Praxair Distribution
Investor Trip

The Leader in Solutions Selling

September 10, 2004
Toronto, Ontario

Wayne J. Yakich
President, Praxair Distribution, Inc.
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.
Agenda

7:45 am  Business Presentation - Praxair Canada Offices - Mississauga

9:45 am  Board Bus / Depart for Paris Plant

11:15 am  Arrive Paris, Ontario - Tour Industrial and Specialty Gas Plants

12:30 am  Board bus – Box lunch provided

1:30 pm  Arrive PDI – Cambridge Store

2:30 pm  Board Bus – Depart Cambridge for Toronto Pearson Airport

3:30 pm  Arrive Airport

4:00 pm  Bus will return to Glenerin Inn
Praxair Distribution, Inc. (PDI)
2004 Investor Conference

**Meeting Participants**
Wayne Yakich – *President*
Janet Coffman - *Vice President Marketing*
Pat Heffernan - *Vice President and General Manager*
Karl Mack - *Director of Finance*
Dick Marini - *Vice President, Operations*
Eduardo Menezes, *Vice President and General Manager*
Jim McKay, *Director Cylinder Operations*
Don Pilon, *Division General Manager*
Praxair Distribution, Inc. (PDI)

- PDI is Praxair’s direct channel for delivering welding, cutting, specialty and medical gases and related products & services in the US and Canada
- Serving 400,000 customers in the manufacturing, healthcare, biotech, and food & beverage markets
- 3800 employees
- 400+ locations
- 500,000 transactions/month
- Best in class safety record

2003 Sales $900MM

- Industrial (Met Fab): 75%
- Specialty and Dry Ice: 12%
- Institutional Healthcare: 13%
Geographic Footprint

PDI Direct Coverage
Strong Distributor Network

PDI Direct Coverage
Distributors
NAIG-Small Bulk
Operating profit margin has improved to 12% in 2004
Same Store Sales Reflect Industry Leadership

**PDI SAME STORE SALES BY SEGMENT**

<table>
<thead>
<tr>
<th></th>
<th>FY 01</th>
<th>FY 02</th>
<th>FY 03</th>
<th>Q1-04</th>
<th>Q2-04</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gas &amp;Rent</td>
<td>3.6%</td>
<td>0.6%</td>
<td>3.1%</td>
<td>5.0%</td>
<td>5.8%</td>
</tr>
<tr>
<td>Hardgoods</td>
<td>-8.7%</td>
<td>-8.2%</td>
<td>-3.5%</td>
<td>8.0%</td>
<td>18.5%</td>
</tr>
<tr>
<td>Total PDI</td>
<td>-1.5%</td>
<td>-2.8%</td>
<td>0.8%</td>
<td>6.0%</td>
<td>10.1%</td>
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Focus on gases; hardgoods support gas sales
Committed to Being the Industry Leader

♦ Focusing on a fragmented industry … opportunity to grow

♦ Vigorously executing a well-defined, transformational, business model

♦ Providing solutions

♦ Having dedicated, talented people to meet customer needs

Being big, but acting small
Industry Dynamics…Room For Growth

Share in a $9 Billion market

US - $8 Billion

- PX Distributors: 8%
- Airgas: 26%
- Distributors: 46%

Canada - $700 Million (USD)

- PX Distributors: 1%
- PDI: 35%
- AL: 29%
- BOC: 25%
- Distributors: 8%
The New PDI Business Model

♦ New, lower cost, channels to market
♦ Superior sales and marketing capabilities
♦ Step change packaged gas production and distribution simplification
♦ Significantly reduced transaction processing effort
♦ Being the most desirable place to work in the industry

Capable of growing sales 8-10% per year; net income 10-12% per year
New Distribution Channels

Store within a Store

- Turn-key Praxair “Store within a Store”
- Praxair’s unique Star™ family of gases & blends
- Praxair’s exclusive ProStar® brand of welding & cutting products
- Signed with TSC in Canada

New retail channel to market providing full solutions selling
New Distribution Channels
Cylinder Exchange Program

- Market share growth through increased penetration of retail market segment
- Pilot with Home Depot
- Allows for potential rationalization of PDI stores

Retail customer convenience and low cost channel to market for Praxair
Mobile On-Site Supply Solution - Industrial and Specialty Gases

In 2003, 34 trucks generated 3900 new accounts

Increasing market penetration
Achieving Growth through Solutions Selling

- Bulk Gases Delivery & Storage
- Microbulk Delivery System
- Gas Cylinders
- Robotic Solution
- Prostar Consumables
- Cloos MIG/MAG Tandem
- Starsolver Productivity Enhancement Program
- Laser System
- G-Tec Natural Gas Booster
- Nitrogen Generation & Air Drying

2004 Investor Trip: Praxair Distribution, Inc.
The Results

- Increased productivity by 20%-40% (with little or no capital investment)
- Improved product quality
- Reduced welding costs

Our customers achieve their objectives faster, better and at lower cost
Solutions Selling – Specialty Gases & Equipment

The Full Spectrum of Solutions

- We serve a multitude of industries with a variety of products
- We offer leading edge, applications based technology
- Reliable production and distribution network
- Worldwide coverage

In 2003, specialty gas sales grew 10%, vs. the market growth of 3%
Solutions Selling – Specialty Gases & Equipment

- Pure gases and blends
- Gas handling equipment
- Cryogenic products
- Gas detection systems
- Safety apparatus

We touch all aspects of our customers’ work
Many packaged gas customers grow to become merchant customers

95% of merchant customers use packaged gases

The ability to cross-sell with other Praxair businesses substantially increases market penetration.

National Accounts Program - dedicated Praxair/PDI sales resources

Global applications sharing
Blue Rhino Growth Opportunity

- Blue Rhino’s exclusive distributor with major retailers in Ontario, Quebec, British Columbia, Manitoba, Saskatchewan and Alberta
- Walmart implementation underway
- In 2004, propane cages will be installed in 40% of PDI retail locations in North America
- Extension into industrial propane

Significant growth utilizing existing distribution capabilities
**ProStar® Brand Products**

- Praxair’s exclusive ProStar® brand of welding & cutting products
- High quality product at a competitive price
- Has grown from 20 to 2,200 items
  - Gas apparatus
  - Consumables
  - Safety equipment
  - Accessories
- “Low cost country sourcing” strategy
- Available in the US, Canada, Mexico and Brazil

Brand recognition creates customer loyalty
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StarDirect™ Operating Model

Order Placement/Fulfillment

PRAXAIR Customer

PX Solution Center

PX/OKI

Distribution Center

Hardgoods

PRAXAIR

Customer

Gases

Packaged Gas Plant

Praxair

Packaged Gas Plant
Praxair’s StarDirect™ Order Processing and Tracking System

- Largest and best performing hardgoods distribution network in North America.
- Over 500,000 square feet of warehouse space in 25 distribution centers.
- North America’s largest inventory of welding products.
- Guaranteed 24-hour delivery
- Inventory turns approaching 10 times

Superior customer service and best in class inventory turnover
Employing State Of The Art Technology

Building the Base

Automate Processes

Dynamic Delivery System

- Delivery territories/scenarios
- Standard routes
- Eliminate driver paperwork
- Reduce errors
- Reduce time from order to invoice
- Reduce fleet miles
- Improve customer service
- Improve resource utilization

* purchased from UPS

Doing business differently than the rest of the industry
Optimizing Distribution

Roadnet Identifies Over / Under Utilized Trucks and Drivers Daily

Roadnet Optimizes Daily Routes

Roadnet Identifies Over / Under Utilized Trucks and Drivers Daily
Integrating Technology With Work Process Improvement
Positioned for Growth in Metal Fabrication

Source: Praxair estimates
Positioned for Growth in Specialty Gases

Source: Praxair estimates
Superior Sales Trend ...
...Especially in gases

GAS SAME STORE SALES (SSS) TREND

HARDGOODS SAME STORE SALES (SSS) TREND
Acquisition Strategy

- Opportunistic – economically motivated
- Ensure strong relationship with PX’s preferred distributors
- Small, high return, bolt-on independent distributors
- Customer list
- Synergies in production, distribution, and store locations

Not a major strategic driver of top-line growth
Summary

- Strong management team
- Best in class financial and safety performance
- Implementing innovative solutions
- Best positioned to exploit the economic upturn
- Strong packaged business supports strong bulk and healthcare businesses
- Growing faster than our competition

We will be the best, not necessarily the biggest