

News Release



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PRAXAIR REPORTS FIRST- QUARTER RESULTS

- Sales of \$2.1 billion down 20% from prior year due to 12% volume decline and 11% negative currency and cost pass-through
- Operating profit of \$442 million down 11% excluding prior-year pension settlement charge*
- Operating profit margin increased to 20.8% as a result of pro-active steps to reduce fixed costs in addition to ongoing productivity savings
- Diluted EPS of 93 cents down 6%*
- \$300 million of 5-year bonds issued at 4.375% to reduce short-term debt
- Second-quarter diluted EPS guidance of \$.95 to \$1.00; full-year \$3.85 to \$4.15

DANBURY, Conn., April 29, 2009 - Praxair, Inc. (NYSE: PX) reported net income attributable to Praxair and diluted earnings per share of \$290 million and 93 cents, respectively, in the first quarter, compared to \$307 million and 96 cents in the first quarter of 2008.

Reported sales in the first quarter were \$2,123 million, 20% below \$2,663 million in the first quarter of 2008. Underlying sales were 9% below the prior year, excluding the negative effects of foreign currency and cost pass-through. Higher product pricing was offset by significantly lower volumes in all geographies due to production cutbacks and lower demand by customers as a result of the global macroeconomic slowdown.

Operating profit in the first quarter was \$442 million, 11% below the prior year.* Operating margin as a percentage of sales improved to 20.8% as a result of significant reductions in both fixed and variable costs.

The company generated cash flow from operations of \$349 million in the quarter which funded \$293 million of capital expenditures, largely for new production plants under contract for customers in North and South America, China and India. In March the company issued \$300 million of five-year bonds at 4.375%, the proceeds of which were used to reduce short-term debt. The after-tax return-on-capital ratio and return on equity for the quarter were 13.8%, and 28.7%, respectively.*

Commenting on the results and business outlook, Chairman and Chief Executive Officer Steve Angel said, "As we anticipated, the low level of customer demand which we experienced in November and December continued right through the first quarter. Demand appears to have stabilized, but at a lower level, with overall volumes down 12% versus the prior year. However, we have not yet seen meaningful signs of recovery and we are therefore cautious regarding our outlook for the remainder of the year.

“Our productivity programs have reduced costs significantly to offset the impact of lower volumes. When the economy does recover, this will give us substantial operating leverage on volume growth. In addition, our projects currently under construction will contribute sales and earnings growth as we bring these new facilities on line over the next several years. We signed several new contracts this quarter for energy projects in the U.S. and Europe.”

For the second quarter of 2009, Praxair expects diluted earnings per share in the range of 95 cents to \$1.00. This guidance assumes a negative currency impact of about 11% versus the second quarter of 2008 based on current exchange rates.

Based on the current macroeconomic environment, Praxair expects sales for the full year of 2009 to be in the area of \$9 billion. This guidance assumes a negative currency impact of about 9% and a negative impact of about 3% from lower cost pass-through. The company expects diluted earnings per share to be in the range of \$3.85 to \$4.15. Full-year capital expenditures are expected to be in the area of \$1.4 billion, supporting the construction of 42 on-site production plants under contract which will come on-stream in 2009 through 2011.

The following provides additional detail on first-quarter 2009 results by geographic region and for Praxair Surface Technologies.

In North America, first-quarter sales were \$1,164 million, 20% below \$1,454 million in the first quarter of 2008. Excluding the negative effect of currency and cost pass-through, underlying sales declined 11% due to lower volumes, partially offset by higher overall pricing. Higher sales to energy markets were offset by sharply lower volumes to chemicals, metals, electronics and manufacturing markets. Despite this sales decline, operating profit of \$256 million was only 2% below the prior-year quarter due to the effect of cost-reduction actions initiated in the fourth quarter and ongoing productivity programs.

In Europe, sales in the first quarter were \$303 million, 22% below the prior year. The translation effects of a weaker euro reduced sales by 9%. Underlying sales were below the prior year due primarily to lower volumes in the chemicals, metals and electronics end-markets. Operating profit was \$63 million in the quarter, compared to \$87 million in the prior year due to lower volumes and currency depreciation.

In South America, first-quarter sales were \$353 million, 24% below the prior year. The negative impact of currency translation reduced sales by 23%. Underlying sales were slightly below the prior year as lower volumes to metals and manufacturing customers were largely offset by growth in food and beverage and healthcare. Operating profit in the first quarter was \$75 million, 16% below \$89 million in the prior-year quarter. The significant operating leverage was achieved by productivity programs, cost reduction and higher pricing levels. This resulted in an improvement in operating margin to 21.2% from 19.1% in the 2008 quarter.

Sales in Asia were \$180 million in the quarter, 15% below the prior year. Excluding currency translation and cost pass-through, sales declined 8%. Operating profit in the quarter fell to \$26 million compared to \$37 million in the prior year. Sales and earnings growth from project start-ups in China, India, and Korea was more than offset by the sharp decline in sales to electronics customers.

Praxair Surface Technologies had first-quarter sales of \$123 million versus \$142 million in the prior-year quarter. Excluding the negative impact of currency translation, sales were 7% below the prior year. Sales growth in energy markets was offset by lower sales to aviation and general manufacturing. Operating profit was \$22 million in the quarter versus \$24 million the prior year. The operating margin improved to 17.9% from 16.9% as the impact of lower volume was more than offset by lower costs.

Praxair is the largest industrial gases company in North and South America, and one of the largest worldwide, with 2008 sales of \$10.8 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 to 2008 first-quarter operating profit, net income, and diluted earnings per share adjusted to exclude a \$17 million pension settlement charge in the first quarter, \$11 million after-tax, 3 cents EPS. All year-over-year comparisons, including percentage changes, are based on the adjusted amounts for 2008 which excludes this charge. The attachments also include calculations of non-GAAP measures related to after-tax return-on-capital; return-on-equity; and debt-to-capital ratios.

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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 29, at 11:00 a.m. Eastern Time. The number is (857) 350-1683 -- Passcode: 85466880. 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 investigations, litigation and regulatory proceedings; 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 (a)
(Millions of dollars, except per share data)
(UNAUDITED)

| | Quarter Ended March 31, | |
|--|----------------------------|---------------|
| | 2009 | 2008 |
| SALES (b) | \$ 2,123 | \$ 2,663 |
| Cost of sales | 1,195 | 1,595 |
| Selling, general and administrative | 265 | 335 |
| Depreciation and amortization | 199 | 210 |
| Research and development | 18 | 24 |
| Pension settlement charge (c) | - | 17 |
| Other income (expense) - net | (4) | - |
| OPERATING PROFIT | 442 | 482 |
| Interest expense - net | 35 | 47 |
| INCOME BEFORE INCOME TAXES AND EQUITY INVESTMENTS | 407 | 435 |
| Income taxes | 114 | 122 |
| INCOME BEFORE EQUITY INVESTMENTS | 293 | 313 |
| Income from equity investments | 5 | 9 |
| NET INCOME (INCLUDING NONCONTROLLING INTERESTS) | 298 | 322 |
| Less: noncontrolling interests | (8) | (15) |
| NET INCOME - PRAXAIR, INC. | \$ 290 | \$ 307 |

PER SHARE DATA - PRAXAIR, INC. SHAREHOLDERS

| | | |
|----------------------------|---------|----------|
| Basic earnings per share | \$ 0.94 | \$ 0.98 |
| Diluted earnings per share | \$ 0.93 | \$ 0.96 |
| Cash dividends | \$ 0.40 | \$ 0.375 |

WEIGHTED AVERAGE SHARES OUTSTANDING

| | | |
|------------------------------------|---------|---------|
| Basic shares outstanding (000's) | 307,818 | 313,936 |
| Diluted shares outstanding (000's) | 311,311 | 320,409 |

- (a) Effective January 1, 2009 Praxair adopted statement of financial accounting standards No. 160 (SFAS 160), "Noncontrolling interests in Consolidated Financial Statements" and reclassified 2008 amounts to conform to the current year presentation. SFAS 160 requires noncontrolling interests (previously referred to as minority interests) to be included in net income in the consolidated statement of income. Per share data remains unchanged and is based upon "Net Income - Praxair, Inc."
- (b) Sales for the 2009 quarter decreased \$59 million due to lower cost pass-through, with minimal impact on operating profit compared to 2008. Sales for the quarter decreased \$250 million due to currency effects versus 2008.
- (c) A pension settlement charge of \$17 million (\$11 million after-tax or \$0.03 per diluted share) was recorded in the 2008 first quarter related to lump sum benefit payments made from the U.S. supplemental pension plan to a number of recently retired senior managers, including Praxair's former chairman and chief executive officer.

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

| | <u>March 31,</u> <u>2009</u> | <u>December 31,</u> <u>2008</u> |
|-------------------------------------|---------------------------------|------------------------------------|
| ASSETS | | |
| Cash and cash equivalents | \$ 54 | \$ 32 |
| Accounts receivable - net | 1,513 | 1,604 |
| Inventories | 424 | 445 |
| Prepaid and other current assets | 193 | 220 |
| TOTAL CURRENT ASSETS | <u>2,184</u> | <u>2,301</u> |
| Property, plant and equipment - net | 7,872 | 7,922 |
| Goodwill | 1,873 | 1,909 |
| Other intangibles - net | 118 | 121 |
| Other long-term assets | 810 | 801 |
| TOTAL ASSETS | <u>\$ 12,857</u> | <u>\$ 13,054</u> |
| LIABILITIES AND EQUITY | | |
| Accounts payable | \$ 687 | \$ 820 |
| Short-term debt | 634 | 642 |
| Current portion of long-term debt | 641 | 674 |
| Other current liabilities | 703 | 843 |
| TOTAL CURRENT LIABILITIES | <u>2,665</u> | <u>2,979</u> |
| Long-term debt | 3,770 | 3,709 |
| Other long-term liabilities | 2,047 | 2,055 |
| TOTAL LIABILITIES | <u>8,482</u> | <u>8,743</u> |
| EQUITY (a) | | |
| Praxair, Inc. shareholders' equity | 4,073 | 4,009 |
| Noncontrolling Interests | 302 | 302 |
| TOTAL EQUITY | <u>4,375</u> | <u>4,311</u> |
| TOTAL LIABILITIES AND EQUITY | <u>\$ 12,857</u> | <u>\$ 13,054</u> |

(a) SFAS 160 requires noncontrolling interests (previously referred to as minority interests) to be classified as a separate component of equity in the consolidated balance sheets. 2008 amounts have been reclassified to conform to the current year presentation.

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

| | Quarter Ended | |
|--|----------------------|--------------|
| | March 31, | |
| | 2009 | 2008 |
| OPERATIONS | | |
| Net income - Praxair, Inc. | \$ 290 | \$ 307 |
| Depreciation and amortization | 199 | 210 |
| 2008 Cost reduction program, payments | (18) | - |
| Accounts receivable | 94 | (184) |
| Inventory | 20 | (9) |
| Payables and accruals | (259) | 58 |
| Pension contributions | (8) | (11) |
| Other | 31 | 8 |
| Net cash provided by operating activities | <u>349</u> | <u>379</u> |
| INVESTING | | |
| Capital expenditures | (293) | (344) |
| Acquisitions | (2) | (40) |
| Divestitures and asset sales | 5 | 16 |
| Net cash used for investing activities | <u>(290)</u> | <u>(368)</u> |
| FINANCING | | |
| Debt increase - net | 71 | 329 |
| Issuances of common stock | 16 | 66 |
| Purchases of common stock | - | (293) |
| Cash dividends - Praxair, Inc. shareholders | (123) | (117) |
| Excess tax benefit on stock option exercises | 3 | 5 |
| Noncontrolling interest transactions and other | (3) | 1 |
| Net cash used for financing activities | <u>(36)</u> | <u>(9)</u> |
| Effect of exchange rate changes on cash and cash equivalents | <u>(1)</u> | <u>2</u> |
| Change in cash and cash equivalents | 22 | 4 |
| Cash and cash equivalents, beginning-of-period | <u>32</u> | <u>17</u> |
| Cash and cash equivalents, end-of-period | <u>\$ 54</u> | <u>\$ 21</u> |

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

| | Quarter Ended | |
|---------------------------|-----------------|-----------------|
| | March 31, | |
| | 2009 | 2008 |
| SALES | | |
| North America (a) | \$ 1,164 | \$ 1,454 |
| Europe (b) | 303 | 390 |
| South America (c) | 353 | 466 |
| Asia (d) | 180 | 211 |
| Surface Technologies (e) | 123 | 142 |
| Total sales | <u>\$ 2,123</u> | <u>\$ 2,663</u> |
| OPERATING PROFIT | | |
| North America (a) | \$ 256 | \$ 262 |
| Europe (b) | 63 | 87 |
| South America (c) | 75 | 89 |
| Asia (d) | 26 | 37 |
| Surface Technologies | 22 | 24 |
| Segment operating profit | 442 | 499 |
| Pension settlement charge | - | (17) |
| Total operating profit | <u>\$ 442</u> | <u>\$ 482</u> |

- (a) North American 2009 sales for the quarter decreased \$64 million due to lower cost pass-through, with minimal impact on operating profit compared to 2008. Sales for the quarter decreased \$78 million due to currency effects versus 2008.
- (b) European 2009 sales for the quarter decreased \$4 million due to lower cost pass-through, with minimal impact on operating profit compared to 2008. Sales for the quarter decreased \$36 million due to currency effects versus 2008.
- (c) South American 2009 sales for the quarter increased \$3 million due to higher cost pass-through, with minimal impact on operating profit compared to 2008. Sales for the quarter decreased \$107 million due to currency effects versus 2008.
- (d) Asian 2009 sales for the quarter increased \$6 million due to higher cost pass-through, with minimal impact on operating profit compared to 2008. Sales for the quarter decreased \$21 million due to currency effects versus 2008.
- (e) Surface Technologies 2009 sales for the the quarter decreased \$8 million due to currency effects versus 2008.

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

| | 2009 | 2008 | | | |
|--|-----------------|-----------------|-----------------|-----------------|-----------------|
| | Q1 | Q4 | Q3 | Q2 | Q1 |
| FROM THE INCOME STATEMENT | | | | | |
| Sales | \$ 2,123 | \$ 2,403 | \$ 2,852 | \$ 2,878 | \$ 2,663 |
| Cost of sales | 1,195 | 1,418 | 1,734 | 1,748 | 1,595 |
| Selling, general and administrative | 265 | 295 | 341 | 341 | 335 |
| Depreciation and amortization | 199 | 206 | 218 | 216 | 210 |
| Research and development | 18 | 25 | 24 | 24 | 24 |
| Cost reduction program and other charges | - | 177 | - | - | - |
| Pension settlement charge | - | - | - | - | 17 |
| Other income (expenses) – net | (4) | 32 | 9 | (6) | - |
| Operating profit | 442 | 314 | 544 | 543 | 482 |
| Interest expense - net | 35 | 49 | 50 | 52 | 47 |
| Income taxes | 114 | 67 | 139 | 137 | 122 |
| Income from equity investments | 5 | 8 | 11 | 8 | 9 |
| Net income (including noncontrolling interests) | 298 | 206 | 366 | 362 | 322 |
| Less: noncontrolling interests | (8) | (6) | (11) | (13) | (15) |
| Net income - Praxair, Inc. | <u>\$ 290</u> | <u>\$ 200</u> | <u>\$ 355</u> | <u>\$ 349</u> | <u>\$ 307</u> |
| PER SHARE DATA - PRAXAIR, INC. SHAREHOLDERS | | | | | |
| Diluted earnings per share | \$ 0.93 | \$ 0.64 | \$ 1.11 | \$ 1.08 | \$ 0.96 |
| Cash dividends per share | \$ 0.40 | \$ 0.375 | \$ 0.375 | \$ 0.375 | \$ 0.375 |
| Diluted weighted average shares outstanding (000's) | 311,311 | 310,719 | 319,505 | 322,088 | 320,409 |
| FROM THE BALANCE SHEET | | | | | |
| Total debt | \$ 5,045 | \$ 5,025 | \$ 4,944 | \$ 4,596 | \$ 4,574 |
| Total capital (a) | 9,420 | 9,336 | 10,142 | 10,584 | 10,127 |
| Debt-to-capital ratio (a) | 53.6% | 53.8% | 48.7% | 43.4% | 45.2% |
| FROM THE STATEMENT OF CASH FLOWS | | | | | |
| Cash flow from operations | \$ 349 | \$ 640 | \$ 630 | \$ 389 | \$ 379 |
| Capital expenditures | 293 | 482 | 405 | 380 | 344 |
| Acquisitions | 2 | 25 | 35 | 30 | 40 |
| Cash dividends | 123 | 115 | 117 | 119 | 117 |
| OTHER INFORMATION | | | | | |
| Number of employees | 26,533 | 26,936 | 27,957 | 27,999 | 27,948 |
| After-tax return on capital (ROC) (a) | 13.8% | 14.7% | 15.5% | 15.4% | 14.8% |
| Return on Praxair, Inc. shareholders' equity (ROE) (a) | 28.7% | 28.2% | 26.9% | 25.7% | 24.6% |
| SEGMENT DATA | | | | | |
| SALES | | | | | |
| North America | \$ 1,164 | \$ 1,355 | \$ 1,557 | \$ 1,573 | \$ 1,454 |
| Europe | 303 | 322 | 384 | 406 | 390 |
| South America | 353 | 382 | 527 | 514 | 466 |
| Asia | 180 | 209 | 239 | 232 | 211 |
| Surface Technologies | 123 | 135 | 145 | 153 | 142 |
| Total sales | <u>\$ 2,123</u> | <u>\$ 2,403</u> | <u>\$ 2,852</u> | <u>\$ 2,878</u> | <u>\$ 2,663</u> |
| OPERATING PROFIT | | | | | |
| North America | \$ 256 | \$ 267 | \$ 274 | \$ 275 | \$ 262 |
| Europe | 63 | 83 | 96 | 99 | 87 |
| South America | 75 | 87 | 111 | 102 | 89 |
| Asia | 26 | 34 | 38 | 40 | 37 |
| Surface Technologies | 22 | 20 | 25 | 27 | 24 |
| Segment operating profit | 442 | 491 | 544 | 543 | 499 |
| Cost reduction program and other charges | - | (177) | - | - | - |
| Pension settlement charge | - | - | - | - | (17) |
| Total operating profit | <u>\$ 442</u> | <u>\$ 314</u> | <u>\$ 544</u> | <u>\$ 543</u> | <u>\$ 482</u> |

(a) Non-GAAP measure, see Appendix.

PRAXAIR, INC. AND SUBSIDIARIES
APPENDIX
NON-GAAP MEASURES
(Millions of dollars, except per share data)
(UNAUDITED)

The following non-GAAP measures are intended to supplement investors' understanding of the company's financial information by providing measures which investors, financial analysts and management use to help evaluate the company's financing leverage, return on net assets employed and operating performance. Special items which the company does not believe to be indicative of on-going business trends are excluded from these calculations so that investors can better evaluate and analyze historical and future business trends on a consistent basis. Definitions of these non-GAAP measures may not be comparable to similar definitions used by other companies and are not a substitute for similar GAAP measures. 2008 adjusted operating profit, net income - Praxair, Inc. and diluted EPS are adjusted for the impact of the 2008 fourth quarter cost reduction program and other charges and the 2008 first quarter pension settlement charge which helps investors understand underlying performance on a comparable basis.

| | 2009 | 2008 | | | |
|--|-----------------|-----------------|------------------|------------------|------------------|
| | Q1 | Q4 | Q3 | Q2 | Q1 |
| Debt to Capital Ratio - The debt-to-capital ratio is a measure used by investors, financial analysts and management to provide a measure of financial leverage and insights into how the company is financing its operations. | | | | | |
| Total debt | \$ 5,045 | \$ 5,025 | \$ 4,944 | \$ 4,596 | \$ 4,574 |
| Equity: | | | | | |
| Praxair, Inc. shareholders' equity | 4,073 | 4,009 | 4,891 | 5,671 | 5,209 |
| Noncontrolling interests | 302 | 302 | 307 | 317 | 344 |
| Total equity | 4,375 | 4,311 | 5,198 | 5,988 | 5,553 |
| Total Capital | <u>\$ 9,420</u> | <u>\$ 9,336</u> | <u>\$ 10,142</u> | <u>\$ 10,584</u> | <u>\$ 10,127</u> |
| Debt to capital ratio | 53.6% | 53.8% | 48.7% | 43.4% | 45.2% |

After-tax return on Capital (ROC) - After-tax return on capital is a measure used by investors, financial analysts and management to evaluate the return on net assets employed in the business. ROC measures the after-tax operating profit that the company was able to generate with the investments made by all parties in the business (debt, noncontrolling interests and Praxair, Inc. shareholders' equity).

| | | | | | |
|---|---------------|---------------|---------------|---------------|---------------|
| Adjusted operating profit (a) | \$ 442 | \$ 491 | \$ 544 | \$ 543 | \$ 499 |
| Less: income taxes | (114) | (67) | (139) | (137) | (122) |
| Less: tax benefit on cost reduction program and other charges (b) | - | (59) | - | - | - |
| Less: tax benefit on pension settlement charge (c) | - | - | - | - | (6) |
| Less: tax benefit on interest expense | (10) | (14) | (14) | (15) | (13) |
| Add: income from equity investments | 5 | 8 | 11 | 8 | 9 |
| Net operating profit after-tax (NOPAT) | <u>\$ 323</u> | <u>\$ 359</u> | <u>\$ 402</u> | <u>\$ 399</u> | <u>\$ 367</u> |
| Beginning capital | \$ 9,336 | \$ 10,142 | \$ 10,584 | \$ 10,127 | \$ 9,655 |
| Ending capital | \$ 9,420 | \$ 9,336 | \$ 10,142 | \$ 10,584 | \$ 10,127 |
| Average capital | \$ 9,378 | \$ 9,739 | \$ 10,363 | \$ 10,356 | \$ 9,891 |
| ROC % | 3.4% | 3.7% | 3.9% | 3.9% | 3.7% |
| ROC % (annualized) | <u>13.8%</u> | <u>14.7%</u> | <u>15.5%</u> | <u>15.4%</u> | <u>14.8%</u> |

Return on Praxair, Inc. Shareholders' equity (ROE) - Return on Praxair, Inc. shareholders' equity is a measure used by investors, financial analysts and management to evaluate operating performance from a Praxair shareholder perspective. ROE measures the net income attributable to Praxair, Inc. that the company was able to generate with the money shareholders have invested.

| | | | | | |
|--|--------------|--------------|--------------|--------------|--------------|
| Adjusted net income - Praxair, Inc. (a) | \$ 290 | \$ 314 | \$ 355 | \$ 349 | \$ 318 |
| Beginning Praxair, Inc. shareholders' equity | \$ 4,009 | \$ 4,891 | \$ 5,671 | \$ 5,209 | \$ 5,142 |
| Ending Praxair, Inc. shareholders' equity | \$ 4,073 | \$ 4,009 | \$ 4,891 | \$ 5,671 | \$ 5,209 |
| Average Praxair, Inc. shareholders' equity | \$ 4,041 | \$ 4,450 | \$ 5,281 | \$ 5,440 | \$ 5,176 |
| ROE % | 7.2% | 7.1% | 6.7% | 6.4% | 6.1% |
| ROE % (annualized) | <u>28.7%</u> | <u>28.2%</u> | <u>26.9%</u> | <u>25.7%</u> | <u>24.6%</u> |

(a) **2008 Adjusted Operating Profit, Net Income - Praxair, Inc. and Diluted EPS**

| | Fourth Quarter | First Quarter |
|---|-------------------|------------------|
| | 2008 | 2008 |
| Reported operating profit | \$ 314 | \$ 482 |
| Add: cost reduction program and other charges (b) | 177 | - |
| Add: pension settlement charge (c) | - | 17 |
| Adjusted operating profit | <u>\$ 491</u> | <u>\$ 499</u> |
| Reported 2009 operating profit | | \$ 442 |
| Percentage change from 2008 | | (11)% |
| Reported net income - Praxair, Inc. | \$ 200 | \$ 307 |
| Add: cost reduction program and other charges (b) | 114 | - |
| Add: pension settlement charge (c) | - | 11 |
| Adjusted net income - Praxair, Inc. | <u>\$ 314</u> | <u>\$ 318</u> |
| Reported 2009 net income - Praxair, Inc. | | \$ 290 |
| Percentage change from 2008 | | (9)% |
| Diluted weighted average shares | 310,719 | 320,409 |
| Reported diluted EPS | \$ 0.64 | \$ 0.96 |
| Add: cost reduction program and other charges (b) | 0.37 | - |
| Add: pension settlement charge (c) | - | 0.03 |
| Adjusted diluted EPS | <u>\$ 1.01</u> | <u>\$ 0.99</u> |
| Reported 2009 diluted EPS | | \$ 0.93 |
| Percentage change from 2008 | | (6)% |

(b) The 2008 quarter includes cost reduction program and other charges of \$177 million (\$114 million after-tax and noncontrolling interests, or \$0.37 per diluted share).

(c) A pension settlement charge of \$17 million (\$11 million after-tax or \$0.03 per diluted share) was recorded in the 2008 first quarter related to lump sum benefit payments made from the U.S. supplemental pension plan to a number of recently retired senior managers, including Praxair's former chairman and chief executive officer.