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
  • H$_2$ / Energy
  • Electronics
  • Healthcare
  • China
  • Application technologies

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

2003 ROC %

Praxair
Average of Industrial Gas Peers

ROC=Net Operating Profit After Tax/Average Capital

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)

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
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%
Refinery Hydrogen Pipeline System

Average Daily Volume

Sulfur Fuel Specifications

*Approved 5/11/04
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

Selective Acquisitions?
- 10% CAGR
- 3% new starts
- 7% organic growth

North American Sales

2003
$360MM

2007

Institutional  Homecare
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

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 25%
Europe 15%
PST/Other 5%
South America 5%
Asia 5%

Chemicals 30%
Energy 15%
Manufacturing 10%
Other 15%
Food&Beverage/Healthcare 10%
Electronics 15%
Metals 5%
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
2004 Outlook

- Economic growth led by:
  - Asia
  - U.S.
  - Latin America
  - Europe

- Manufacturing growth continues
- Strong demand for materials
- Double digit electronics growth
- Energy prices remain high

<table>
<thead>
<tr>
<th>(Y/O/Y)</th>
<th>Q1 Actual</th>
<th>2004 Forecast</th>
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<tbody>
<tr>
<td>Sales growth</td>
<td>15%</td>
<td>9-13%</td>
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<tr>
<td>OP growth</td>
<td>21%</td>
<td>13-17%</td>
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<tr>
<td>Diluted EPS growth</td>
<td>26%</td>
<td>12-18%</td>
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The Praxair Investment Case - Sustainable Growth

♦ Operating leverage to an improving US economy
  – Applications technology drives growth at a multiple of industrial production

♦ 5 key growth platforms will add significant additional top line growth
  – H2, Healthcare, Electronics, China, Technology licensing

♦ Continued capital and pricing discipline produce strong free cash flow and high return on capital

Praxair’s Total Shareholder Return has outperformed its industrial gas competitors and the S & P 500 over 1, 5, and 10 years
Goldman Sachs 12th Annual Cyclicals and Specialty Materials Forum

May 19, 2004

James S. Sawyer
Senior Vice President and Chief Financial Officer