

News Release



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PRAXAIR REPORTS FIRST-QUARTER EPS UP 20% to 59 CENTS

DANBURY, Conn., April 27, 2005 -- Praxair, Inc. (NYSE: PX) reported record first-quarter net income of \$195 million, versus \$164 million earned in the first quarter of 2004. Diluted earnings per share grew 20% to 59 cents, compared to 49 cents in last year's quarter. Net income grew due to strong growth in sales and operating profit, partially offset by a slightly higher effective tax rate compared to the year-ago quarter.

Sales in the quarter were \$1,827 million, 19% above \$1,531 million in the 2004 period. Operating profit grew 19% to \$309 million from \$260 million in 2004. Sales and operating profit were sharply higher in every geographic region, with the highest sales growth coming from global energy, metals and industrial manufacturing markets.

"Sales were up significantly from last year and remained strong throughout the quarter despite a significant impact from refinery turnarounds," said Dennis H. Reilley, chairman and chief executive officer. "Most importantly, the level of new business activity and project awards is robust."

In North America, sales in the first quarter of \$1,115 million were up 16% from \$960 million in the year-ago quarter. Operating profit grew to \$166 million, from \$149 million in the prior-year period. Growth was driven by higher sales to energy markets, including hydrogen for refining, and sales of products and services for oil and gas production.

In Europe, sales grew 38% to \$287 million in the quarter. Excluding the effect of a stronger euro, sales grew 32% due primarily to the purchase of an industrial gas business in Germany. Results from the German acquisition exceeded expectations, while growth in Spain and Italy began to slow. Operating profit grew 29% to \$67 million, from \$52 million in the year-ago quarter.

In South America, sales of \$245 million grew 23%, and 15% excluding currency effects. Underlying sales growth reflected higher volumes and higher pricing as compared to 2004, supported by growth in export and domestic industrial markets. Operating profit rose 34% to \$43 million from \$32 million in last year's quarter.

Sales in Asia grew 12% to \$122 million, from higher sales in China, India and Korea, driven by electronics and metals markets. Operating profit rose 29% to \$22 million.

Praxair Surface Technologies' sales in the quarter were \$118 million, 6% above the prior year. Operating profit grew 10% to \$11 million, reflecting higher volumes and strong cost control. Aviation repair markets continued to be difficult, but coatings for OEM aircraft engine parts and other industrial coatings have improved.

Cash flow from operations in the quarter was \$289 million, and capital expenditures were \$165 million. The company made \$31 million of net common stock repurchases, and the after-tax return-on-capital* ratio was 12.7% at the end of the quarter.

For the second quarter of 2005, Praxair expects diluted earnings per share in the range of 60 cents to 62 cents, 13% to 17% above the prior year.

For the full year of 2005, Praxair expects sales growth of 12% to 15%, and operating profit growth of 13% to 17%, versus 2004. Diluted earnings per share are expected to be in the range of \$2.40 to \$2.48. The average effective tax rate is expected to be about 26%. Full-year capital expenditures are expected to be in the range of \$750 million to \$800 million.

Commenting on the business outlook, Reilley said, "We expect sales growth to continue throughout the year in most of our major end markets, and in all geographic regions. Our growing hydrogen and energy business, the contribution of our acquired business in Germany, and a strong pipeline of new contracts and projects under construction will add to earnings and cash-flow growth in 2006 and beyond," continued Reilley.

Praxair is the largest industrial gases company in North and South America, and one of the largest worldwide, with 2004 sales of \$6.6 billion. 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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*Non- GAAP measure: See Quarterly Financial Summary and Appendix: Non-GAAP Measures

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 first-quarter results is being held this morning, April 27, at 9:00 am Eastern Time. The number is (617) 614 -3670 -- Passcode: 78063695. 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, margins, earnings growth rates, 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, the impact of tax, accounting and other legislation, litigation, government regulation and the effectiveness and speed of integrating new acquisitions into the business.

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

	Quarter Ended March 31,	
	2005 (a,b)	2004
SALES	\$ 1,827	\$ 1,531
Cost of sales	1,109	908
Selling, general and administrative	245	204
Depreciation and amortization	162	139
Research and development	20	19
Other income (expense) - net (c)	18	(1)
OPERATING PROFIT	309	260
Interest expense - net	42	37
INCOME BEFORE INCOME TAXES	267	223
Income taxes	69	56
	198	167
Minority interests	(7)	(6)
Income from equity investments	4	3
NET INCOME	\$ 195	\$ 164
 PER SHARE DATA		
Basic earnings per share	\$ 0.60	\$ 0.50
Diluted earnings per share	\$ 0.59	\$ 0.49
Cash dividends	\$ 0.18	\$ 0.15
 WEIGHTED AVERAGE SHARES OUTSTANDING		
Basic shares outstanding (000's)	323,818	326,394
Diluted shares outstanding (000's)	329,669	331,573

- (a) Consolidated 2005 sales for the quarter increased \$5 million from the incremental contractual pass-through of higher on-site hydrogen raw material costs tied to natural gas prices, with minimal impact on operating profit compared to 2004.
- (b) Consolidated 2005 sales for the quarter increased \$47 million due to currency effects versus 2004.
- (c) Other income (expense) - net in 2005 includes an \$11 million net benefit related to a favorable settlement of a customer obligation partially offset by legal and insurance accruals.

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

	March 31, 2005	December 31, 2004
ASSETS		
Cash and cash equivalents	\$ 26	\$ 25
Accounts receivable	1,264	1,231
Inventories	340	328
Prepaid and other current assets	143	160
TOTAL CURRENT ASSETS	1,773	1,744
Property, plant and equipment - net	5,886	5,946
Goodwill	1,532	1,551
Other intangibles - net	82	88
Other assets	559	549
TOTAL ASSETS	\$ 9,832	\$ 9,878
LIABILITIES AND EQUITY		
Accounts payable	\$ 541	\$ 502
Short-term debt	420	454
Current portion of long-term debt	188	195
Other current liabilities	678	724
TOTAL CURRENT LIABILITIES	1,827	1,875
Long-term debt	2,841	2,876
Other long-term liabilities	1,292	1,294
TOTAL LIABILITIES	5,960	6,045
Minority interests	221	225
Shareholders' equity	3,651	3,608
TOTAL LIABILITIES AND EQUITY	\$ 9,832	\$ 9,878

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

	Quarter Ended	
	March 31,	
	2005	2004
OPERATIONS		
Net income	\$ 195	\$ 164
Depreciation and amortization	162	139
Working capital	(60)	(104)
Long-term assets and liabilities and other	(8)	(18)
Net cash provided by operating activities	<u>289</u>	<u>181</u>
INVESTING		
Capital expenditures	(165)	(124)
Acquisitions	(2)	-
Divestitures and asset sales	13	14
Net cash used for investing activities	<u>(154)</u>	<u>(110)</u>
FINANCING		
Debt increase (decrease) - net	(40)	26
Issuance of common stock	61	66
Purchases of common stock	(92)	(123)
Cash dividends	(58)	(49)
Minority transactions and other	(4)	(3)
Net cash used for financing activities	<u>(133)</u>	<u>(83)</u>
Effect of exchange rate changes on cash and cash equivalents	<u>(1)</u>	<u>(1)</u>
Change in cash and cash equivalents	1	(13)
Cash and cash equivalents, beginning-of-period	<u>25</u>	<u>50</u>
Cash and cash equivalents, end-of-period	<u>\$ 26</u>	<u>\$ 37</u>

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

	Quarter Ended March 31,	
	2005	2004
SALES		
North America (a)	\$ 1,115	\$ 960
Europe (b)	287	208
South America (c)	245	200
Asia (d)	122	109
Surface Technologies (e)	118	111
Elimination	(60)	(57)
Total sales	\$ 1,827	\$ 1,531
SEGMENT OPERATING PROFIT		
North America (a)	\$ 166	\$ 149
Europe	67	52
South America	43	32
Asia	22	17
Surface Technologies	11	10
Total operating profit	\$ 309	\$ 260

- (a) North American 2005 sales for the quarter increased \$5 million from the contractual pass-through of higher on-site hydrogen raw material costs tied to natural gas prices, with minimal impact on operating profit compared to 2004. Sales for the quarter increased \$12 million due to currency effects versus 2004.
- (b) European 2005 sales for the quarter include \$67 million related to the acquisition of certain industrial gas assets and related businesses in Germany from Air Liquide S.A. Sales for the quarter increased \$12 million due to currency effects versus 2004.
- (c) South American 2005 sales for the quarter increased \$15 million due to currency effects versus 2004.
- (d) Asian 2005 sales for the quarter increased \$5 million due to currency effects versus 2004.
- (e) Surface Technologies 2005 sales for the quarter increased \$3 million due to currency effects versus 2004.

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

	2005		2004		
	Q1	Q4	Q3	Q2	Q1
FROM THE INCOME STATEMENT					
Sales	\$ 1,827	\$ 1,786	\$ 1,674	\$ 1,603	\$ 1,531
Cost of sales	1,109	1,094	1,019	966	908
Selling, general and administrative	245	240	218	207	204
Depreciation and amortization	162	154	145	140	139
Research and development	20	20	19	19	19
Other income (expenses) – net	18	11	7	3	(1)
Operating profit	309	289	280	274	260
Interest expense - net	42	40	39	39	37
Income taxes	69	60	61	55	56
Minority interests	(7)	(9)	(6)	(9)	(6)
Income from equity investments	4	1	3	4	3
Net income	<u>\$ 195</u>	<u>\$ 181</u>	<u>\$ 177</u>	<u>\$ 175</u>	<u>\$ 164</u>
PER SHARE DATA					
Diluted earnings per share	\$ 0.59	\$ 0.55	\$ 0.53	\$ 0.53	\$ 0.49
Cash dividends per share	\$ 0.18	\$ 0.15	\$ 0.15	\$ 0.15	\$ 0.15
Diluted weighted average shares outstanding (000's)	329,669	330,851	331,919	330,897	331,573
FROM THE BALANCE SHEET					
Total debt	\$ 3,449	\$ 3,525	\$ 2,887	\$ 3,021	\$ 2,843
Total capital (a)	7,321	7,358	6,462	6,405	6,177
Debt-to-capital ratio (a)	47.1%	47.9%	44.7%	47.2%	46.0%
FROM THE STATEMENT OF CASH FLOWS					
Cash flow from operations	\$ 289	\$ 428	\$ 382	\$ 252	\$ 181
Capital expenditures	165	243	161	140	124
Acquisitions	2	676	5	248	-
Cash dividends	58	49	49	48	49
OTHER INFORMATION					
Number of employees	27,082	27,020	26,579	26,568	25,281
After-tax return on capital (ROC) (a)	12.7%	12.7%	13.2%	13.5%	12.9%
SEGMENT DATA					
SALES					
North America	\$ 1,115	\$ 1,130	\$ 1,085	\$ 1,016	\$ 960
Europe	287	234	198	207	208
South America	245	236	219	211	200
Asia	122	134	123	121	109
Surface Technologies	118	116	109	111	111
Eliminations	(60)	(64)	(60)	(63)	(57)
Total	<u>\$ 1,827</u>	<u>\$ 1,786</u>	<u>\$ 1,674</u>	<u>\$ 1,603</u>	<u>\$ 1,531</u>
OPERATING PROFIT					
North America	\$ 166	\$ 161	\$ 157	\$ 156	\$ 149
Europe	67	56	54	52	52
South America	43	41	40	39	32
Asia	22	24	20	19	17
Surface Technologies	11	7	9	8	10
Total	<u>\$ 309</u>	<u>\$ 289</u>	<u>\$ 280</u>	<u>\$ 274</u>	<u>\$ 260</u>

(a) Non-GAAP measure, see Appendix

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 interests and shareholders' equity).

	2005	2004			
	Q1(a)	Q4	Q3	Q2	Q1
<u>TOTAL CAPITAL</u>					
Total debt	\$ 3,449	\$ 3,525	\$ 2,887	\$ 3,021	\$ 2,843
Minority interests	221	225	206	203	198
Shareholders' equity	3,651	3,608	3,369	3,181	3,136
Total Capital	<u>\$ 7,321</u>	<u>\$ 7,358</u>	<u>\$ 6,462</u>	<u>\$ 6,405</u>	<u>\$ 6,177</u>
<u>DEBT-TO-CAPITAL RATIO</u>					
	<u>47.1%</u>	<u>47.9%</u>	<u>44.7%</u>	<u>47.2%</u>	<u>46.0%</u>
<u>AFTER-TAX RETURN ON CAPITAL (ROC)</u>					
Operating profit	\$ 309	\$ 289	\$ 280	\$ 274	\$ 260
Less: reported taxes	(69)	(60)	(61)	(55)	(56)
Less: tax benefit on interest expense	(11)	(10)	(10)	(10)	(9)
Add: income from equity investments	4	1	3	4	3
Net operating profit after-tax (NOPAT)	<u>\$ 233</u>	<u>\$ 220</u>	<u>\$ 212</u>	<u>\$ 213</u>	<u>\$ 198</u>
Beginning capital	\$ 7,358	\$ 6,462	\$ 6,405	\$ 6,177	\$ 6,099
Ending capital	\$ 7,321	\$ 7,358	\$ 6,462	\$ 6,405	\$ 6,177
Average capital	\$ 7,340	\$ 6,910	\$ 6,434	\$ 6,291	\$ 6,138
ROC %	3.2%	3.2%	3.3%	3.4%	3.2%
ROC % (annualized)	<u>12.7%</u>	<u>12.7%</u>	<u>13.2%</u>	<u>13.5%</u>	<u>12.9%</u>

(a) ROC was reduced by 1.0% for the 2005 first quarter as a result of the German and Home Care Supply acquisitions.