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
- Growth
- Return on Capital

<table>
<thead>
<tr>
<th></th>
<th>Praxair</th>
<th>Peers</th>
<th>S&amp;P 500</th>
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</thead>
<tbody>
<tr>
<td>Sales (10 year CAGR)</td>
<td>9%</td>
<td>2%</td>
<td>4%</td>
</tr>
<tr>
<td>Earnings Growth (10 year CAGR)</td>
<td>15%</td>
<td>6%</td>
<td>7%</td>
</tr>
<tr>
<td>TSR (10 year annualized)</td>
<td>18%</td>
<td>7%</td>
<td>11%</td>
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</table>

(12/31/93-12/31/03)

Positioned for profitable and sustainable growth
Return on Capital

♦ Focus on 10 core geographies

♦ Customer contracting strategy
  • Onsite 24%
  • Bulk 31%
  • Packaged 32%

♦ Relentless focus on execution
  • Productivity savings > $100MM/yr
  • Six Sigma
  • Operational excellence

2003 ROC %

Return on capital substantially better than peers

Source: Bloomberg and company reports
Operational Performance Metrics

Unit Cost of Production

Indexed unit cost of prod. (capital and power)

1996 Plants

2002 Plants

Plant size (tons per day)

Atmospheric Gases Volume/Trip

Cubic feet per mile

YEAR

1999 2000 2001 2002

% Availability

Unit Power Consumption

Unit Power

99 00 01 02 03

92 93 94 95 96 97 98 99 100

On-stream Reliability

% Availability

95 96 97 98 99 00 01 02 03
2003 Praxair End Markets

- Manufacturing: 22%
- Metals: 15%
- Other: 13%
- Aerospace: 4%
- Chemicals: 11%
- Electronics: 10%
- Energy: 10%
- Food and Beverage: 8%
- Healthcare: 10%

Applications Technology

- Productivity
- Cycle Time
- Yield

- Energy
- Oxyfuel Combustion
- Hydrogen

- Environmental
- Air Quality
- Water Treatment

Gas consumption intensity continues to grow
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

2003 - North America
Sales: $3,627MM
Growth: 8%
OP Margin: 15%
North American Indexed Industrial Gas Volume

Combined On-site and Merchant Volume

Praxair has substantial operating leverage to improving U.S. manufacturing conditions.
Refinery Hydrogen Pipeline System

Average Daily Volume

Sulfur Fuel Specifications

Gasoline On-Road Diesel Off-Road Diesel

- 2004: 120ppm
- 2005: 30ppm
- 2006: 15ppm
- 2007: 15ppm
- 2008: 500ppm
- 2009: 15ppm
- 2010: 15ppm

- 29% CAGR

MMSCFD

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 Europe

- 28 air separation plants
- 4 specialty gas plants
- 3 key pipeline enclaves
- More than 100,000 customers

2003 - Europe
Sales: $699MM
Growth: 19%
OP Margin: 24%

Strong market position in the fast growing Southern Europe region
South America

- #1 position
- Export industries very competitive
- Domestic recovery beginning
- New contracts indexed to US$

LNG Distribution

- Brazil has insufficient oil and excess natural gas
- Natural gas consumption constrained by lack of distribution infrastructure
- Joint venture with Petrobras to liquefy and distribute LNG
  - 60% Industrial
  - 40% Auto

2003 - South America
- Sales: $708MM
- Growth: 12%
- OP Margin: 16%
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

2003 - Asia
Sales: $389MM
Growth: 20%
OP Margin: 16%
China - Profitable Growth

Investment and Return on Major Projects

Improving return on capital
Capital Investment

2004F: About $700 MM
Growth 60% - Maint. 30% - Cost Reduction 10%

Growth CAPEX by Segment

Growth CAPEX by Market

- North America
- South America
- Asia

- Chemicals
- Energy
- Manufacturing
- Other
- Electronics
- Food & Beverage/Healthcare
- Metals
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
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
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.

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