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www.praxair.com
Forward Looking Statements

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.
Operating Model Drives Growth and ROC

Applications Technology
Customer Value

Growth

Return on Capital

Commercial Terms
Capture Value

Efficient/Reliable
Low Cost Supplier

<table>
<thead>
<tr>
<th></th>
<th>Praxair</th>
<th>S&amp;P 500</th>
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<tbody>
<tr>
<td>Sales (10 year CAGR)</td>
<td>8%</td>
<td>7%</td>
</tr>
<tr>
<td>Earnings Growth (10 year CAGR)</td>
<td>12%</td>
<td>6%</td>
</tr>
<tr>
<td>ROE(^1) (10 year average)</td>
<td>20%</td>
<td>15%</td>
</tr>
<tr>
<td>TSR (10 year annualized)</td>
<td>14%</td>
<td>10%</td>
</tr>
<tr>
<td>P/E</td>
<td>16.5</td>
<td>18.0</td>
</tr>
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</table>

Shareholder Performance exceeds S&P 500

1. ROE = Net income before accounting changes/Shareholders Equity
Applications Technology Drives Growth

Praxair End Markets 2002

- Aerospace 4%
- Healthcare 11%
- Manufacturing 22%
- Metals 15%
- Energy 8%
- Electronics 8%
- Food and Beverage 9%
- Chemicals 11%
- Other 12%

Productivity
- Quality
- Cycle Time
- Yield

Energy
- Oxyfuel Combustion
- Hydrogen

Environmental
- Air Quality
- Water Treatment
North American Sales Versus Industrial Production

Praxair grows at a multiple of industrial production from new applications technology.
Commercial Terms Drive ROC

2002 Sales by Distribution Method

- **On-Site 23%**
  - 10-15 year take or pay contracts
  - Automatic escalation for: energy, inflation and currency

- **Merchant 30%**
  - 3-5 year requirements contracts
  - Escalation for energy and inflation via contract terms and price increases

- **Packaged Gases 33%**
  - Annual Contracts
  - Cylinder Rentals
  - Pricing Leverage

- **Other 14%**

- *Price is a fraction of customer value*
- *Terms capture above average ROC*
Standardizing Plant Design and Driving Energy Efficiency

Unit cost of production has fallen 15-20%
Praxair Gulf Coast: Growing Hydrogen Use in Gasoline and Diesel Production

Hydrogen Used Per Barrel of Oil (Standard Cubic Feet)

2001
- High Sulfur Crude: 200 SCF/BBL
- Base Demand: 480 SCF/BBL
- 2004 Tier 2 Gasoline Rules: 280 SCF/BBL

2006
- High Sulfur Crude: 200 SCF/BBL
- Base Demand: 645 SCF/BBL
- 2006 Diesel Fuel Ultra Low Sulfur Rules: 50 SCF/BBL
- 2002 Ultra Low Sulfur Rules: 25 SCF/BBL

2010
- 2010 Off-Road Diesel Ultra Low Sulfur Rules: 75 SCF/BBL
- Could be: 700 SCF/BBL

Source: Praxair Estimate
Praxair Gulf Coast Hydrogen Growth

Hydrogen volumes are expected to grow by 500 mmscfd - 300 mmscfd has been signed to date
Praxair 2002 Healthcare Sales

Global $550MM

- Institutional: 51%
- Homecare: 49%

Regions
- 64% North America
- 21% South America
- 15% Europe/Asia

North America $330MM

- Institutional: 59%
- Homecare: 41%

Homecare
- 106 Branches
- 13 Acquisitions since 2000

Institutional
- 2,000 Hospital Customers
- 20% Estimated Market Share
North American Healthcare Growth

Expected Growth Rates:
- Organic Growth
  - Institutional: 6%
  - Homecare: 7%
- New Starts: 3%
- Total: 9%

Acquisition Discipline
- High % respiratory oxygen business
- Geographic overlap
- Strong compliance orientation

Hospital to Home strategy and selective acquisitions will achieve overall sales growth in excess of 10% per year
Praxair Global Electronics

Worldwide Electronics Sales

<table>
<thead>
<tr>
<th>Year</th>
<th>Semiconductor Gases</th>
<th>Materials Science &amp; Services</th>
</tr>
</thead>
<tbody>
<tr>
<td>1995</td>
<td>99%</td>
<td>1%</td>
</tr>
<tr>
<td>2002</td>
<td>58%</td>
<td>42%</td>
</tr>
</tbody>
</table>

*Focus on technology differentiation and service to drive growth*
Electronics - Materials Science and Services

Advanced Deposition Materials

♦ Leading position in targets for thin film metal deposition
♦ Product development with key OEM’s

Advanced Components

♦ Technically differentiated components for chamber applications (e-chucks, electrodes, baffles)
♦ Partnering with major OEMS
♦ Increasing customer productivity

Products Under Development

♦ CMP - H.C. Starck/Bayer alliance enhances customer solutions
♦ Supercritical CO₂ - 5 systems in operation

Increasing customer productivity by lowering cost of ownership
China - Profitable Growth

Investment and Return on Major Projects

Investment ($MM)

Improving return on capital
New Business Wins in China

**Chemicals**
- SCIPIG
  - Praxair/Air Liquide 50/50 Joint Venture
  - Signed contracts with BASF and BP/Shanghai Petrochemical for $H_2$ and $N_2$

**Semiconductors**
- Z-J Wafer Park
  - 15 year contract to SMIC
  - 15 year contract to ACE

**Steel**
- Shaoguan Iron and Steel
- Meishan Iron and Steel
- Baoshan Iron and Steel

**Food and Beverage**
- Han Jung Seafood Company
  - Tunnel Freezer
  - Liquid CO2
Capturing Value from Technology Licensing

♦ Productivity Applications

*Industry credibility licensing metals technologies*
- Success with penetrating AOD Stainless Steel and EAF *CoJet®* markets
- BOF *CoJet®* market opportunity 500 MM tons
- 1 installation in the US, 2 installations in SA

♦ Environmental Solutions

*Reduced NOx emissions from coal fired utilities*
- Controlled oxygen injection is low cost solution
- EPA mandate in 19 states
- Full compliance by 2005; additional reductions by 2008
- Target market is boilers below 500 MW
- First commercial installation
Robust Cash Flow Generation

- Significant reduction in capital spending
- Commitment to less capital intensive growth platform
- Uses of free cash flow
  - Dividends
  - Debt reduction
  - Selective acquisitions
  - Share repurchases

Free Cash Flow 1996-2003E ($MM)

(1) Non-GAAP measure. Free cash flow equals operating cash flow minus capital expenditures.
(2) Excludes Leased Asset Purchase
**Leverage To Improving U.S. Economy**

<table>
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<tr>
<th>2000 to 2002 ($MM)</th>
<th>North American Industrial Gases</th>
<th>Surface Technologies</th>
<th>Total</th>
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<tbody>
<tr>
<td>Lost Sales Volume</td>
<td>≈ (285)</td>
<td>(42)</td>
<td>(327)</td>
</tr>
<tr>
<td>Lost Operating Profit</td>
<td>≈ (100)</td>
<td>(20)</td>
<td>(120)</td>
</tr>
<tr>
<td>Lost EPS</td>
<td>≈ ($0.50)</td>
<td>($0.10)</td>
<td>($0.60)</td>
</tr>
<tr>
<td>Lost NOPAT ROC</td>
<td>≈</td>
<td></td>
<td>(1.5%)</td>
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*Praxair’s U.S. merchant capacity utilization declined from 85% to 75% from 2000 to 2002. When this recovers, Praxair has substantial upside earnings potential.*
Leader in Corporate Governance

♦ 9/4/03 - Praxair was selected as an index component of the Dow Jones Sustainability World Index

♦ 7/28/03 - Praxair received the highest rating from GovernanceMetrics International. Only 17 companies out of 1,600 received this rating

♦ Praxair ranked in the 94th percentile of S&P 500 by Institutional Shareholder Services

♦ 9 of 10 independent directors. All members of audit, compensation, governance and nominating committees are independent

♦ Quarterly meetings of non-management directors

♦ Rotation of board committee members and chairpersons every 3 - 5 years

♦ Stock ownership guidelines for directors

Exceeding the requirements of Sarbanes-Oxley and NYSE