



Credit Suisse First Boston's Chemical Industry Conference

Opportunities for Growth

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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

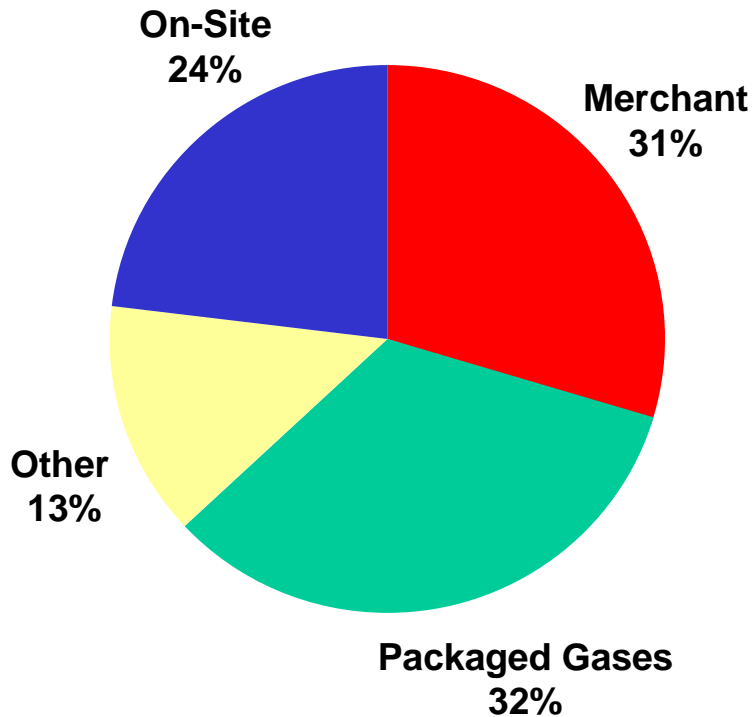
- ◆ Focus on 10 core geographies
- ◆ Optimize 5 growing opportunities
 - H₂ / Energy
 - Electronics
 - Healthcare
 - China
 - Application technologies
- ◆ Relentless focus on execution
 - Productivity savings > \$100MM/yr
 - Procurement
 - Global operational excellence
 - Six Sigma
 - Flawless project execution

	Total Shareholder Return		
	1 yr	3 yr	5 yr
Praxair	29%	22%	13%
S&P 500	11%	1%	-2%
Materials	18%	9%	4%
Chemicals	15%	10%	4%

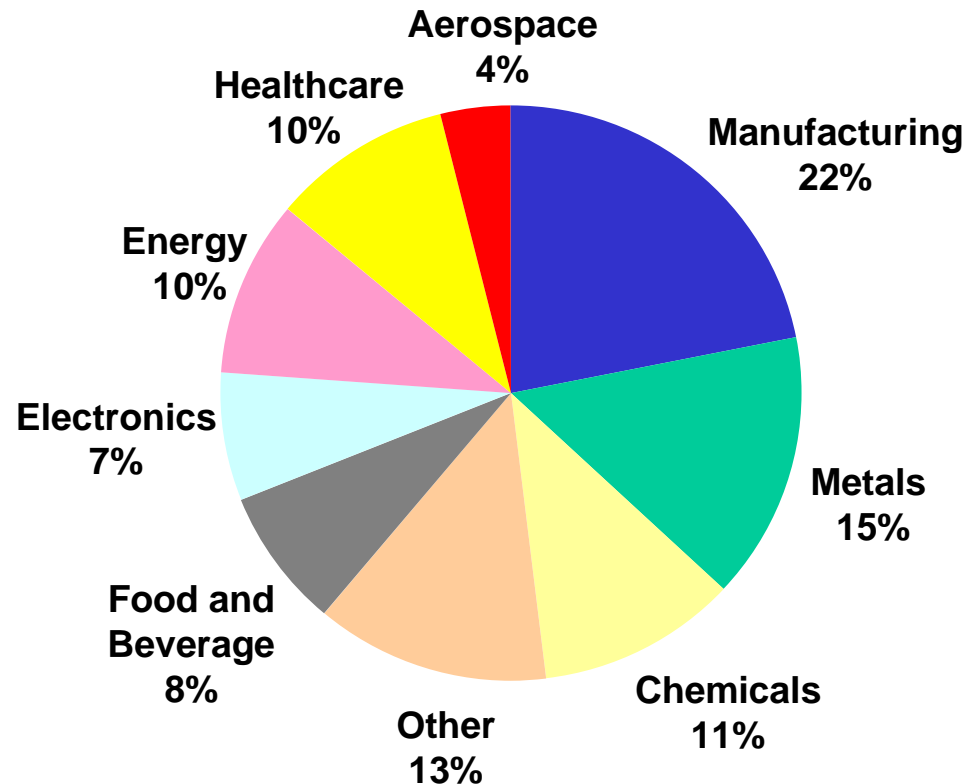
Business model leads to favorable shareholder returns

Unique Channels to Diverse End Markets

2003 Sales by Distribution Method



2003 End Markets



Driving Growth and Profitability

Profitability Drivers

- ◆ Long term contracts / pricing
- ◆ Procurement leverage
- ◆ Lowest cost producer
- ◆ Efficient distribution network
- ◆ Barriers to entry

Growth Drivers

- ◆ Supplier of choice quality
- ◆ Sales & marketing
- ◆ Applications technology
- ◆ Industrial production
- ◆ Bolt-on acquisitions

ROC*

Q2 2004

13.5%

Organic Growth

11%

**ROC= Net operating profit after tax/Average capital*

**Price is a fraction of customer value
Terms capture above average ROC**

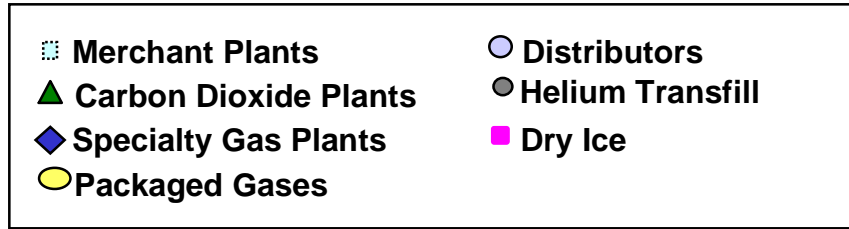
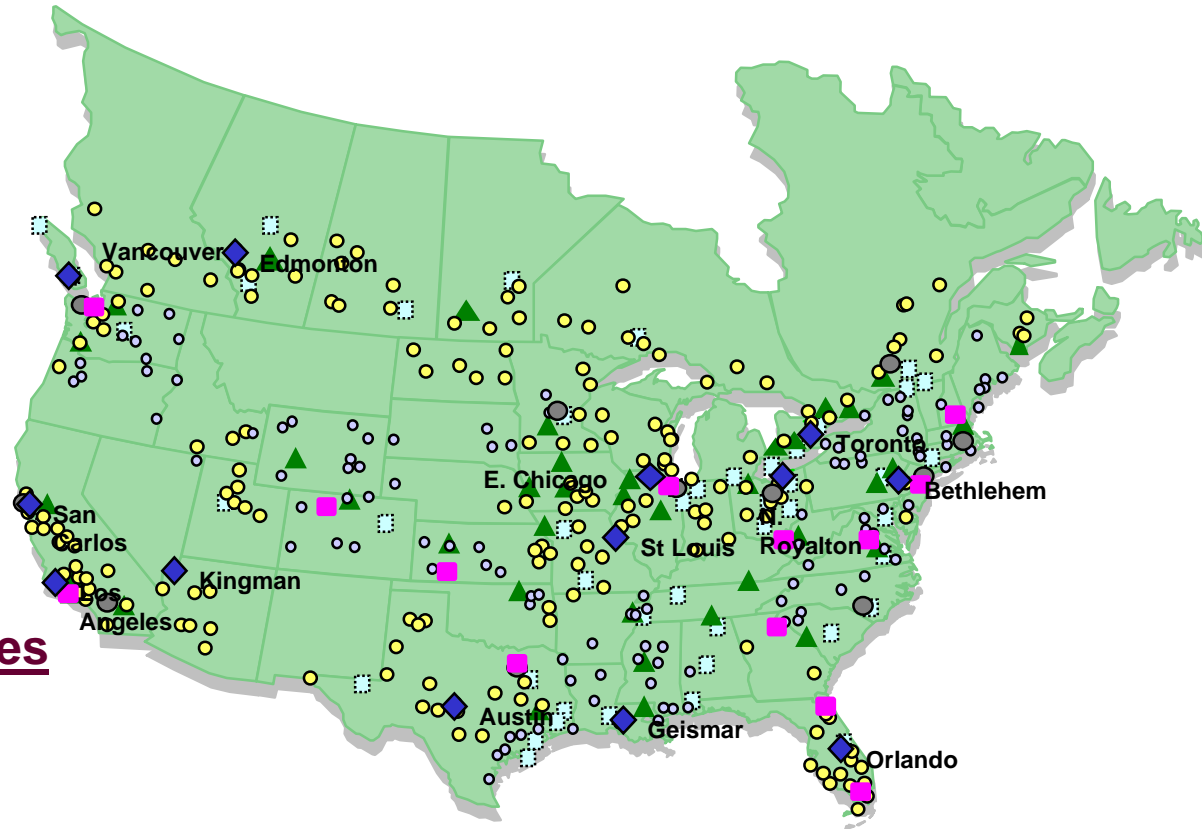
Unrivalled North American Network

Onsite and Bulk Gases

- ◆ 300 production plants
- ◆ 8000 customer locations
- ◆ 1500 distribution vehicles
- ◆ 11 pipeline enclaves

Packaged and Specialty Gases

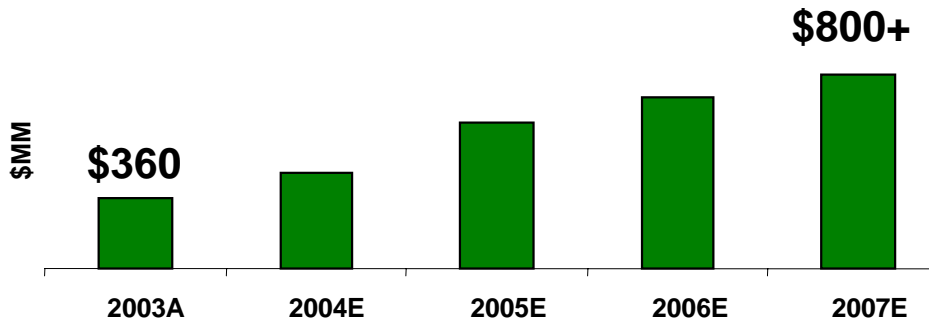
- ◆ 400 branches
- ◆ >300,000 customers
- ◆ 280 independent distributors



Refinery Hydrogen Pipeline System



Gulf Coast HYCO Sales



Sulfur Fuel Specifications

	Gasoline	On-Road Diesel	Off-Road Diesel	Locomotive & Marine
2004	120ppm			
2005	30ppm			
2006	↓	15ppm		
2007	↓	↓	500ppm	500ppm
2008	↓	↓	↓	↓
2009	↓	↓	↓	↓
2010	↓	↓	15ppm	↓
2011	↓	↓	↓	↓
2012	↓	↓	↓	15ppm

North America Oil/Gas Well Services

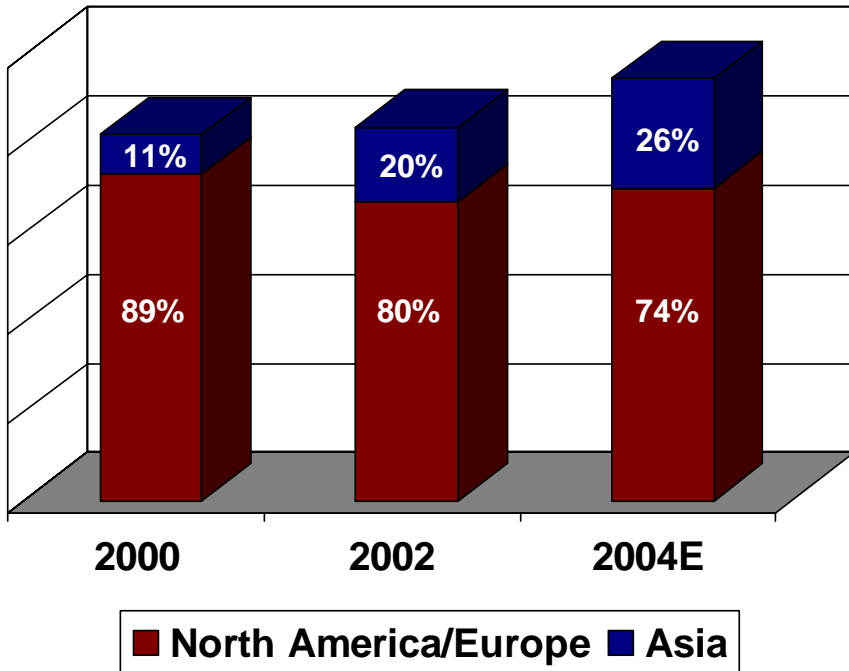
- ◆ High oil and natural gas prices driving strong new business activity in Western US and Canada
- ◆ Nitrogen and CO₂ for down-hole oil well stimulation and for the fracturing of gas/oil geological formations
- ◆ Praxair services for refiners includes:
 - Leak Detection
 - Environmental Sampling
 - Cathodic Protection
 - Pressure Testing
 - Cleaning/Purging/Drying
- ◆ \$170MM* sales - Expect 15% per annum growth

**Includes JV sales*

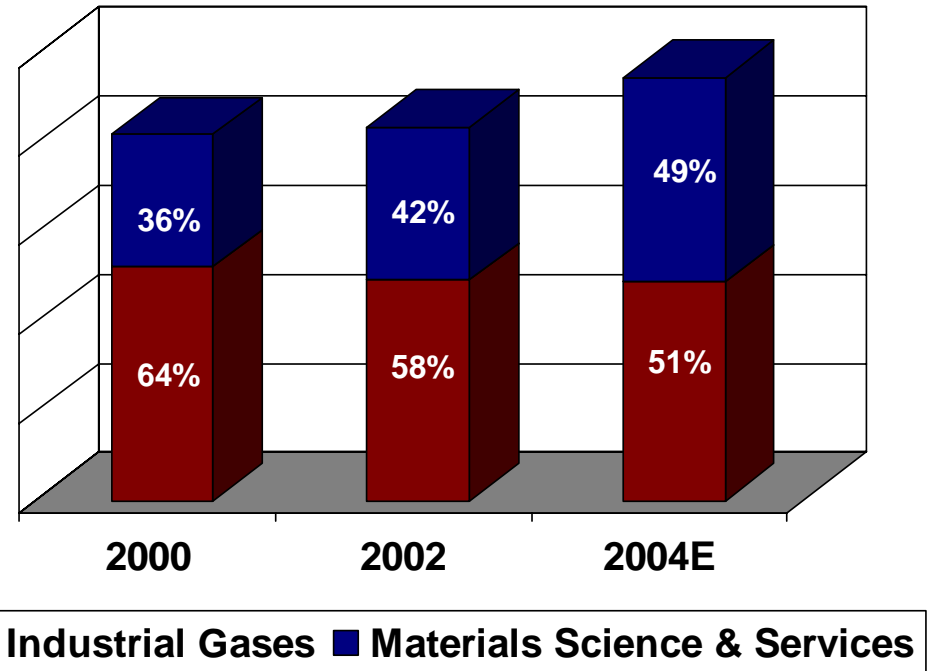
High growth opportunity

Global Electronics Sales - \$420MM in 2003

By Geography



By Product



Investments in Asia and new technologies will drive growth

Key Growth Initiatives - Semiconductors

◆ Materials Science for 300mm

- Thin film metal deposition:
 - PVD, CVD, & ALD
- CMP consumables:
 - belts, pads, slurries
- Advanced components

◆ Supply Chain Services

- Generic components
- Parts management
- Applied Materials alliance

◆ Electronic Gases

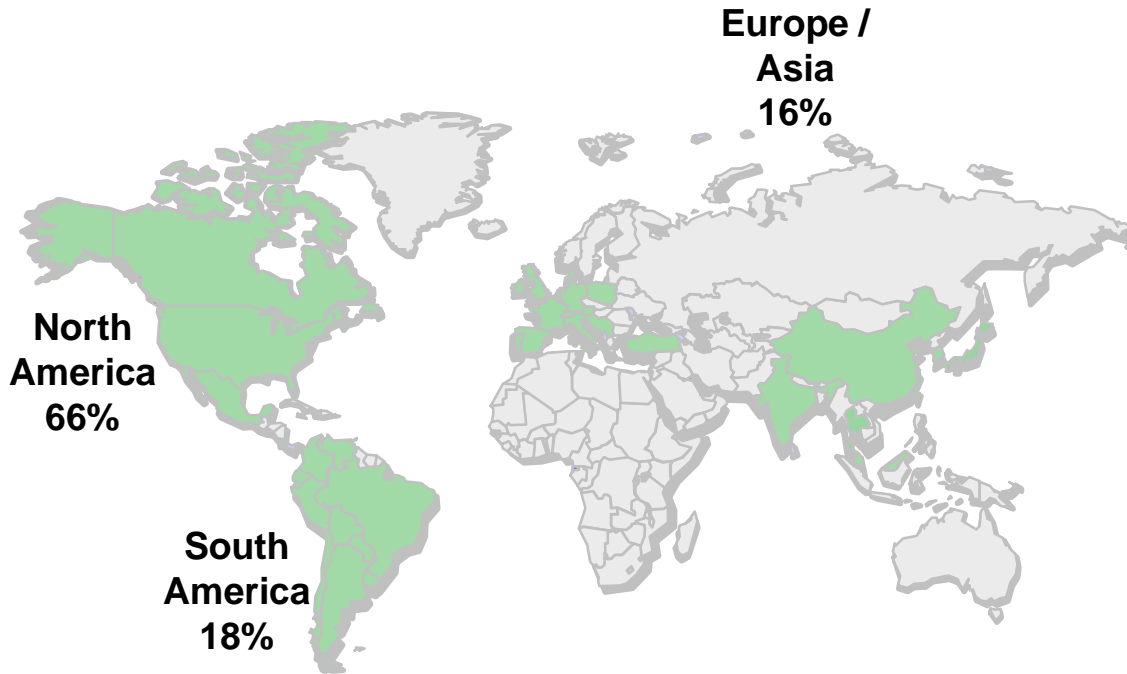
- On-site high purity gases
- Select specialty gases
- Expansion in Asia



Improving profitability and reducing cyclicality

Global Healthcare Business

Sales by Region



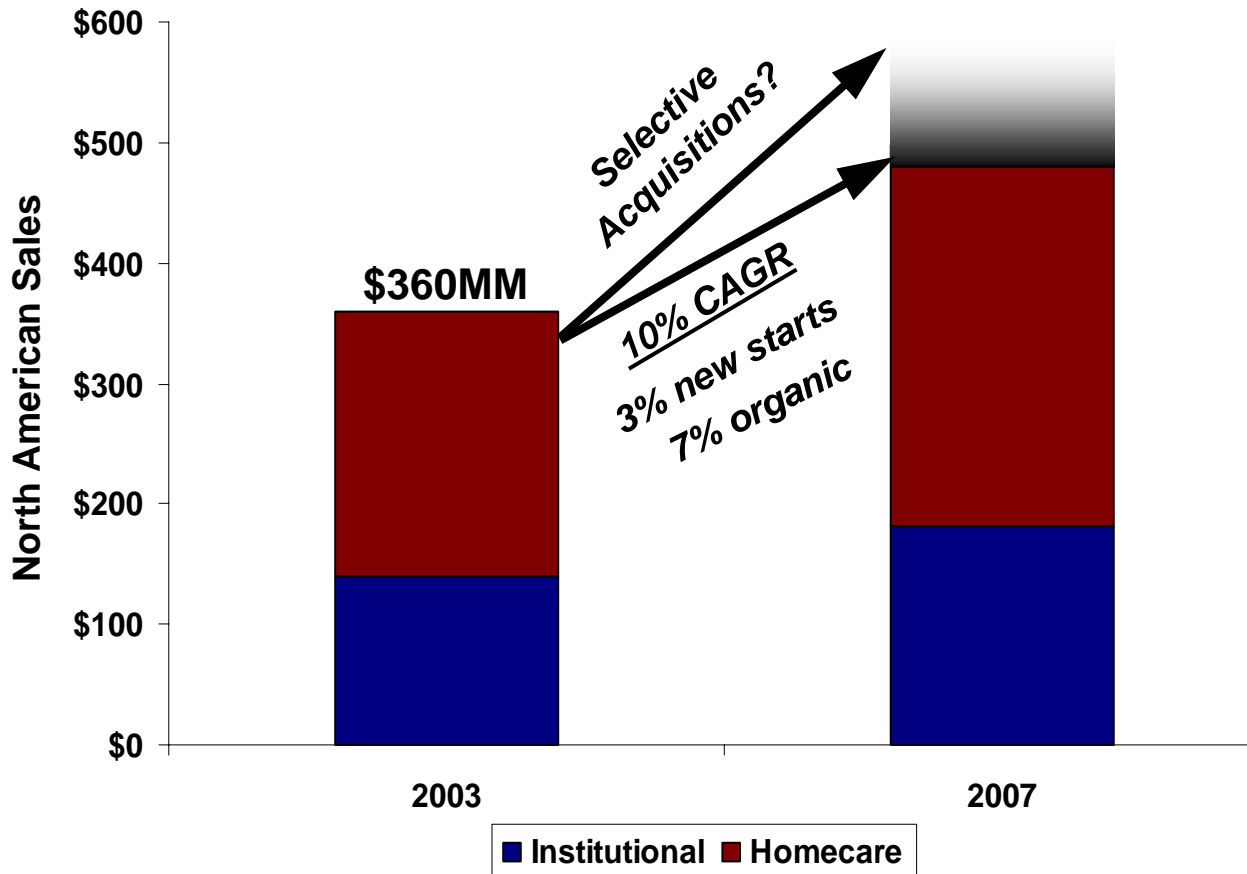
*includes 6 mos. Home Care Supply acquisition

2004F Sales of \$750 MM*

- ◆ Homecare 60%
17 Countries
258 Locations
- ◆ Institutional 40%
24 countries
- ◆ 30 Years in Homecare Business
- ◆ Operates as Praxair Healthcare Services in US

Significant healthcare platform has been established

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

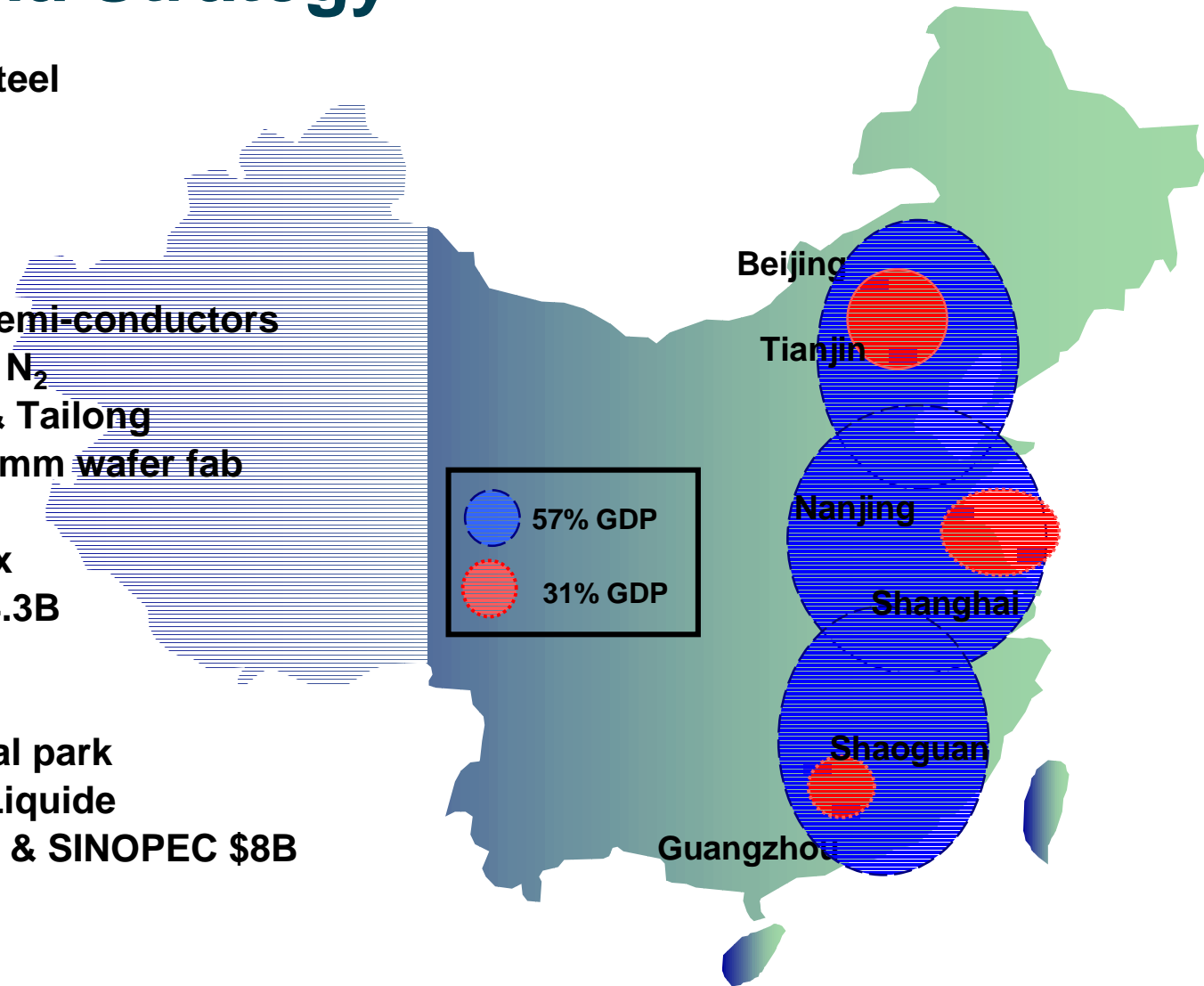
Praxair China Strategy

- ◆ **Leading position in steel**
 - Baosteel
 - Shaoguan
 - Meishan

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

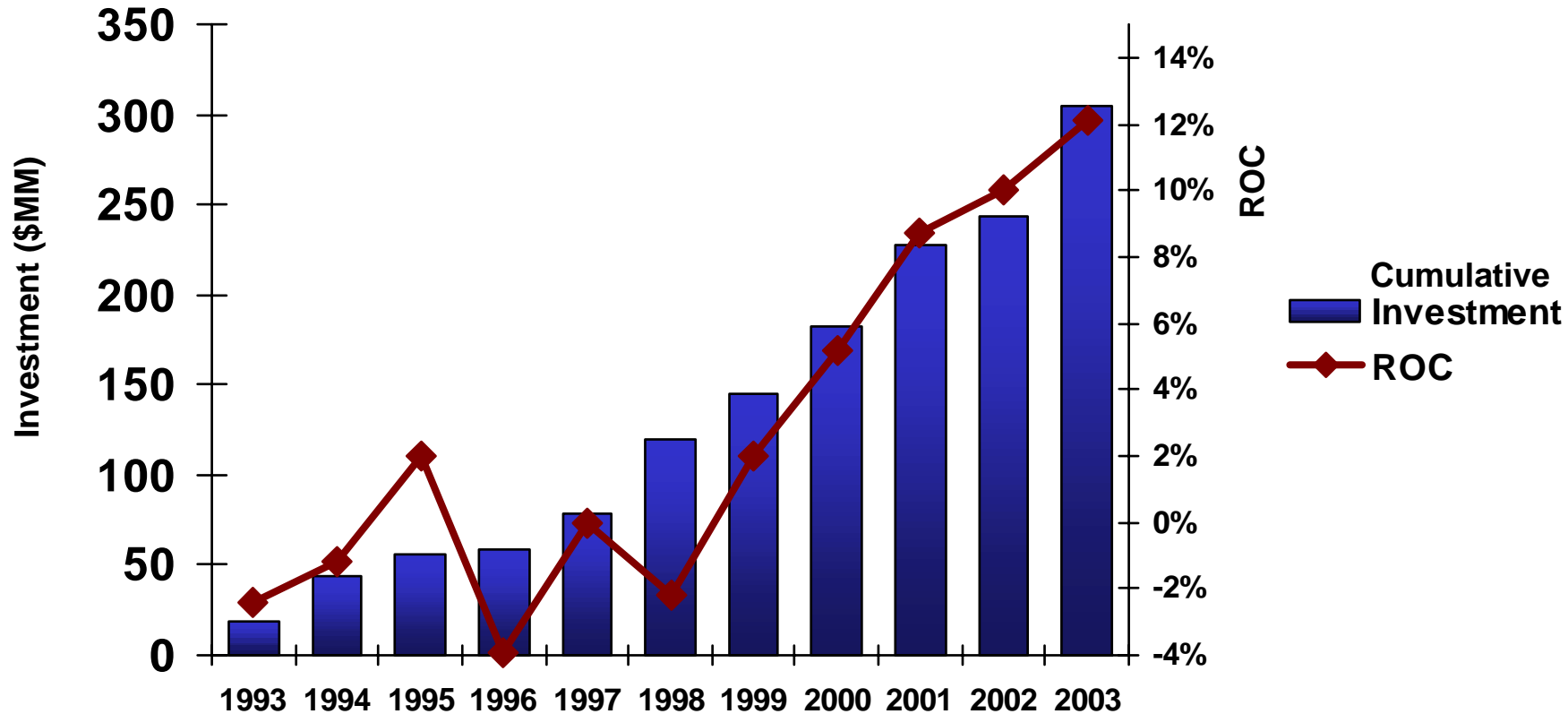
- ◆ **Shell Nanhai Complex**
 - Shell & CNOOC \$4.3B
 - O₂, N₂ & Ar supply

- ◆ **Caojing petrochemical park**
 - 50/50 JV with Air Liquide
 - BP, BAYER, BASF & SINOPEC \$8B
 - O₂, N₂ & H₂ supply



China - Profitable Growth

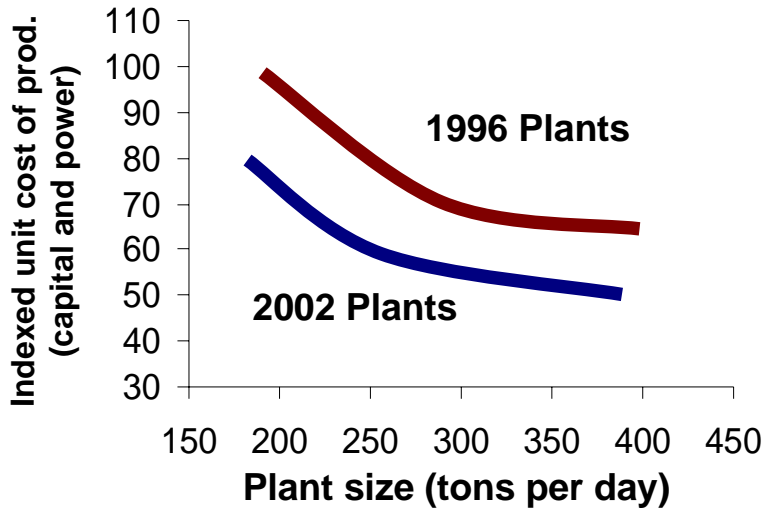
Investment and Return on Major Projects



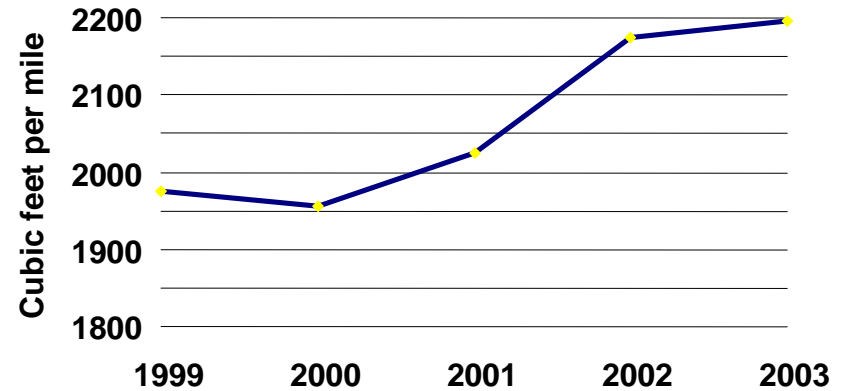
Improving return on capital

Operational Performance Metrics

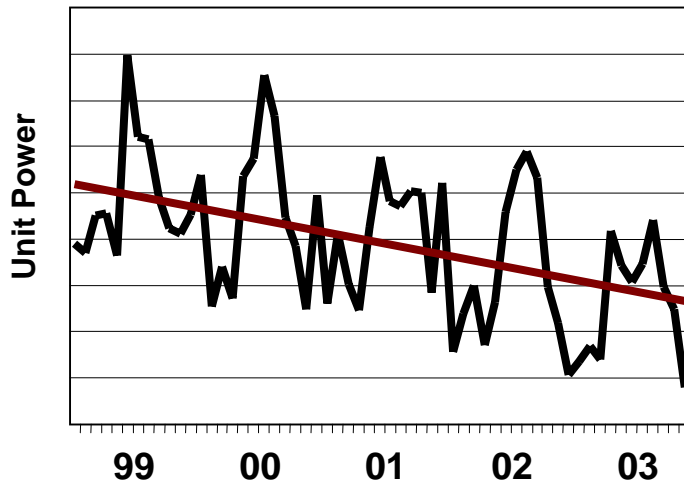
Unit Cost of Production



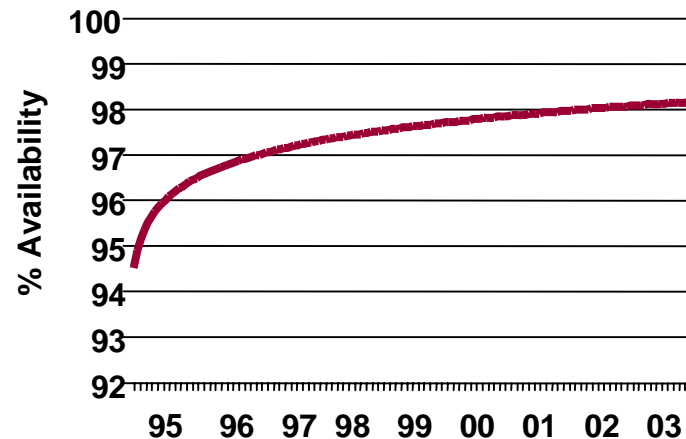
Atmospheric Gases Volume/Trip



Per Unit Power Consumption



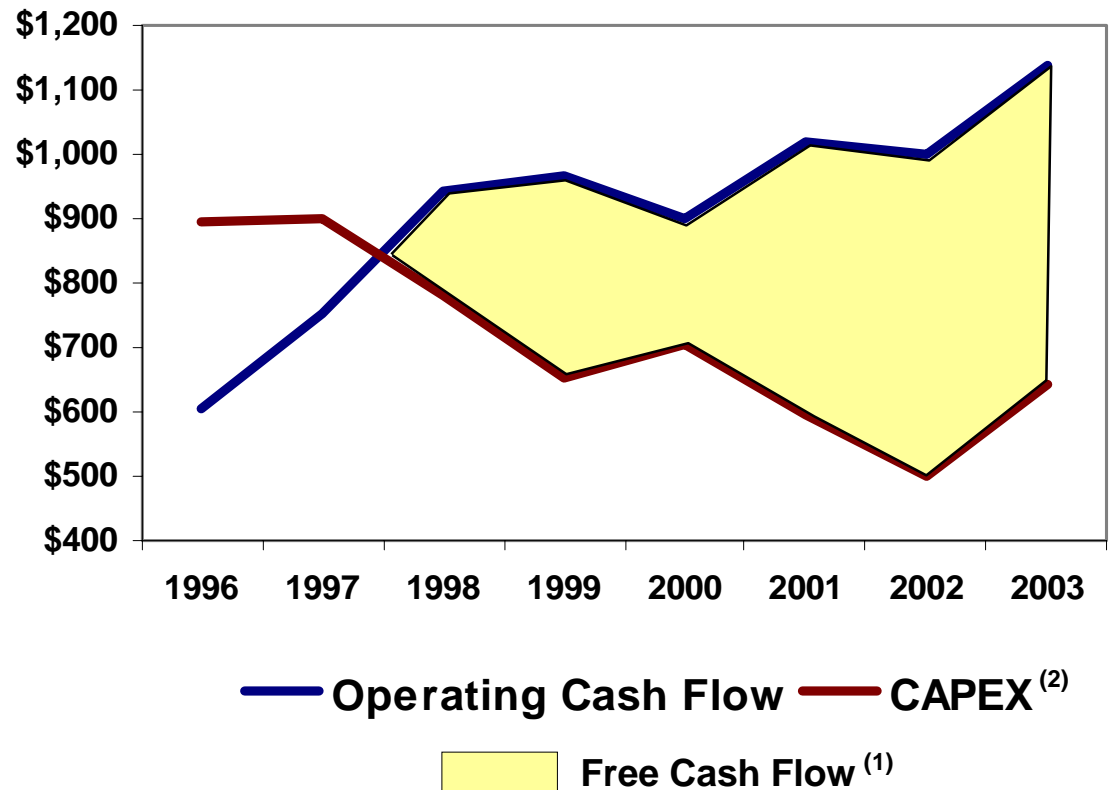
On-stream Reliability



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

Financial Outlook

Third Quarter 2004

- ◆ Sales and operating profit growth of 12% to 15%
- ◆ Diluted EPS in the range of \$0.51 to \$0.53
- ◆ Effective tax rate of 25%

Full Year 2004

- ◆ Sales growth of 13% to 15%
- ◆ Operating profit growth of 15% to 18%
- ◆ Diluted EPS in the range of \$2.03 to \$2.09
- ◆ Effective tax rate of 25%
- ◆ CAPEX in the area of \$700MM

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 intensity¹ 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.

¹Intensity is per-unit-of-production measure