PRAXAIR, INC.

Becoming The Investment In Industrial Gases, Surface Technologies, and Services

May 20, 2003

James S. Sawyer
Senior VP and Chief Financial Officer

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

Shareholder Performance exceeds S&P 500

Applications Technology
Customer Value

Growth

Return on Capital

Efficient/Reliable
Low Cost Supplier

Commercial Terms
Capture Value

Sales (10 year CAGR)
Praxair: 8%
S&P 500: 7%

Earnings Growth (10 year CAGR)
Praxair: 12%
S&P 500: 6%

ROE (1) (10 year average)
Praxair: 20%
S&P 500: 15%

TSR (10 year annualized)
Praxair: 14%
S&P 500: 10%

P/E
Praxair: 16.5
S&P 500: 18.0

(1) Non-GAAP measure. ROE = Net income before accounting changes/Shareholders Equity
Applications Technology Drives Growth

Praxair End Markets 2002

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

Productivity
- Quality
- Cycle Time
- Yield

Energy
- Oxyfuel Combustion
- Hydrogen

Environmental
- Air Quality
- Water Treatment

Our growth exceeds that of Industrial Production
Focus on 10 Growing and Profitable Geographies

North America - 63% (2002 Sales)
♦ #1 Market position
♦ Only fully integrated supplier
♦ Profitable pipeline enclaves

Europe - 11%
♦ Spain, Italy, Belgium
♦ Growth exceeds Euro region
♦ Highly profitable

South America - 12%
♦ #1 Market position
♦ Rapid growth/devaluation
♦ Cash generation

Asia - 6%
♦ China, Korea, Thailand, India
♦ Infrastructure and electronics
♦ 25% annual growth
Distribution Channels Drive Commercial Terms

On-site 23%

- 10-15 year take or pay contracts
- Escalate for: Energy, Inflation, Currency

Liquid 25%

- 1-5 year requirements contracts
- Site based fee structure

Package 28%

- National contracts
- Retail - cylinder rental

Healthcare 11%

- Insurance/Medicare
- Service contracts

Price is a fraction of customer value
Terms capture above average ROC
Praxair Strong Number One Position

Texas City to Lake Charles (3.8 MMBPD Refining Capacity)

<table>
<thead>
<tr>
<th>Praxair H2 Connect</th>
<th>Praxair H2 Primary Supplier</th>
<th>Competitive H2 Connect</th>
<th>Competitive H2 Primary Supplier</th>
</tr>
</thead>
<tbody>
<tr>
<td>86%</td>
<td>55%</td>
<td>57%</td>
<td>18%</td>
</tr>
</tbody>
</table>

Praxair has won over 80% of the new hydrogen supply awarded in this area in the last year
Praxair Gulf Coast Hydrogen Growth

300 MMSCFD signed – 200 MMSCFD anticipated
Electronics

♦ Broad portfolio of industrial gases and services
  – atmospheric gases
  – semiconductor process gases
  – site gas and chemical management
  – gas delivery systems

♦ Capabilities that differentiate Praxair
  – extended life sputtering targets
  – electrostatic chucks
  – disc drive polishing
  – in-fab component logistics

♦ Products under development
  – CMP polishing slurries
  – supercritical CO₂
Environmental Solutions

✧ **NOx emissions from coal fired utilities must be reduced**
  
  – EPA mandate in 19 states
  – Full compliance by 2005
  – Most utilities require retrofit
  – Additional reductions targeted by 2008

✧ **Controlled oxygen injection is low cost solution**
  
  – Simple retrofit with minimal downtime
  – Reduces NOx by allowing more fuel-rich primary combustion
  – Optimally supplied using VPSA
  – Patents pending
Praxair Healthcare Sales

Global $550MM

- Hospital 50%
- Homecare 50%

North America $350MM

- Hospital 35%
- Homecare 65%

In North America homecare sales are expected to have an 8% organic growth rate
Hospital To Home Strategy

Leverage #1 hospital position to increase share of homecare patient referrals
U.S. Homecare 2002 Acquisition Funnel

- Opportunities 98
- Prescreened 65
  - Detailed Review 46
  - Financial Analysis 26
  - LOI/Due Diligence 7
  - Critical Assumptions
    - Government reimbursement cuts of 15%
    - Bad debt expense of 5%
- Closed Deals 5
Praxair Metals Technologies

♦ Industry Credibility Licensing Metals Technologies

♦ AOD Stainless Steel
  – Greater Than 75% Market Penetration

♦ BOF CoJet®
  – Market Opportunity - 500MM Tons
    – 2 Installations US, 1 license SA
    – Growing Patent Portfolio
    – Savings - up to $5/Ton

♦ EAF CoJet®
  – Market Opportunity - 280MM Tons
  – Market Penetration - 10%+
  – Savings - $2-4/Ton
China Key Business Ventures

Semiconductors
Shanghai’s Zhangjiang High-Tech (Z-J Park)
♦ 15 year contract to SMIC
♦ 15 year contract to ACE Semiconductor Co.

Steel
♦ Shaoguan Iron and Steel
♦ Meishan Iron and Steel
♦ Baoshan Iron and Steel

Chemicals
SCIPIG
♦ Praxair/Air Liquide 50/50 Joint Venture
♦ 2005 Start-ups of multiple integrated petrochemicals facilities

China Crude Steel Production

- (MM Metric Tons)
Improving Free Cash Flow

♦ Capital spending reduced 45% from 1997 peak

♦ Commitment to less capital intensive growth platform

♦ Uses of free cash flow
  – Debt reduction
  – Homecare, electronics, services acquisitions
  – Share repurchases

Free Cash Flow 1996-2002 ($MM)

(1) Non-GAAP measure. Free cash flow equals operating cash flow minus dividends and capital expenditures.
## Leverage To Improving U.S. Economy

<table>
<thead>
<tr>
<th>2000 to 2002 ($MM)</th>
<th>North American Industrial Gases</th>
<th>Surface Technologies</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lost Sales Volume</td>
<td>≈ (285)</td>
<td>(42)</td>
<td>(327)</td>
</tr>
<tr>
<td>Lost Operating Profit (1)</td>
<td>≈ (100)</td>
<td>(20)</td>
<td>(120)</td>
</tr>
<tr>
<td>Lost EPS (1)</td>
<td>≈ ($0.50)</td>
<td>($0.10)</td>
<td>($0.60)</td>
</tr>
<tr>
<td>Lost NOPAT ROC (2)</td>
<td>≈</td>
<td></td>
<td>(1.5%)</td>
</tr>
</tbody>
</table>

*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.*

(1) Management’s estimates  
(2) Non-GAAP measure
Strong Corporate Governance

♦ 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

♦ Audit committee members restricted to no more than two additional public company audit committees

♦ Limits on non-audit engagements of independent accountants

Exceeding the requirements of Sarbanes-Oxley and NYSE