

News Release



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PRAXAIR REPORTS FIRST-QUARTER EPS UP 19% TO 81 CENTS AND RAISES FULL-YEAR GUIDANCE

DANBURY, Conn., April 25, 2007 -- Praxair, Inc. (NYSE: PX) reported strong results in the first quarter of 2007. First-quarter net income of \$265 million rose 18% from the first quarter of 2006, and diluted earnings per share grew 19% to 81 cents.

Sales in the first quarter increased to a record \$2,175 million. Sales grew 8% from the prior year quarter, excluding the effect of lower natural gas prices passed through in hydrogen prices. Higher overall pricing and volumes across all major end markets contributed to the increase.

First-quarter operating profit grew 14% to a record \$403 million, and the operating margin improved to 18.5% from 17.4% in the prior year quarter. Higher pricing and cost efficiencies from productivity programs drove this improvement.

Commenting on the results, Chief Executive Officer Steve Angel said, "We achieved solid sales growth in the first quarter, due to continued strength in our global markets, solid industrial manufacturing fundamentals, and strong demand for energy and environmental applications. We leveraged sales growth into sharply higher earnings through a strong focus on pricing, productivity and project execution."

In North America, first-quarter sales reached \$1,205 million, 5% above the prior-year quarter excluding the effect of lower natural gas prices passed through in hydrogen prices. Underlying sales growth came primarily from energy and general manufacturing markets, where underlying demand continues to be strong for new gases applications. Operating profit in the quarter grew 9% from the prior year, reflecting positive pricing trends in merchant and packaged gases, and volume growth.

In Europe, sales in the quarter of \$330 million grew 23%, and increased 14% excluding currency effects. Underlying sales growth reflects increased business activity in Spain, Italy, and Germany, and higher pricing levels which recouped higher power costs. First-quarter operating profit of \$72 million rose 22% from the prior-year period.

In South America, first-quarter sales of \$348 million grew 10% from the prior year quarter, and 7% excluding currency effects. Operating profit rose 16% to \$66 million. Strong operating leverage was achieved by higher utilization of new plants, and higher pricing.

Sales in Asia grew 14% from the 2006 first quarter to \$167 million. Sales to electronics and metals markets contributed to the strong sales growth. Operating profit in the quarter grew 17% to \$27 million from the prior-year period.

Praxair Surface Technologies' sales in the quarter were \$125 million, up 9% from the prior-year quarter, excluding the effects of a business divestiture and currency. Strong coatings demand from aerospace, energy, and power markets and higher pricing drove higher sales. Operating profit increased sharply to \$21 million from \$13 million in the 2006 quarter, and the operating margin improved to 16.8% from 10.4%.

Cash flow from operations in the quarter was \$298 million. Capital expenditures were \$285 million. The company spent \$186 million in the quarter repurchasing stock, net of issuances. After-tax return-on-capital ratio* was 14.8%.

For the second quarter of 2007, Praxair expects diluted earnings per share in the range of 83 cents to 87 cents, 11% to 16% above the second quarter of 2006.

For the full year of 2007, Praxair expects year-over-year sales growth in the range of 8% to 10%. The company expects diluted earnings per share to be in the range of \$3.35 to \$3.50, representing 12% to 17% growth from 2006. Full-year capital expenditures are expected to be in the range of \$1.1 billion to \$1.2 billion. This level of investment continues to support a significant number of major new supply systems under long-term contracts which will come on-stream over the next three years.

Looking forward, Angel said, "Our business outlook is very positive due to our growing pipeline of new projects. Infrastructure development in emerging economies including China, India, and Brazil, where Praxair has a leading position, continues to create numerous business opportunities for industrial gas supply systems. We also believe that energy markets will provide strong sustainable growth for the foreseeable future."

Praxair is the largest industrial gases company in North and South America, and one of the largest worldwide, with 2006 sales of \$8.3 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.

*See the attachments for calculations of non-GAAP measures related after-tax return-on-capital and debt-to-capital ratios.

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P-23/07

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 25, at 11:00 am Eastern Time. The number is (617) 597-5362 -- Passcode: 22843939. 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.

This document contains "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. These statements are based on management's reasonable expectations and assumptions as of the date the statements are made but involve risks and uncertainties. These risks and uncertainties include, without limitation: the performance of stock markets generally; developments in worldwide and national economies and other international events and circumstances; changes in foreign currencies and in interest rates; the cost and availability of electric power, natural gas and other raw materials; the ability to achieve price increases to offset cost increases; catastrophic events including natural disasters, epidemics and acts of war and terrorism; the ability to attract, hire, and retain qualified personnel; the impact of changes in financial accounting standards; the impact of tax, environmental, home healthcare and other legislation and government regulation in jurisdictions in which the company operates; the cost and outcomes of litigation and regulatory agency actions; continued timely development and market acceptance of new products and applications; the impact of competitive products and pricing; future financial and operating performance of major customers and industries served; and the effectiveness and speed of integrating new acquisitions into the business. These risks and uncertainties may cause actual future results or circumstances to differ materially from the projections or estimates contained in the forward-looking statements. The company assumes no obligation to update or provide revisions to any forward-looking statement in response to changing circumstances. The above listed risks and uncertainties are further described in Item 1A (Risk Factors) in the company's latest Annual Report on Form 10-K filed with the SEC which should be reviewed carefully. Please consider the company's forward-looking statements in light of those risks.

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

	Quarter Ended March 31,	
	2007	2006
SALES (a)	\$ 2,175	\$ 2,026
Cost of sales	1,282	1,207
Selling, general and administrative	286	273
Depreciation and amortization	182	171
Research and development	24	21
Other income (expense) - net	2	(2)
OPERATING PROFIT	403	352
Interest expense - net	38	38
INCOME BEFORE INCOME TAXES	365	314
Income taxes	95	83
	270	231
Minority interests	(9)	(8)
Income from equity investments	4	2
NET INCOME	<u>\$ 265</u>	<u>\$ 225</u>
PER SHARE DATA		
Basic earnings per share	\$ 0.83	\$ 0.69
Diluted earnings per share	\$ 0.81	\$ 0.68
Cash dividends	\$ 0.30	\$ 0.25
WEIGHTED AVERAGE SHARES OUTSTANDING		
Basic shares outstanding (000's)	320,763	323,804
Diluted shares outstanding (000's)	326,787	330,043

- (a) Sales for the 2007 quarter decreased \$18 million from the contractual pass-through of lower hydrogen feedstock costs, with minimal impact on operating profit compared to 2006. Sales for the quarter increased \$37 million due to currency effects versus 2006.

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

	<u>March 31, 2007</u>	<u>December 31, 2006</u>
ASSETS		
Cash and cash equivalents	\$ 26	\$ 36
Accounts receivable - net	1,548	1,456
Inventories	407	381
Prepaid and other current assets	220	186
TOTAL CURRENT ASSETS	<u>2,201</u>	<u>2,059</u>
Property, plant and equipment - net	6,964	6,694
Goodwill	1,786	1,613
Other intangibles - net	116	71
Other long-term assets	681	665
TOTAL ASSETS	<u>\$ 11,748</u>	<u>\$ 11,102</u>
LIABILITIES AND EQUITY		
Accounts payable	\$ 664	\$ 682
Short-term debt	285	130
Current portion of long-term debt	52	56
Other current liabilities	855	890
TOTAL CURRENT LIABILITIES	<u>1,856</u>	<u>1,758</u>
Long-term debt	3,399	2,981
Other long-term liabilities	1,796	1,587
TOTAL LIABILITIES	<u>7,051</u>	<u>6,326</u>
Minority interests	230	222
Shareholders' equity	4,467	4,554
TOTAL LIABILITIES AND EQUITY	<u>\$ 11,748</u>	<u>\$ 11,102</u>

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

	Quarter Ended March 31,	
	2007	2006
OPERATIONS		
Net income	\$ 265	\$ 225
Depreciation and amortization	182	171
Accounts receivable	(73)	(21)
Inventory	(16)	(16)
Payables and accruals	(72)	(54)
Pension contributions	(11)	(92)
Other	23	30
Net cash provided by operating activities	<u>298</u>	<u>243</u>
INVESTING		
Capital expenditures	(285)	(256)
Acquisitions	(296)	(3)
Divestitures and asset sales	4	5
Net cash used for investing activities	<u>(577)</u>	<u>(254)</u>
FINANCING		
Debt increase (decrease) - net	540	(58)
Issuances of common stock	85	88
Purchases of common stock	(271)	(91)
Cash dividends	(96)	(81)
Excess tax benefit on stock option exercises	14	9
Minority interest transactions and other	(3)	2
Net cash provided by (used for) financing activities	<u>269</u>	<u>(131)</u>
Effect of exchange rate changes on cash and cash equivalents	<u>-</u>	<u>1</u>
Change in cash and cash equivalents	(10)	(141)
Cash and cash equivalents, beginning-of-period	<u>36</u>	<u>173</u>
Cash and cash equivalents, end-of-period	<u>\$ 26</u>	<u>\$ 32</u>

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

	Quarter Ended March 31,	
	2007	2006
SALES		
North America (a)	\$ 1,205	\$ 1,169
Europe (b)	330	268
South America (c)	348	317
Asia (d)	167	147
Surface Technologies (e)	125	125
Total sales	\$ 2,175	\$ 2,026
SEGMENT OPERATING PROFIT		
North America (a)	\$ 217	\$ 200
Europe	72	59
South America	66	57
Asia	27	23
Surface Technologies	21	13
Total operating profit	\$ 403	\$ 352

- (a) North American 2007 sales for the quarter decreased \$18 million from the contractual pass-through of lower hydrogen feedstock costs, with minimal impact on operating profit compared to 2006. Sales for the quarter decreased \$6 million due to currency effects versus 2006.
- (b) European 2007 sales for the quarter increased \$23 million due to currency effects versus 2006.
- (c) South American 2007 sales for the quarter increased \$9 million due to currency effects versus 2006.
- (d) Asian 2007 sales for the quarter increased \$6 million due to currency effects versus 2006.
- (e) Surface Technologies 2007 sales increased \$5 million for the quarter due to currency effects versus 2006. Sales for the 2006 first quarter included \$16 million relating to the aviation services business divested in July 2006.

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

	2007	2006			
	Q1	Q4	Q3	Q2	Q1
FROM THE INCOME STATEMENT					
Sales	\$ 2,175	\$ 2,123	\$ 2,099	\$ 2,076	\$ 2,026
Cost of sales	1,282	1,264	1,259	1,238	1,207
Selling, general and administrative	286	270	272	271	273
Depreciation and amortization	182	178	173	174	171
Research and development	24	23	21	22	21
Other income (expenses) – net	2	5	18	11	(2)
Operating profit	403	393	392	382	352
Interest expense - net	38	38	38	41	38
Income taxes	95	81	101	90	83
Minority interests	(9)	(9)	(7)	(7)	(8)
Income from equity investments	4	4	1	3	2
Net income	<u>\$ 265</u>	<u>\$ 269</u>	<u>\$ 247</u>	<u>\$ 247</u>	<u>\$ 225</u>
PER SHARE DATA					
Diluted earnings per share	\$ 0.81	\$ 0.82	\$ 0.75	\$ 0.75	\$ 0.68
Cash dividends per share	\$ 0.30	\$ 0.25	\$ 0.25	\$ 0.25	\$ 0.25
Diluted weighted average shares outstanding (000's)	326,787	329,508	329,498	329,880	330,043
FROM THE BALANCE SHEET					
Total debt	\$ 3,736	\$ 3,167	\$ 3,174	\$ 3,454	\$ 3,408
Total capital (a)	8,433	7,943	7,877	7,926	7,740
Debt-to-capital ratio (a)	44.3%	39.9%	40.3%	43.6%	44.0%
FROM THE STATEMENT OF CASH FLOWS					
Cash flow from operations	\$ 298	\$ 563	\$ 554	\$ 392	\$ 243
Capital expenditures	285	300	274	270	256
Acquisitions	296	7	1	3	3
Cash dividends	96	81	81	80	81
OTHER INFORMATION					
Number of employees	27,681	27,042	26,926	27,532	27,231
After-tax return on capital (ROC) (a)	14.8%	15.5%	14.3%	14.5%	13.7%
SEGMENT DATA					
SALES					
North America	\$ 1,205	\$ 1,182	\$ 1,187	\$ 1,158	\$ 1,169
Europe	330	306	293	296	268
South America	348	351	340	340	317
Asia	167	169	165	155	147
Surface Technologies	125	115	114	127	125
Total	<u>\$ 2,175</u>	<u>\$ 2,123</u>	<u>\$ 2,099</u>	<u>\$ 2,076</u>	<u>\$ 2,026</u>
OPERATING PROFIT					
North America	\$ 217	\$ 203	\$ 204	\$ 215	\$ 200
Europe	72	73	69	65	59
South America	66	68	69	58	57
Asia	27	33	27	28	23
Surface Technologies	21	16	23	16	13
Total	<u>\$ 403</u>	<u>\$ 393</u>	<u>\$ 392</u>	<u>\$ 382</u>	<u>\$ 352</u>

(a) 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 (i) its debt-to-capital ratio is appropriate for measuring its financial leverage; (ii) 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) and the ROC amount will help investors understand underlying performance.

	2007	2006			
	Q1	Q4	Q3	Q2	Q1
<u>Total Capital</u>					
Total debt	\$ 3,736	\$ 3,167	\$ 3,174	\$ 3,454	\$ 3,408
Minority interests	230	222	209	203	207
Shareholders' equity	4,467	4,554	4,494	4,269	4,125
Total Capital	<u>\$ 8,433</u>	<u>\$ 7,943</u>	<u>\$ 7,877</u>	<u>\$ 7,926</u>	<u>\$ 7,740</u>
<u>Debt-to-Capital Ratio</u>	<u>44.3%</u>	<u>39.9%</u>	<u>40.3%</u>	<u>43.6%</u>	<u>44.0%</u>
<u>After-Tax Return on Capital (ROC)</u>					
Reported operating profit	\$ 403	\$ 393	\$ 392	\$ 382	\$ 352
Less: income taxes	(95)	(81)	(101)	(90)	(83)
Less: tax benefit on interest expense	(10)	(10)	(10)	(11)	(10)
Add: income from equity investments	4	4	1	3	2
Net operating profit after-tax (NOPAT)	<u>\$ 302</u>	<u>\$ 306</u>	<u>\$ 282</u>	<u>\$ 284</u>	<u>\$ 261</u>
Beginning capital	\$ 7,943	\$ 7,877	\$ 7,926	\$ 7,740	\$ 7,551
Ending capital	\$ 8,433	\$ 7,943	\$ 7,877	\$ 7,926	\$ 7,740
Average capital	\$ 8,188	\$ 7,910	\$ 7,902	\$ 7,833	\$ 7,646
ROC %	3.7%	3.9%	3.6%	3.6%	3.4%
<u>ROC % (annualized)</u>	<u>14.8%</u>	<u>15.5%</u>	<u>14.3%</u>	<u>14.5%</u>	<u>13.7%</u>