7 million and $96 million, respectively, from the incremental contractual pass-through of higher on-site hydrogen raw material costs tied to natural gas prices, with no impact on operating profit compared to 2002.

(b) Consolidated sales for the 2003 quarter and year increased $81 million and $123 million, respectively, due to currency effects versus 2002.

(c) Other income (expense) - net for full year 2003 includes $9 million of net income hedge losses. Full year 2002 includes $17 million of net income hedge gains and a net gain of $7 million related to the settlement of litigation.

(d) Interest expense for full year 2002 includes $15 million from the early retirement of $300 million of bonds.

(e) In the 2002 first quarter, the Company recorded a $139 million non-cash transition charge to earnings for the adoption of SFAS 142 as a cumulative effect of an accounting change.

(f) Earnings per share and weighted average shares outstanding for all periods, have been adjusted to reflect the December 15, 2003, two-for-one stock split.

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

	December 31, 2003	December 31, 2002
ASSETS		
Cash and cash equivalents	$ 50	$ 39
Accounts receivable	962	860
Inventories	302	277
Prepaid and other current assets	135	110
TOTAL CURRENT ASSETS	1,449	1,286
Property, plant and equipment - net	5,252	4,666
Goodwill	1,075	985
Other intangibles	56	50
Other assets	473	414
TOTAL ASSETS	$ 8,305	$ 7,401
LIABILITIES AND EQUITY		
Accounts payable	$ 413	$ 378
Short-term debt	133	215
Current portion of long-term debt	22	23
Other current liabilities	549	484
TOTAL CURRENT LIABILITIES	1,117	1,100
Long-term debt	2,661	2,510
Other long-term liabilities	1,244	1,287
TOTAL LIABILITIES	5,022	4,897
Minority interests	195	164
Shareholders' equity (a)	3,088	2,340
TOTAL LIABILITIES AND EQUITY	$ 8,305	$ 7,401

(a) Shareholders' equity in 2003 includes a net increase of $313 million for currency translation movements primarily in South America, Europe and North America versus December 31, 2002.

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

	Quarter Ended December 31,		Year Ended December 31,	
	2003	**2002**	**2003**	**2002**
OPERATIONS				
Net income	$ 155	$ 140	$ 585	$ 409
Adjustments:				
Depreciation and amortization	135	122	517	483
Accounting change	-	-	-	139
Other non-cash charges	23	43	54	40
Working capital	20	21	(59)	(27)
Long-term assets and liabilities and other	54	12	40	(43)
Net cash provided by operating activities	387	338	1,137	1,001
INVESTING				
Capital expenditures, excluding purchase of leased assets	(199)	(158)	(644)	(498)
Purchase of leased assets (a)	-	-	(339)	-
Total capital expenditures	(199)	(158)	(983)	(498)
Acquisitions	(31)	(37)	(73)	(113)
Divestitures and asset sales	8	3	64	24
Net cash used for investing activities	(222)	(192)	(992)	(587)
FINANCING				
Debt increase/(decrease) - net (a)	(145)	(137)	43	(245)
Issuance of common stock	75	35	246	206
Purchases of common stock	(50)	(11)	(271)	(276)
Cash dividends	(44)	(30)	(149)	(123)
Minority transactions and other	2	(7)	(5)	27
Net cash used for financing activities	(162)	(150)	(136)	(411)
Effect of exchange rate changes on cash and Cash equivalents	1	(1)	2	(3)
Change in cash and cash equivalents	4	(5)	11	-
Cash and cash equivalents, beginning-of-period	46	44	39	39
Cash and cash equivalents, end-of-period	$ 50	$ 39	$ 50	$ 39

(a) In June 2003, Praxair purchased $339 million of U.S. liquid storage and distribution equipment, and production facilities along the U.S. Gulf Coast, which were previously financed as operating leases.

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

	Quarter Ended December 31,		Year Ended December 31,	
	2003	2002	2003	2002
SALES				
North America (a)	$ 923	$ 852	$ 3,627	$ 3,351
Europe (b)	191	157	699	589
South America (c)	188	136	708	632
Asia (d)	110	88	389	324
Surface Technologies (e)	104	97	400	394
Elimination	(55)	(33)	(210)	(162)
Total sales	$ 1,461	$ 1,297	$ 5,613	$ 5,128
SEGMENT OPERATING PROFIT				
North America (a)	$ 141	$ 142	$ 548	$ 557
Europe	47	39	170	139
South America (c)	30	26	114	134
Asia	19	14	64	51
Surface Technologies	7	6	26	35
All Other (f)	-	-	-	7
Total operating profit	$ 244	$ 227	$ 922	$ 923

(a) North American sales for the 2003 quarter and year increased $7 million and $96 million, respectively, from the contractual pass-through of higher on-site hydrogen raw material costs tied to natural gas prices, with no impact on operating profit.

(b) European sales for the 2003 quarter and year increased $28 million and $112 million, respectively, due to currency effects versus 2002.

(c) South American sales for the 2003 quarter and year versus 2002 increased $28 million and decreased $44 million, respectively, due to currency effects. Operating profit for the 2003 year includes $2 million of net income hedge losses. Operating profit for the 2002 year included $20 million of net income hedge gains.

(d) Asia's sales for the 2003 quarter and year increased $5 million and $10 million, respectively, due to the consolidation of a joint venture in China, which is now controlled by Praxair.

(e) Surface Technologies sales for the 2003 quarter and year increased $7 million and $27 million, respectively, due to currency effects versus 2002.

(f) All other represents a net gain of $7 million in the 2002 second quarter related to a litigation settlement.

PRAXAIR, INC. AND SUBSIDIARIES
QUARTERLY FINANCIAL SUMMARY
(Millions of dollars, except per share data)
(UNAUDITED)

	2003				2002			
	Q4	Q3	Q2(a)	Q1	Q4(b)	Q3(b)	Q2(c)	Q1
FROM THE INCOME STATEMENT								
Sales	$ 1,461	$ 1,414	$ 1,401	$ 1,337	$ 1,297	$ 1,292	$ 1,307	$ 1,232
Cost of sales	859	832	833	804	747	749	755	699
Selling, general and administrative	198	191	192	185	189	187	191	184
Depreciation and amortization	135	133	127	122	122	120	120	121
Research and development	21	18	19	17	20	16	16	17
Other income (expenses) – net	(4)	-	(7)	6	8	15	19	6
Operating profit	244	240	223	215	227	235	244	217
Interest expense	36	38	35	42	45	63	47	51
Income taxes	49	49	35	41	40	38	43	37
Minority interests	(7)	(6)	(6)	(5)	(5)	(5)	(6)	(4)
Income from equity investments	3	3	3	3	3	2	2	2
Income before cumulative effect of accounting change	155	150	150	130	140	131	150	127
Cumulative effect of accounting change	-	-	-	-	-	-	-	(139)
Net income	$ 155	$ 150	$ 150	$ 130	$ 140	$ 131	$ 150	$ (12)
PER SHARE DATA (d)								
Diluted earnings per share:								
Income before cumulative effect of accounting change	$ 0.47	$ 0.45	$ 0.45	$ 0.39	$ 0.43	$ 0.40	$ 0.46	$ 0.38
Accounting change	-	-	-	-	-	-	-	(0.42)
Net income	$ 0.47	$ 0.45	$ 0.45	$ 0.39	$ 0.43	$ 0.40	$ 0.46	$ (0.04)
Cash dividends per share	$ 0.14	$ 0.11	$ 0.11	$ 0.10	$ 0.10	$ 0.10	$ 0.09	$ 0.09
Diluted weighted average share outstanding (000's) (d)	331,966	330,989	330,851	329,269	328,630	327,905	329,663	331,867
FROM THE BALANCE SHEET								
Total debt	$ 2,816	$ 2,958	$ 2,952	$ 2,742	$ 2,748	$ 2,875	$ 3,022	$ 3,009
Total capital *(non-GAAP measure, see Appendix)*	6,099	6,013	6,000	5,379	5,252	5,231	5,526	5,605
Debt-to-capital ratio *(non-GAAP measure, see Appendix)*	46.2%	49.2%	49.2%	51.0%	52.3%	55.0%	54.7%	53.7%
FROM THE STATEMENT OF CASH FLOWS								
Cash flow from operations	$ 387	$ 303	$ 276	$ 171	$ 338	$ 256	$ 260	$ 147
Capital expenditures, excluding purchase of leased assets	199	168	154	123	158	119	114	107
Purchase of leased assets	-	-	339	-	-	-	-	-
Total capital expenditures	199	168	493	123	158	119	114	107
Acquisitions	31	3	25	14	37	7	9	60
Cash dividends	44	35	35	35	30	31	31	31
OTHER INFORMATION								
Number of employees	25,438	25,361	24,996	24,730	25,010	24,809	24,627	24,375
After-tax return on capital (ROC) *(non-GAAP measure, see Appendix)*	12.5%	12.3%	12.9%	12.6%	13.7%	13.8%	13.8%	12.2%
SEGMENT DATA								
SALES								
North America	$ 923	$ 918	$ 893	$ 893	$ 852	$ 845	$ 852	$ 802
Europe	191	168	175	165	157	151	149	132
South America	188	187	185	148	136	154	172	170
Asia	110	103	92	84	88	84	79	73
Surface Technologies	104	99	99	98	97	99	99	99
Eliminations	(55)	(61)	(43)	(51)	(33)	(41)	(44)	(44)
Total	$ 1,461	$ 1,414	$ 1,401	$ 1,337	$ 1,297	$ 1,292	$ 1,307	$ 1,232
SEGMENT OPERATING PROFIT								
North America	$ 141	$ 141	$ 135	$ 131	$ 142	$ 139	$ 139	$ 137
Europe	47	44	41	38	39	36	34	30
South America	30	29	26	29	26	37	41	31
Asia	19	17	15	13	14	14	13	10
Surface Technologies	7	9	6	4	6	9	10	9
All Other	-	-	-	-	-	-	7	-
Total	$ 244	$ 240	$ 223	$ 215	$ 227	$ 235	$ 244	$ 217

(a) Diluted EPS for the second quarter of 2003 includes a charge of ($0.01) per share from the recognition of currency hedge losses related to anticipated second half net income and a benefit of $0.03 per share from the resolution of various tax matters for previous years. Reported diluted EPS was $0.45, and it would have been $0.43 per diluted share excluding these items (EPS of $0.43 is a non-GAAP measure).

(b) Diluted EPS for the third quarter of 2002 included a charge of ($0.03) per share for the early retirement of debt and a benefit of $0.01 per share from the recognition of currency hedge gains related to anticipated fourth quarter net income. Reported diluted EPS was $0.40, and it would have been $0.42 per diluted share excluding these items (EPS of $0.42 is a non-GAAP measure).

(c) Diluted EPS for the second quarter of 2002 included a benefit of $0.03 per share resulting from a litigation settlement and recognition of currency hedge gains related to anticipated net income in future quarters. Reported diluted EPS was $0.46, and it would have been $0.43 per diluted share excluding these items (EPS of $0.43 is a non-GAAP measure). All other represents a net gain of $7 million related to a settlement of litigation.

(d) Earnings per share and weighted average shares outstanding for all periods, have been adjusted to reflect the December 15, 2003, two-for-one stock split.

PRAXAIR, INC. AND SUBSIDIARIES
APPENDIX
NON-GAAP MEASURES
(Dollar amounts in millions)
(UNAUDITED)

Definitions of the following non-GAAP measures may not be comparable to similar definitions used by other companies. Praxair believes that its debt-to-capital ratio is appropriate for measuring its financial leverage. The Company believes that its after-tax return on invested capital ratio 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).

	2003				2002			
	Q4(a)	**Q3(a)**	**Q2(b)**	**Q1**	**Q4**	**Q3(c)**	**Q2(d)**	**Q1**
TOTAL CAPITAL								
Total debt	$ 2,816	$ 2,958	$ 2,952	$ 2,742	$ 2,748	$ 2,875	$ 3,022	$ 3,009
Minority interests	195	181	168	160	164	152	155	148
Preferred stock	-	-	-	-	-	-	20	20
Shareholders' equity	3,088	2,874	2,880	2,477	2,340	2,204	2,329	2,428
Total Capital	$ 6,099	$ 6,013	$ 6,000	$ 5,379	$ 5,252	$ 5,231	$ 5,526	$ 5,605
DEBT-TO-CAPITAL RATIO	46.2%	49.2%	49.2%	51.0%	52.3%	55.0%	54.7%	53.7%
AFTER-TAX RETURN ON CAPITAL (ROC)								
Operating profit	$ 244	$ 240	$ 223	$ 215	$ 227	$ 235	$ 244	$ 217
Less: reported taxes	(49)	(49)	(35)	(41)	(40)	(38)	(43)	(37)
Less: tax benefit on interest expense	(9)	(9)	(8)	(10)	(10)	(14)	(11)	(11)
Add: income from equity investments	3	3	3	3	3	2	2	2
Net operating profit after-tax (NOPAT)	$ 189	$ 185	$ 183	$ 167	$ 180	$ 185	$ 192	$ 171
Beginning capital	$ 6,013	$ 6,000	$ 5,379	$ 5,252	$ 5,231	$ 5,526	$ 5,605	$ 5,627
Ending capital	$ 6,099	$ 6,013	$ 6,000	$ 5,379	$ 5,252	$ 5,231	$ 5,526	$ 5,605
Average capital	$ 6,056	$ 6,007	$ 5,690	$ 5,316	$ 5,242	$ 5,379	$ 5,566	$ 5,616
ROC %	3.1%	3.1%	3.2%	3.1%	3.4%	3.4%	3.4%	3.0%
ROC % (annualized)	12.5%	12.3%	12.9%	12.6%	13.7%	13.8%	13.8%	12.2%

(a) ROC for the 2003 third and fourth quarter was reduced by 0.8% on an annualized basis due to the additional debt from the purchase of leased assets in the 2nd quarter of 2003.

(b) NOPAT for the second quarter of 2003 included a tax benefit of $10 million (0.7% ROC annualized) resulting from the resolution of tax matters from previous years, and a charge of $5 million pre-tax and $4 million after-tax (0.3% ROC annualized) from the recognition of currency hedge losses related to anticipated second half net income. ROC for the second quarter was reduced by 0.4% on an annualized basis due to the additional debt from the purchase of leased assets.

(c) NOPAT for the third quarter of 2002 included a benefit of $4 million (0.3% ROC annualized) from the recognition of currency hedge gains related to fourth quarter 2002 earnings.

(d) NOPAT for the second quarter of 2002 included a benefit of $11 million (0.8% ROC annualized) resulting from a litigation settlement ($7 million pre-tax) and recognition of currency hedge gains ($8 million pre-tax) related to anticipated net income in future quarters for Brazil.