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
- Commercial Terms
- Capture Value
- Efficient/Reliable
- Low Cost Supplier
- Return on Capital

2003 Distribution Method
- Merchant 31%
- Packaged 32%
- On-site 24%
- PST 7%
- Other 6%

2003 Markets Served
- Aerospace 13%
- Electronics 11%
- Food and Beverage 15%
- Manufacturing 7%
- Energy 10%
- Healthcare 8%
- Other 10%
- Metals 10%

Growth, productivity, and risk mitigation
Praxair Has Outperformed Across All Periods…

**Annualized TSR* 1 year**

<table>
<thead>
<tr>
<th></th>
<th>Praxair</th>
<th>FTSE 100</th>
<th>DAX</th>
<th>S&amp;P</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 year</td>
<td>34%</td>
<td>18%</td>
<td>29%</td>
<td>29%</td>
</tr>
<tr>
<td></td>
<td>1%</td>
<td>14%</td>
<td>22%</td>
<td>26%</td>
</tr>
</tbody>
</table>

**Industrial gas Peers**

**Annualized TSR 5 year**

<table>
<thead>
<tr>
<th></th>
<th>Praxair</th>
<th>FTSE 100</th>
<th>DAX</th>
<th>S&amp;P</th>
</tr>
</thead>
<tbody>
<tr>
<td>5 year</td>
<td>11%</td>
<td>-2%</td>
<td>-4%</td>
<td>-1%</td>
</tr>
<tr>
<td></td>
<td>5%</td>
<td>4%</td>
<td>8%</td>
<td>18%</td>
</tr>
</tbody>
</table>

**Industrial gas Peers**

**Annualized TSR 10 year**

<table>
<thead>
<tr>
<th></th>
<th>Praxair</th>
<th>FTSE 100</th>
<th>DAX</th>
<th>S&amp;P</th>
</tr>
</thead>
<tbody>
<tr>
<td>10 year</td>
<td>18%</td>
<td>8%</td>
<td>5%</td>
<td>11%</td>
</tr>
<tr>
<td></td>
<td>7%</td>
<td>3%</td>
<td>11%</td>
<td>11%</td>
</tr>
</tbody>
</table>

**Industrial gas Peers**

*TSR (Total Shareholder Return) = Price Appreciation and Dividends*

Source: Bloomberg 12/31/03
Driven By Our Performance In Earnings Growth

**EPS 1 year**

- PX: 7%
- Industrial gas peers: 4%

**EPS 5 year CAGR**

- PX: 6%
- Industrial gas peers: 7%

**EPS 10 year CAGR**

- PX: 13%
- Industrial gas peers: 10% (2%), 8% (4%)

Source: Bloomberg 12/31/03, company reports & consensus estimates - adjusted for identified special items
Operating Model

♦ Focus on 10 core geographies

♦ Optimize 5 growing opportunities
  • H₂ / Energy
  • Electronics
  • Healthcare
  • China
  • Application technologies

♦ Relentless focus on execution
  • Productivity savings > $100MM/yr
    • Procurement
    • Global operational excellence
    • Six Sigma
  • Flawless project execution

Return on capital substantially better than peers

Source: Bloomberg and company reports

ROC=Net Operating Profit After Tax/Average Capital
Operational Performance Metrics

Unit Cost of Production

Indexed unit cost of prod. (capital and power)

Plant size (tons per day)

1996 Plants

2002 Plants

Atmospheric Gases Volume/Trip

Cubic feet per mile

Per Unit Power Consumption

Unit Power

On-stream Reliability

% Availability
Best-Positioned For Gulf Coast Refinery Hydrogen

Average Daily Volume

- 2003A
- 2004E
- 2005E
- 2006E
- 2007E

29% CAGR

Sulfur Fuel Specifications

<table>
<thead>
<tr>
<th>Year</th>
<th>Gasoline</th>
<th>On-Road Diesel</th>
<th>Off-Road Diesel</th>
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<tbody>
<tr>
<td>2004</td>
<td>120ppm</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2005</td>
<td>30ppm</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2006</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2007</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2008</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2009</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2010</td>
<td></td>
<td>15ppm</td>
<td>500ppm</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>15ppm</td>
</tr>
</tbody>
</table>
Global Electronics Sales

By Geography

By Product Mix

Electronics growth from Asia and Material Science & Services
Healthcare: Multiple Growth Opportunities

Expected Growth Rates:
- Organic Growth: 7%
  - Institutional
  - Homecare
- New Starts: 3%
- Acquisitions: 0-20%
  - Total: 10% +

Acquisition Discipline:
- High % respiratory
- Geographic overlap
- Valuation inclusive of rate cuts

North American Sales

- 2003: $360MM
  - 10% CAGR
  - 3% new starts
  - 7% organic

- 2007:
  - Selective Acquisitions?
Praxair China Strategy

♦ Focus on 3 key corridors

♦ Leading position in steel
  ♦ Baosteel
  ♦ Shaoguan
  ♦ Meishan

♦ Leading position in semi-conductors
  ♦ 46% of contracted N2
  ♦ Shanghai - SMIC & Tailong
  ♦ Beijing - SMIC 300mm wafer fab

♦ Developing petrochemical enclaves
  ♦ Shell Nanhai Complex
    • Shell & CNOOC $4.3B
    • O2, N2 & Ar supply
  ♦ Caojing petrochemical park
    • 50/50 JV with Air Liquide
    • BP, BAYER, BASF & SINOPEC $8B
    • O2, N2 & H2 supply
China - Profitable Growth

Investment and Return on Major Projects

Improving return on capital
Brazil - Liquified Natural Gas (LNG)

♦ JV with Petrobras for the distribution and commercialization of LNG
♦ Introduce new bulk fuel to the market - gasoline, LPG and diesel alternative
♦ Less expensive and more environmentally friendly than gasoline or diesel
♦ $38MM JV investment
♦ Q4 2005 start-up
♦ Customers: Industrial 60% / Auto 40%

New capital investment protected from currency devaluation - six contracts indexed to U.S. dollars
Praxair Europe

- 2003 sales $700MM
- More than 100,000 customers
- 3 key pipeline enclaves
  - Asturias
  - Ravenna
  - Antwerp
- 4 specialty gas plants
- 28 air separation plants
- Over 1.2 million gas cylinders
- 1900 employees

Strong market position in the fast growing Southern Europe region
What we are NOT doing

♦ Dilutive acquisitions
♦ Projects at or near our cost of capital
♦ Spending CAPEX ahead of demand
♦ Project financing
♦ “One-off” plant sales

A highly disciplined approach that mitigates risk
Robust Free Cash Flow Generation

- Operating cash flow
  11% CAGR

- Capital spending discipline - increased hurdle rates

- Uses of free cash flow
  - Dividends
  - Debt reduction
  - Selective acquisitions
  - Share repurchases

Free Cash Flow 1996-2003 ($MM)

(1) Non-GAAP measure. Free cash flow equals operating cash flow minus capital expenditures
(2) Excludes Leased Asset Purchase in 2003
Principles of Sustainability

Governance and Integrity

Foster a culture of integrity and accountability throughout the company through rigorous compliance with all laws, and by establishing and following effective corporate governance practices.

Customer Commitment

Continuously develop new products and applications that help our customers improve their productivity, energy efficiency and environmental performance. Provide the highest levels of service, reliability and quality to our customers.

Environmental Responsibility

Continue to improve the efficiency of energy consumption. Reduce the intensity\(^1\) of air emissions, including greenhouse gases.

Employee Safety and Development

Maintain a safe work environment with a goal of zero accidents. Provide training and career opportunities that allow employees to develop to their fullest potential. Increase the diversity of our workforce so that it is more representative of the communities in which we operate.

Community Support

Help to improve the welfare and future of the communities in which we operate by sharing our knowledge, expertise and resources related to environmental protection, and community health, safety and security.

Financial Performance

Continuously improve our financial performance and provide attractive returns to our shareholders. Generate operating cash flow to reinvest in business growth and pay dividends.

\(^{1}\text{Intensity is per-unit-of-production measure}\)