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PRAXAIR REPORTS RECORD FOURTH-QUARTER EPS OF 55 CENTS AND NET INCOME OF \$181 MILLION

DANBURY, Conn., January 26, 2005 -- Praxair, Inc. (NYSE: PX) reported record net income of \$181 million and diluted earnings per share of 55 cents for the fourth quarter of 2004, 17% higher than \$155 million and 47 cents, respectively, in 2003. Net income grew due to sharply higher sales and operating profit, partially offset by a slightly higher effective tax rate compared to the year-ago quarter.

Sales in the quarter were \$1,786 million, 22% above \$1,461 million in 2003. Operating profit grew 18% to \$289 million from \$244 million in 2003, and reflected an operating margin of 16.2%. Sales and operating profit were higher in every geographic region, with the strongest sales growth coming from global energy, metals, healthcare, and industrial manufacturing markets.

For the full year 2004, Praxair reported net income of \$697 million, and diluted earnings per share of \$2.10, an increase of 19% over \$585 million, and \$1.77 reported a year ago. Full-year sales were \$6,594 million, 17% higher than in 2003.

Commenting on these results, Dennis H. Reilley, chairman and chief executive officer, said, "Our disciplined focus on profitable growth around the world continues to differentiate us from the competition."

In North America, sales in the fourth quarter of \$1,130 million were up 22% from \$923 million in the year-ago quarter. Operating profit grew to \$161 million. Growth was driven by higher sales to energy markets, including hydrogen for refining, and products and services for oil and gas production. Healthcare sales were higher due to solid organic growth and a homecare acquisition in July. Overall, gases volumes remained strong throughout the quarter, reflecting the robust manufacturing environment throughout 2004.

In Europe, sales grew 23% to \$234 million in the quarter. Excluding the effect of a stronger Euro, sales grew 14% from new business development and the purchase of an industrial gas business in Germany which closed in December. Operating profit grew 19% to \$56 million, from \$47 million in the year-ago quarter.

In South America, sales of \$236 million grew 26%, and 22% excluding currency effects. Sales reflected strong industrial growth in the export sectors of the economy, which resulted in higher volumes and higher pricing, as compared to 2003. Operating profit rose 37% to \$41 million from \$30 million in last year's quarter, and reflected a strong operating margin of 17.4%.

Sales in Asia grew 22% to \$134 million, from higher sales in China, India, and Korea to electronics and metals markets, and the contribution of new plant start-ups. Operating profit of \$24 million was 26% higher than in the prior period.

Praxair Surface Technologies' sales in the quarter were \$116 million, 12% above the prior year. Operating profit was \$7 million, comparable to the prior year period. Aviation repair markets continued to be difficult, though the coatings business for OEM aircraft engine parts has improved.

Cash flow from operations in the quarter was \$428 million, and capital expenditures were \$243 million. Additionally, the company invested \$667 million to acquire a German industrial gas business and spent \$66 million on net common stock repurchases. Debt increased by \$638 million, and the after-tax-return-on-capital* ratio was 12.7% at the end of the quarter.

For 2005, Praxair expects sales and operating profit growth in the range of 11% to 15% versus 2004. Diluted earnings per share are expected to be in the range of \$2.33 to \$2.45. The average effective tax rate is expected to increase to about 26%. Full-year capital expenditures are expected to be in the range of \$700 million to \$750 million. This guidance excludes the effect on reported earnings of expensing stock options, expected to begin in the third quarter. Praxair estimates that this expense would reduce reported diluted earnings per share by about 2 cents per quarter.

For the first quarter of 2005, Praxair expects fully diluted earnings per share to be in the range of 56 cents to 58 cents, an increase of 14% to 18% from the first quarter of 2004.

Commenting on the business outlook, Reilley said, "We expect continued strong growth in 2005, bolstered by our growing hydrogen business, the consolidation and integration of the acquired business in Germany, a record pipeline of new contracts and projects under construction, and increased price realization. We believe that economic activity in North America, South America and Asia will continue to be strong, while growth in Europe is likely to slow somewhat from 2004.

Yesterday we announced a 20% increase in the quarterly dividend, as testament to our continued confidence in our ability to grow earnings and cash flow," 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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P-04/05

***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 fourth-quarter results is being held this morning, January 26, at 9:00 am Eastern Time. The number is (617) 801-9712 -- Passcode: 88282290. 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 December 31,		Year Ended December 31,	
	2004 (a,b)	2003	2004 (a,b)	2003
SALES	\$ 1,786	\$ 1,461	\$ 6,594	\$ 5,613
Cost of sales	1,094	859	3,987	3,328
Selling, general and administrative	240	198	869	766
Depreciation and amortization	154	135	578	517
Research and development	20	21	77	75
Other income (expense) - net	11	(4)	20	(5)
OPERATING PROFIT	<u>289</u>	<u>244</u>	<u>1,103</u>	<u>922</u>
Interest expense	40	36	155	151
INCOME BEFORE INCOME TAXES	<u>249</u>	<u>208</u>	<u>948</u>	<u>771</u>
Income taxes	60	49	232	174
	<u>189</u>	<u>159</u>	<u>716</u>	<u>597</u>
Minority interests	(9)	(7)	(30)	(24)
Income from equity investments	1	3	11	12
NET INCOME	<u>\$ 181</u>	<u>\$ 155</u>	<u>\$ 697</u>	<u>\$ 585</u>
PER SHARE DATA				
Basic earnings per share	\$ 0.56	\$ 0.47	\$ 2.14	\$ 1.79
Diluted earnings per share	\$ 0.55	\$ 0.47	\$ 2.10	\$ 1.77
Cash dividends	\$ 0.15	\$ 0.14	\$ 0.60	\$ 0.46
WEIGHTED AVERAGE SHARES OUTSTANDING				
Basic shares outstanding (000's)	324,936	326,672	325,891	326,388
Diluted shares outstanding (000's)	330,851	331,966	331,403	330,991

(a) Consolidated 2004 sales for the quarter and year increased \$28 million and \$40 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 2003.

(b) Consolidated 2004 sales for the quarter and year increased \$39 million and \$154 million, respectively, due to currency effects versus 2003.

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

	<u>December 31,</u> <u>2004</u>	<u>December 31,</u> <u>2003</u>
ASSETS		
Cash and cash equivalents	\$ 25	\$ 50
Accounts receivable	1,231	962
Inventories	328	302
Prepaid and other current assets	160	135
TOTAL CURRENT ASSETS	<u>1,744</u>	<u>1,449</u>
Property, plant and equipment - net	5,946	5,252
Goodwill	1,551	1,075
Other intangibles	88	56
Other assets	549	473
TOTAL ASSETS	<u>\$ 9,878</u>	<u>\$ 8,305</u>
LIABILITIES AND EQUITY		
Accounts payable	\$ 502	\$ 413
Short-term debt	454	133
Current portion of long-term debt	195	22
Other current liabilities	724	549
TOTAL CURRENT LIABILITIES	<u>1,875</u>	<u>1,117</u>
Long-term debt	2,876	2,661
Other long-term liabilities	1,294	1,244
TOTAL LIABILITIES	<u>6,045</u>	<u>5,022</u>
Minority interests	225	195
Shareholders' equity	3,608	3,088
TOTAL LIABILITIES AND EQUITY	<u>\$ 9,878</u>	<u>\$ 8,305</u>

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

	Quarter Ended December 31,		Year Ended December 31,	
	2004	2003	2004	2003
OPERATIONS				
Net income	\$ 181	\$ 155	\$ 697	\$ 585
Depreciation and amortization	154	135	578	517
Working capital	34	20	(68)	(59)
Long-term assets and liabilities and other	59	77	36	94
Net cash provided by operating activities	<u>428</u>	<u>387</u>	<u>1,243</u>	<u>1,137</u>
INVESTING				
Capital expenditures (a)	(243)	(199)	(668)	(983)
Acquisitions (b)	(676)	(31)	(929)	(73)
Divestitures and asset sales	5	8	45	64
Net cash used for investing activities	<u>(914)</u>	<u>(222)</u>	<u>(1,552)</u>	<u>(992)</u>
FINANCING				
Debt increase (decrease) - net	598	(145)	666	43
Issuance of common stock	58	75	212	246
Purchases of common stock	(124)	(50)	(394)	(271)
Cash dividends	(49)	(44)	(195)	(149)
Minority transactions and other	4	2	(8)	(5)
Net cash (used for) provided by financing activities	<u>487</u>	<u>(162)</u>	<u>281</u>	<u>(136)</u>
Effect of exchange rate changes on cash and cash equivalents	<u>2</u>	<u>1</u>	<u>3</u>	<u>2</u>
Change in cash and cash equivalents	3	4	(25)	11
Cash and cash equivalents, beginning-of-period	<u>22</u>	<u>46</u>	<u>50</u>	<u>39</u>
Cash and cash equivalents, end-of-period	<u>\$ 25</u>	<u>\$ 50</u>	<u>\$ 25</u>	<u>\$ 50</u>

(a) Capital expenditures for the 2003 year include the second quarter purchase of leased assets for \$339 million.

(b) Acquisition activity for the 2004 full year and fourth quarter includes the acquisition of certain industrial gas assets and related businesses in Germany from Air Liquide S.A. for \$667 million.

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

	Quarter Ended December 31,		Year Ended December 31,	
	2004	2003	2004	2003
SALES				
North America (a)	\$ 1,130	\$ 923	\$ 4,191	\$ 3,627
Europe (b)	234	191	847	699
South America (c)	236	188	866	708
Asia (d)	134	110	487	389
Surface Technologies (e)	116	104	447	400
Elimination	(64)	(55)	(244)	(210)
Total sales	<u>\$ 1,786</u>	<u>\$ 1,461</u>	<u>\$ 6,594</u>	<u>\$ 5,613</u>
SEGMENT OPERATING PROFIT				
North America (a)	\$ 161	\$ 141	\$ 623	\$ 548
Europe	56	47	214	170
South America	41	30	152	114
Asia	24	19	80	64
Surface Technologies	7	7	34	26
Total operating profit	<u>\$ 289</u>	<u>\$ 244</u>	<u>\$ 1,103</u>	<u>\$ 922</u>

- (a) North American 2004 sales for the quarter and year increased \$28 million and \$40 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 compared to 2003.
- (b) European 2004 sales for the quarter and year include \$20 million related to the acquisition of certain industrial gas assets and related businesses in Germany from Air Liquide S.A.. Sales for the quarter and year increased \$17 million and \$69 million, respectively, due to currency effects versus 2003.
- (c) South American 2004 sales for the quarter and year increased \$6 million and \$26 million, respectively, due to currency effects versus 2003.
- (d) Asian 2004 sales for the year increased \$9 million due to the consolidation of a joint venture in China, which is now controlled by Praxair. Sales for the quarter and year increased \$2 million and \$9 million, respectively, due to currency effects versus 2003.
- (e) Surface Technologies 2004 sales for the quarter and year increased \$5 million and \$22 million, respectively, due to currency effects versus 2003.

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

	2004				2003			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2(a)	Q1
FROM THE INCOME STATEMENT								
Sales	\$ 1,786	\$ 1,674	\$ 1,603	\$ 1,531	\$ 1,461	\$ 1,414	\$ 1,401	\$ 1,337
Cost of sales	1,094	1,019	966	908	859	832	833	804
Selling, general and administrative	240	218	207	204	198	191	192	185
Depreciation and amortization	154	145	140	139	135	133	127	122
Research and development	20	19	19	19	21	18	19	17
Other income (expenses) – net	11	7	3	(1)	(4)	-	(7)	6
Operating profit	289	280	274	260	244	240	223	215
Interest expense	40	39	39	37	36	38	35	42
Income taxes	60	61	55	56	49	49	35	41
Minority interests	(9)	(6)	(9)	(6)	(7)	(6)	(6)	(5)
Income from equity investments	1	3	4	3	3	3	3	3
Net income	<u>\$ 181</u>	<u>\$ 177</u>	<u>\$ 175</u>	<u>\$ 164</u>	<u>\$ 155</u>	<u>\$ 150</u>	<u>\$ 150</u>	<u>\$ 130</u>
PER SHARE DATA (b)								
Diluted earnings per share	\$ 0.55	\$ 0.53	\$ 0.53	\$ 0.49	\$ 0.47	\$ 0.45	\$ 0.45	\$ 0.39
Cash dividends per share	\$ 0.15	\$ 0.15	\$ 0.15	\$ 0.15	\$ 0.14	\$ 0.11	\$ 0.11	\$ 0.10
Diluted weighted average shares outstanding (000's)	330,851	331,919	330,897	331,573	331,966	330,990	330,850	329,270
FROM THE BALANCE SHEET								
Total debt	\$ 3,525	\$ 2,887	\$ 3,021	\$ 2,843	\$ 2,816	\$ 2,958	\$ 2,952	\$ 2,742
Total capital (c)	7,358	6,462	6,405	6,177	6,099	6,013	6,000	5,379
Debt-to-capital ratio (c)	47.9%	44.7%	47.2%	46.0%	46.2%	49.2%	49.2%	51.0%
FROM THE STATEMENT OF CASH FLOWS								
Cash flow from operations	\$ 428	\$ 382	\$ 252	\$ 181	\$ 387	\$ 303	\$ 276	\$ 171
Capital expenditures, excluding purchase of leased assets	243	161	140	124	199	168	154	123
Purchase of leased assets	-	-	-	-	-	-	339	-
Total capital expenditures	243	161	140	124	199	168	493	123
Acquisitions	676	5	248	-	31	3	25	14
Cash dividends	49	49	48	49	44	35	35	35
OTHER INFORMATION								
Number of employees	27,020	26,579	26,568	25,281	25,438	25,361	24,996	24,730
After-tax return on capital (ROC) (c)	12.7%	13.2%	13.5%	12.9%	12.5%	12.3%	12.9%	12.6%
SEGMENT DATA								
<u>SALES</u>								
North America	\$ 1,130	\$ 1,085	\$ 1,016	\$ 960	\$ 923	\$ 918	\$ 893	\$ 893
Europe	234	198	207	208	191	168	175	165
South America	236	219	211	200	188	187	185	148
Asia	134	123	121	109	110	103	92	84
Surface Technologies	116	109	111	111	104	99	99	98
Eliminations	(64)	(60)	(63)	(57)	(55)	(61)	(43)	(51)
Total	<u>\$ 1,786</u>	<u>\$ 1,674</u>	<u>\$ 1,603</u>	<u>\$ 1,531</u>	<u>\$ 1,461</u>	<u>\$ 1,414</u>	<u>\$ 1,401</u>	<u>\$ 1,337</u>
<u>SEGMENT OPERATING PROFIT</u>								
North America	\$ 161	\$ 157	\$ 156	\$ 149	\$ 141	\$ 141	\$ 135	\$ 131
Europe	56	54	52	52	47	44	41	38
South America	41	40	39	32	30	29	26	29
Asia	24	20	19	17	19	17	15	13
Surface Technologies	7	9	8	10	7	9	6	4
Total	<u>\$ 289</u>	<u>\$ 280</u>	<u>\$ 274</u>	<u>\$ 260</u>	<u>\$ 244</u>	<u>\$ 240</u>	<u>\$ 223</u>	<u>\$ 215</u>

(a) The second quarter of 2003 includes a charge of \$4 million net of tax impact from the recognition of currency hedge losses related to anticipated second half net income and a tax benefit of \$10 million from the resolution of various tax matters for previous years.

(b) Per share data for 2003 has been adjusted where applicable to reflect the December 15, 2003 two-for-one stock split.

(c) Non-GAAP measure, see Appendix

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).

	2004					2003				
	Year (a,b)	Q4(a,b)	Q3(b)	Q2(b)	Q1(b)	Year (b)	Q4(b)	Q3(b)	Q2(c)	Q1
TOTAL CAPITAL										
Total debt	\$ 3,525	\$3,525	\$ 2,887	\$ 3,021	\$ 2,843	\$ 2,816	\$ 2,816	\$ 2,958	\$ 2,952	\$ 2,742
Minority interests	225	225	206	203	198	195	195	181	168	160
Preferred stock	-	-	-	-	-	-	-	-	-	-
Shareholders' equity	3,608	3,608	3,369	3,181	3,136	3,088	3,088	2,874	2,880	2,477
Total Capital	<u>\$ 7,358</u>	<u>\$7,358</u>	<u>\$ 6,462</u>	<u>\$ 6,405</u>	<u>\$ 6,177</u>	<u>\$ 6,099</u>	<u>\$ 6,099</u>	<u>\$ 6,013</u>	<u>\$ 6,000</u>	<u>\$ 5,379</u>
DEBT-TO-CAPITAL RATIO	<u>47.9%</u>	<u>47.9%</u>	<u>44.7%</u>	<u>47.2%</u>	<u>46.0%</u>	<u>46.2%</u>	<u>46.2%</u>	<u>49.2%</u>	<u>49.2%</u>	<u>51.0%</u>
AFTER-TAX RETURN ON CAPITAL (ROC)										
Operating profit	\$ 1,103	\$ 289	\$ 280	\$ 274	\$ 260	\$ 922	\$ 244	\$ 240	\$ 223	\$ 215
Less: reported taxes	(232)	(60)	(61)	(55)	(56)	(174)	(49)	(49)	(35)	(41)
Less: tax benefit on interest expense	(39)	(10)	(10)	(10)	(9)	(36)	(9)	(9)	(8)	(10)
Add: income from equity investments	11	1	3	4	3	12	3	3	3	3
Net operating profit after-tax (NOPAT)	<u>\$ 843</u>	<u>\$ 220</u>	<u>\$ 212</u>	<u>\$ 213</u>	<u>\$ 198</u>	<u>\$ 724</u>	<u>\$ 189</u>	<u>\$ 185</u>	<u>\$ 183</u>	<u>\$ 167</u>
Beginning capital	\$ 6,099	\$6,462	\$ 6,405	\$ 6,177	\$ 6,099	\$ 5,252	\$ 6,013	\$ 6,000	\$ 5,379	\$ 5,252
Ending capital	\$ 7,358	\$7,358	\$ 6,462	\$ 6,405	\$ 6,177	\$ 6,099	\$ 6,099	\$ 6,013	\$ 6,000	\$ 5,379
Average capital	\$ 6,729	\$6,910	\$ 6,434	\$ 6,291	\$ 6,138	\$ 5,676	\$ 6,056	\$ 6,007	\$ 5,690	\$ 5,316
ROC %	12.5%	3.2%	3.3%	3.4%	3.2%	12.8%	3.1%	3.1%	3.2%	3.1%
ROC % (annualized)	<u>12.5%</u>	<u>12.7%</u>	<u>13.2%</u>	<u>13.5%</u>	<u>12.9%</u>	<u>12.8%</u>	<u>12.5%</u>	<u>12.3%</u>	<u>12.9%</u>	<u>12.6%</u>

(a) ROC was reduced by 0.5% and 0.6% in the 2004 fourth quarter and full year, respectively, due to the December acquisition of the German assets and related businesses from Air Liquide S.A.

(b) ROC after the second quarter of 2003 was reduced by 0.8% on an annualized basis (0.4% for the full year) due to the additional debt from the purchase of leased assets in the second quarter of 2003.

(c) 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.