Goldman Sachs 12th Annual Cyclicals and Specialty Materials Forum

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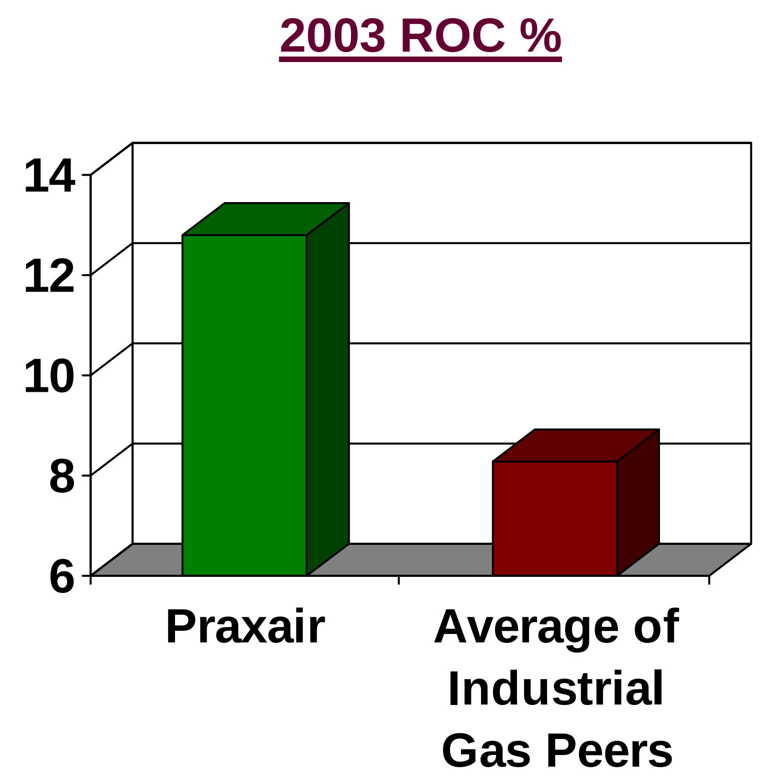
Forward Looking Statements

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**
  - 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



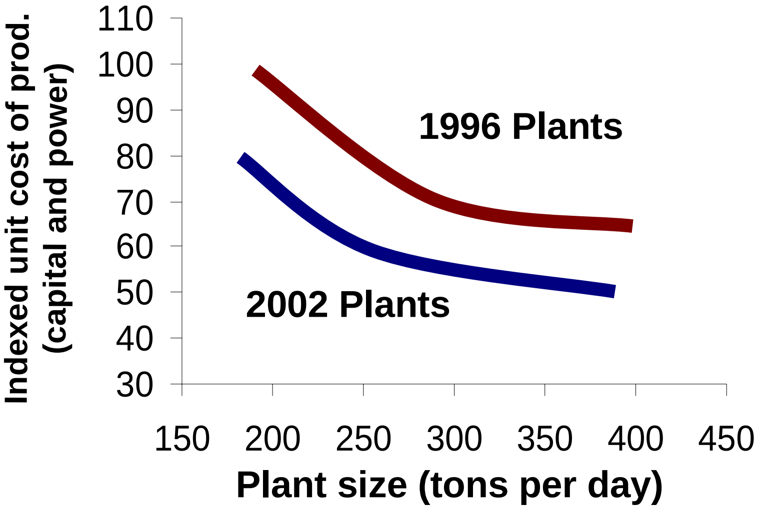
ROC=Net Operating Profit After Tax/Average Capital

Return on capital substantially better than peers

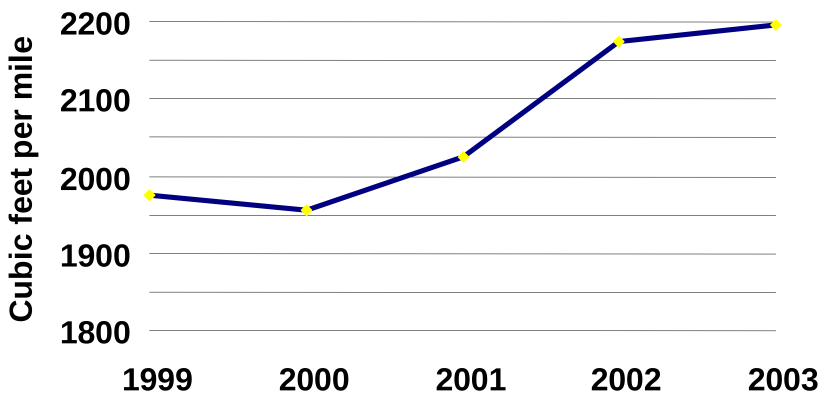
Source: Bloomberg and company reports

Operational Performance Metrics

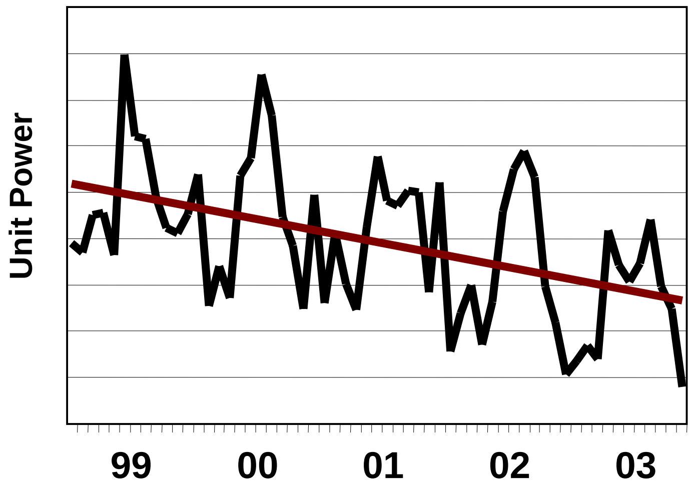
Unit Cost of Production



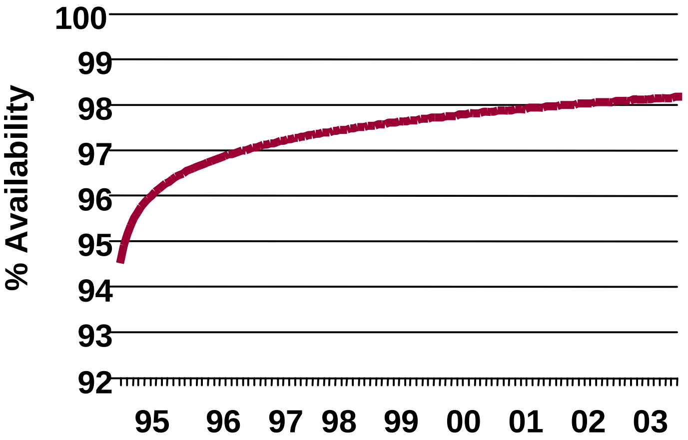
Atmospheric Gases Volume/Trip



Per Unit Power Consumption



On-stream Reliability



Unrivalled North American Network

2003 - North America

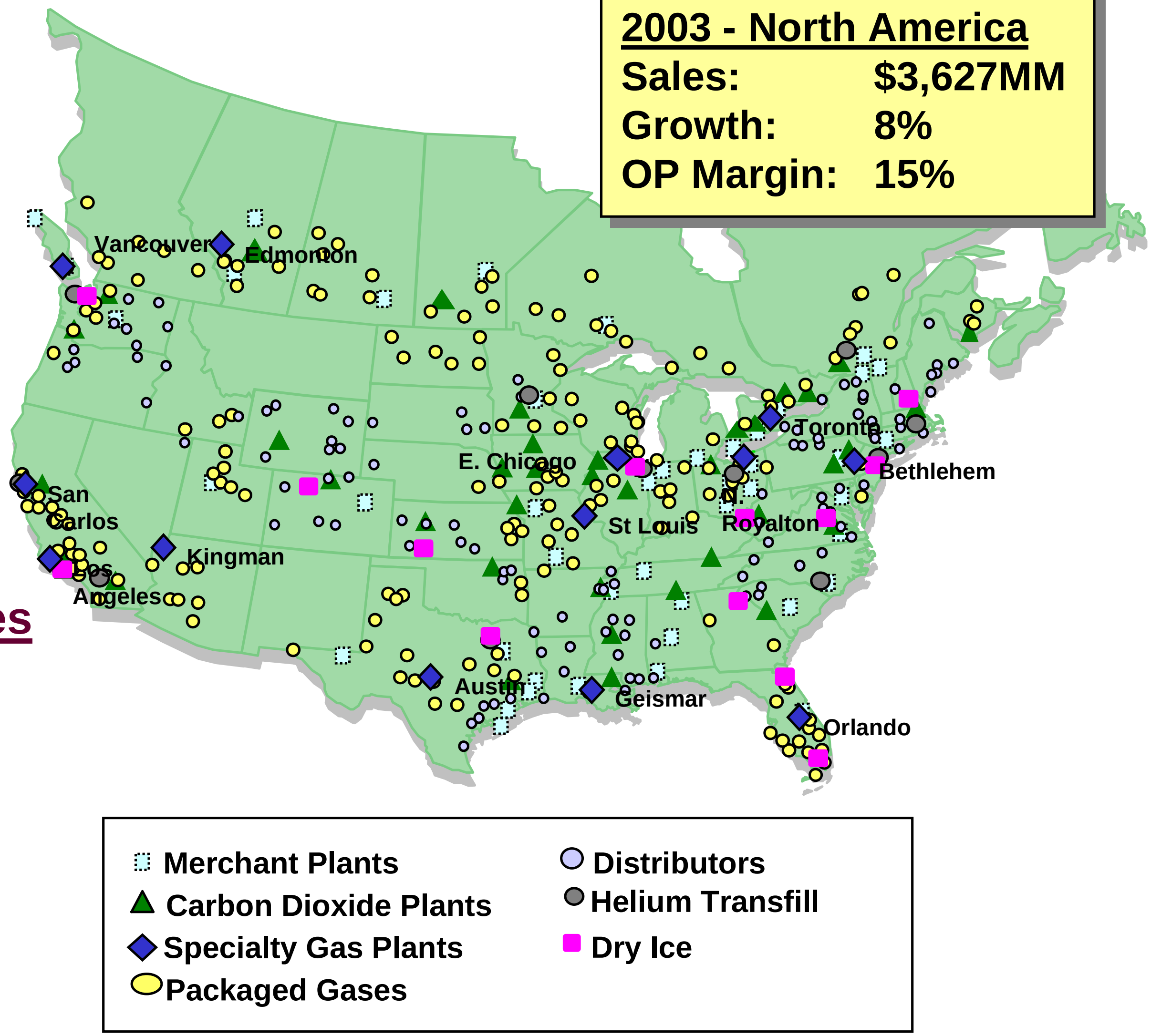
Sales:	$3,627MM
Growth:	8%
OP Margin:	15%

Onsite and Bulk Gases

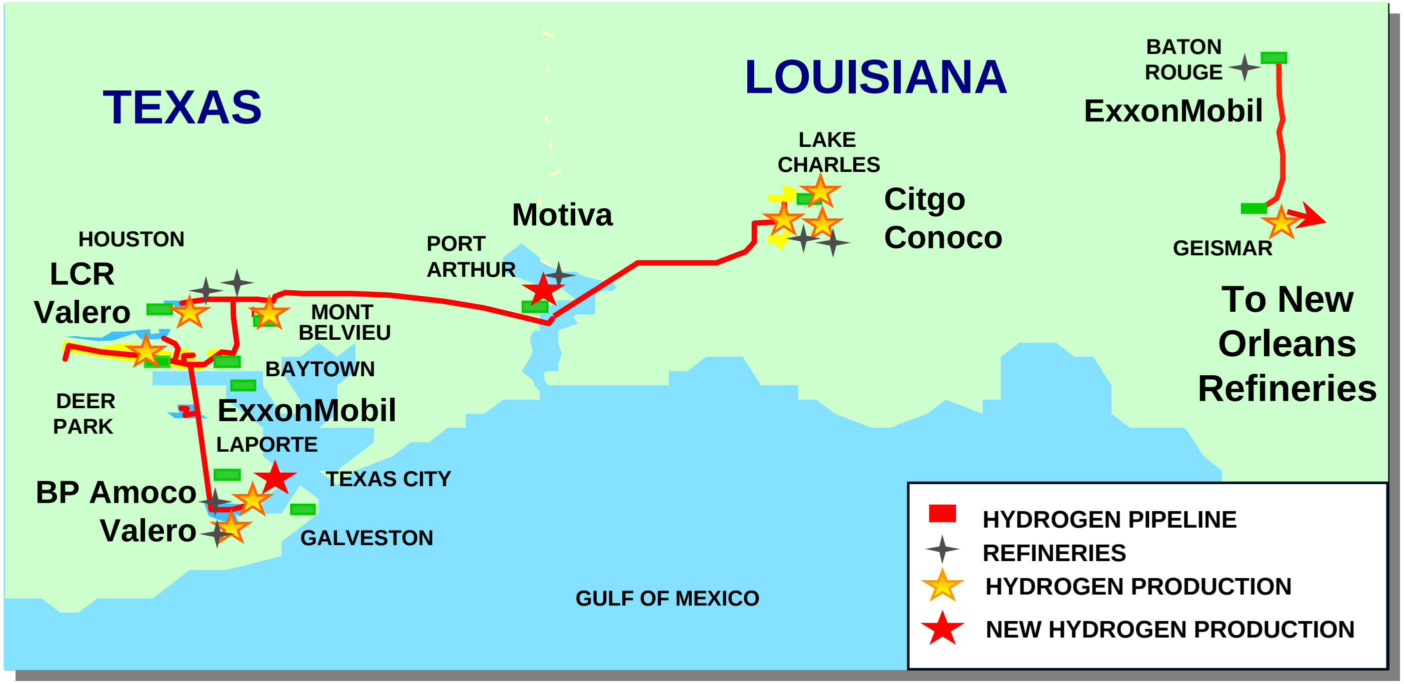
- 300 production plants
- 8000 customer locations
- 1500 distribution vehicles
- 11 pipeline enclaves

Packaged and Specialty Gases

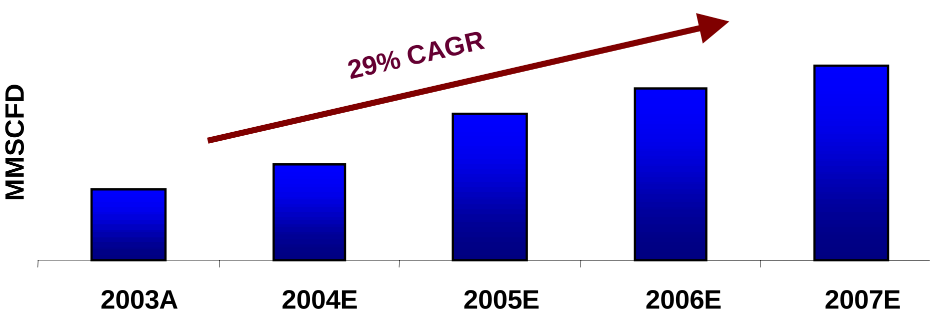
- 400 branches
- >300,000 customers
- 280 independent distributors



Refinery Hydrogen Pipeline System



Average Daily Volume

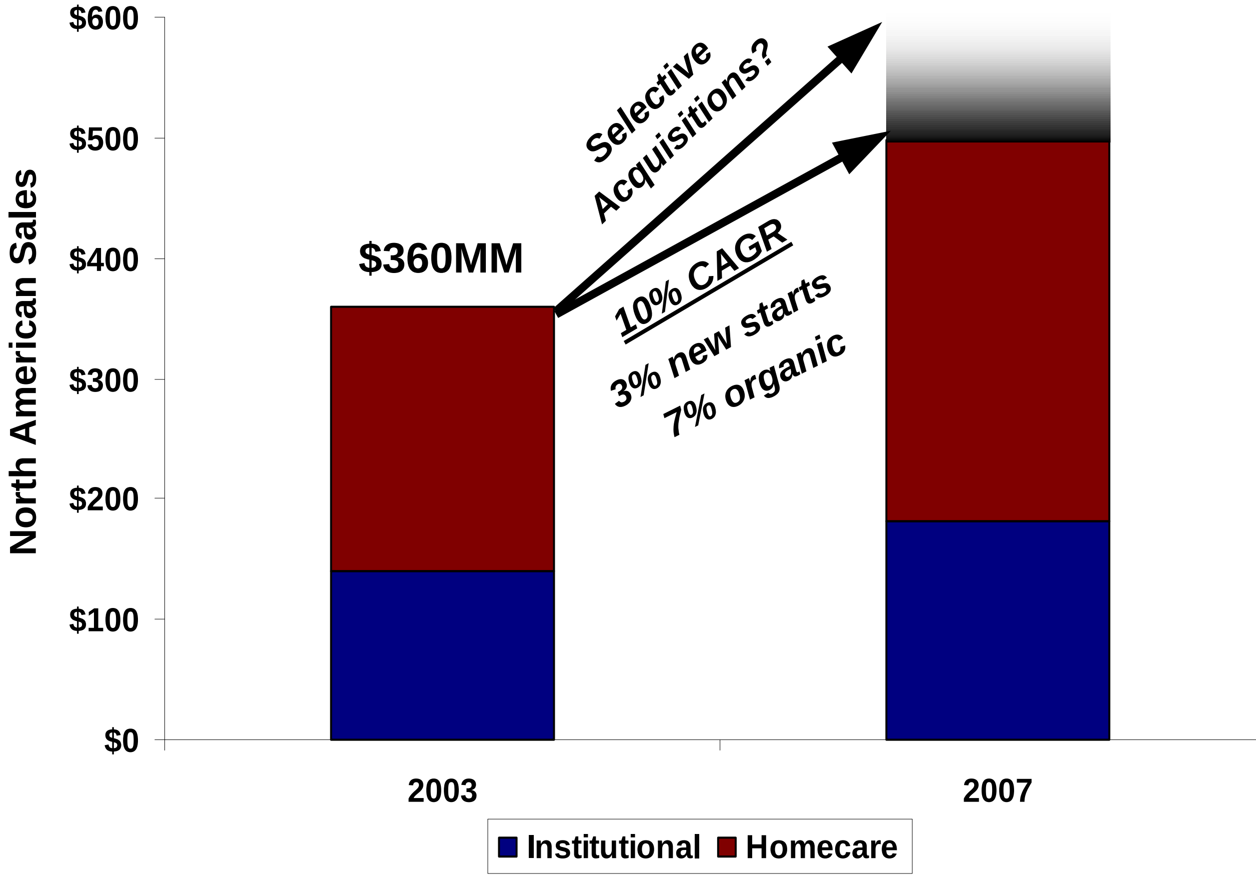


Sulfur Fuel Specifications

	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

Approved 5/11/04

Healthcare: Multiple Growth Opportunities



Expected Growth Rates:

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

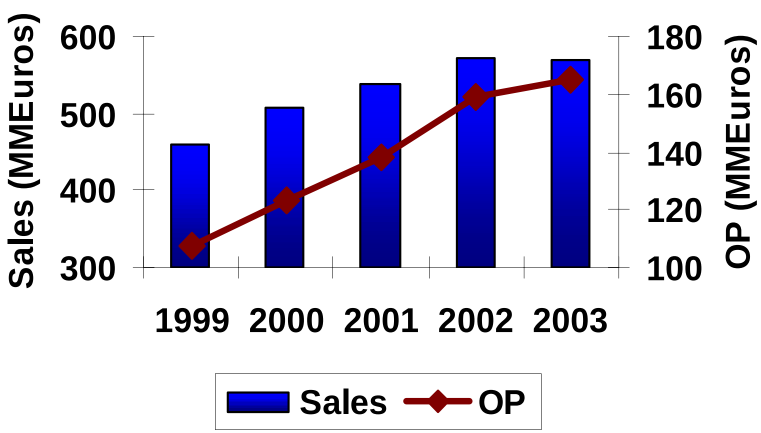
Acquisition Discipline

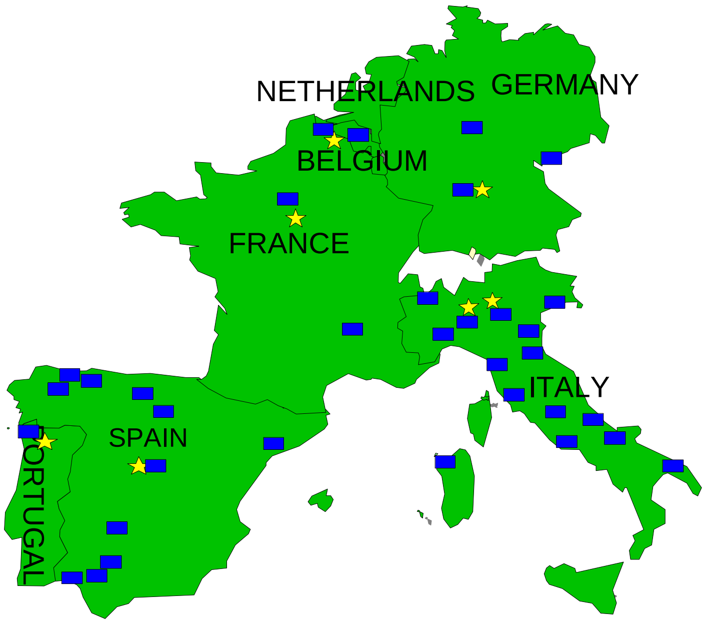
- High % respiratory
- Geographic overlap
- Valuation inclusive of rate cuts

Praxair Europe

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

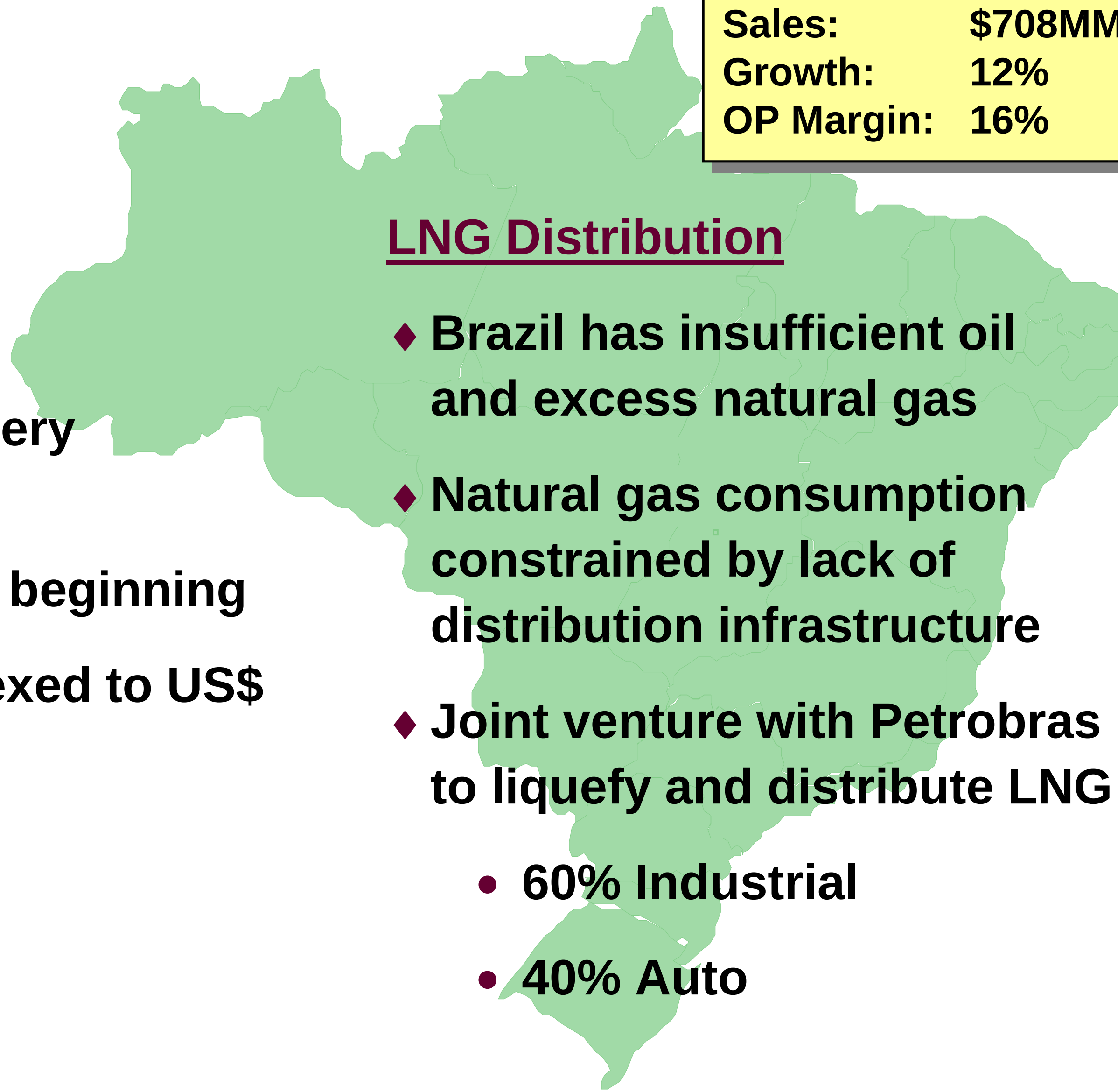
- **28 air separation plants**
- **4 specialty gas plants**
- **3 key pipeline enclaves**
- **More than 100,000 customers**





Strong market position in the fast growing Southern Europe region

South America



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

South America

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

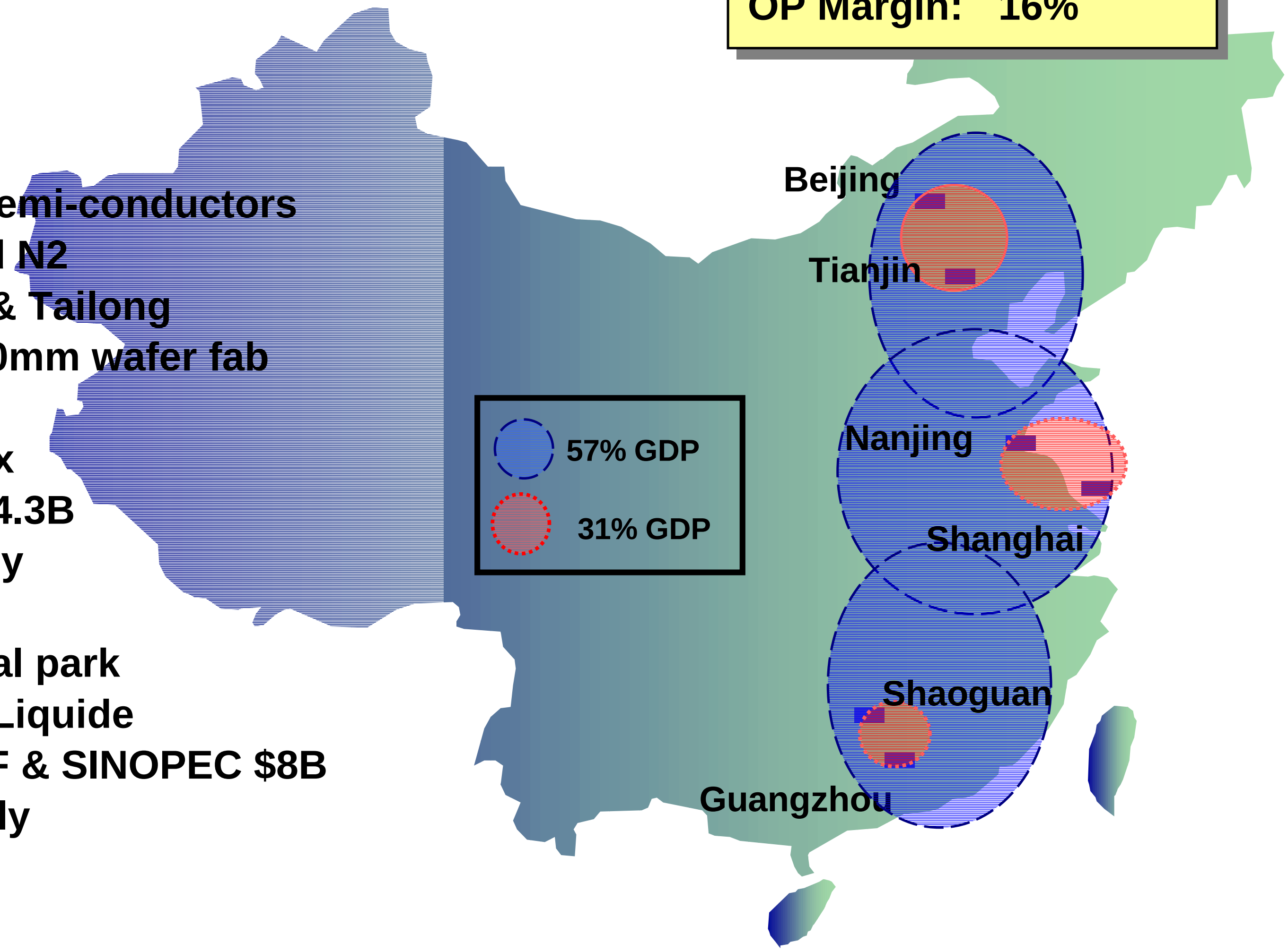
LNG Distribution

- 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

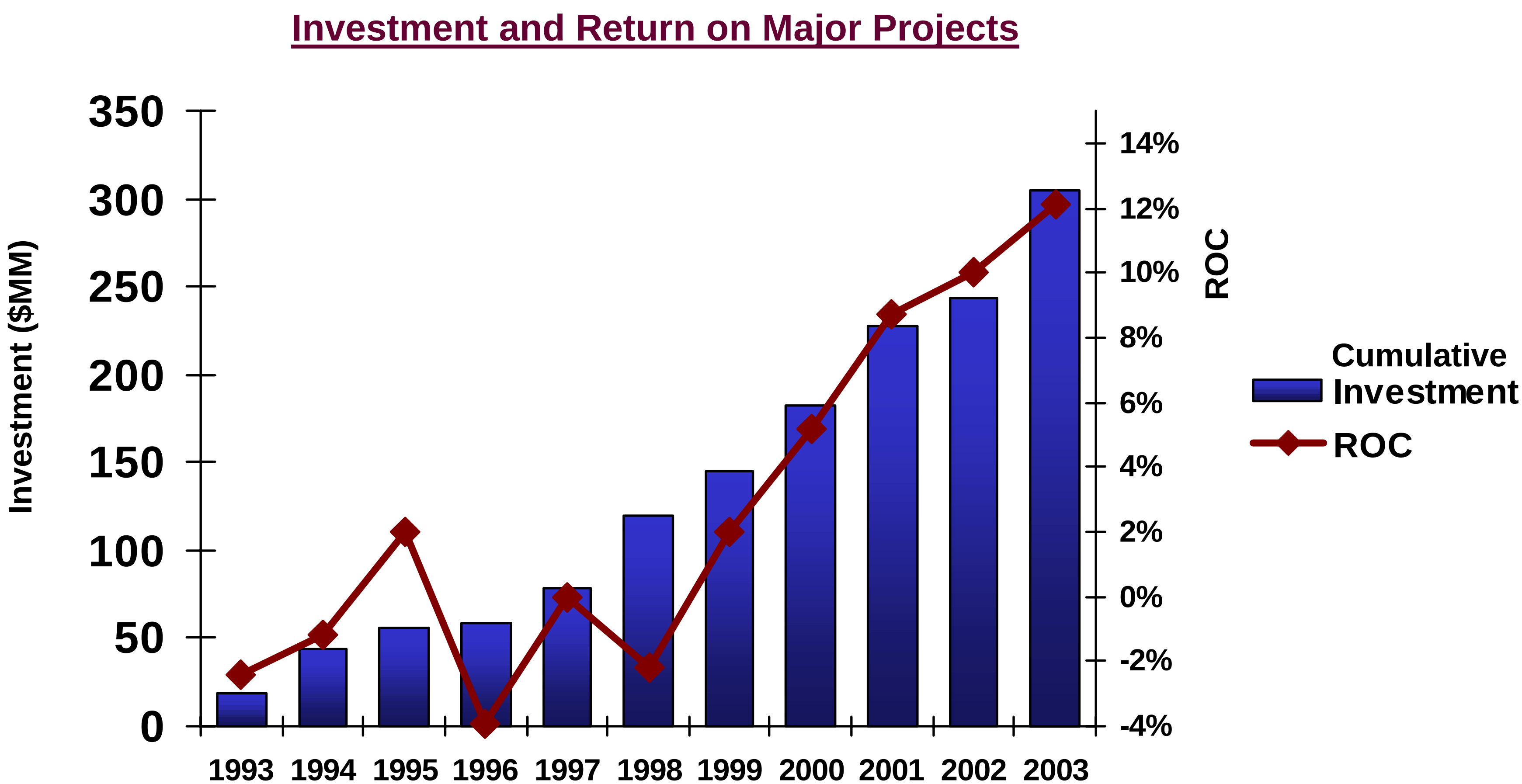
Praxair China Strategy

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

- ♦ 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



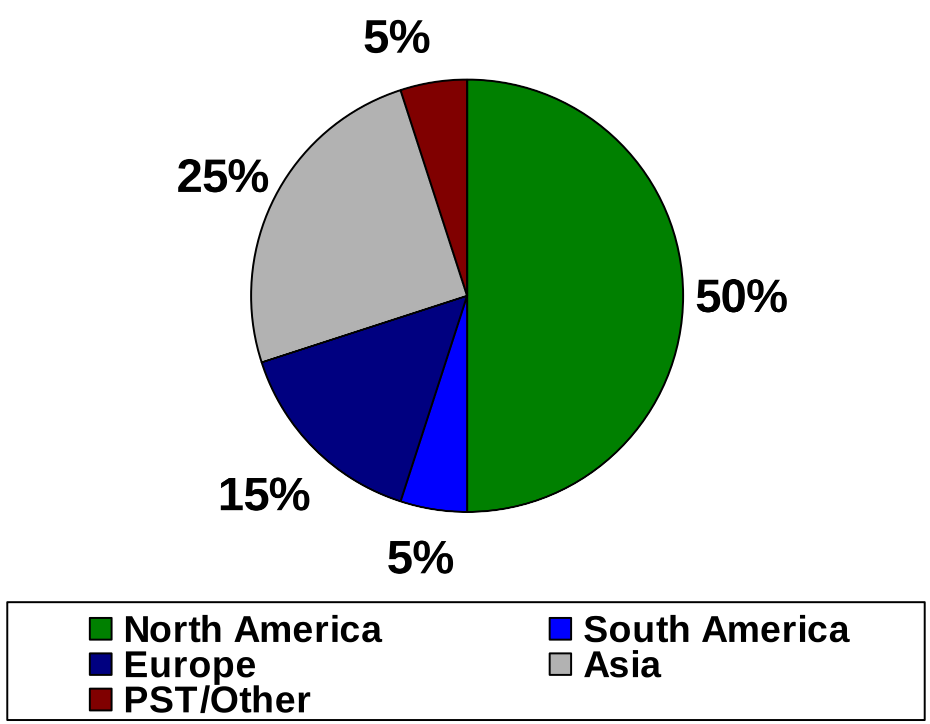
Improving return on capital

Capital Investment

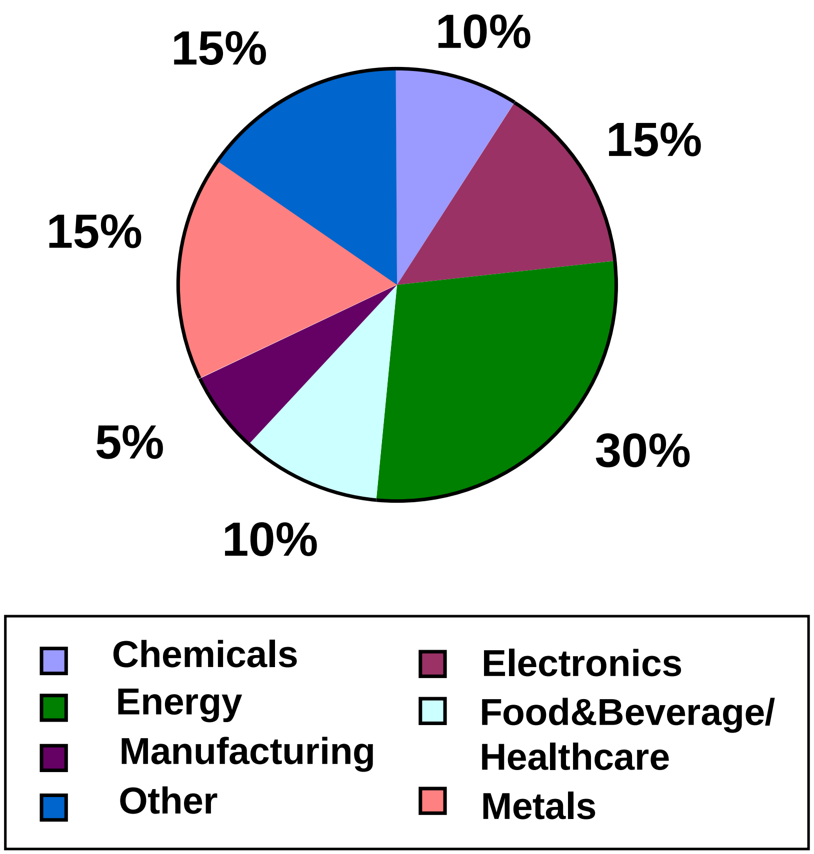
2004F: About $700 MM

Growth 60% - Maint. 30% - Cost Reduction 10%

Growth CAPEX by Segment

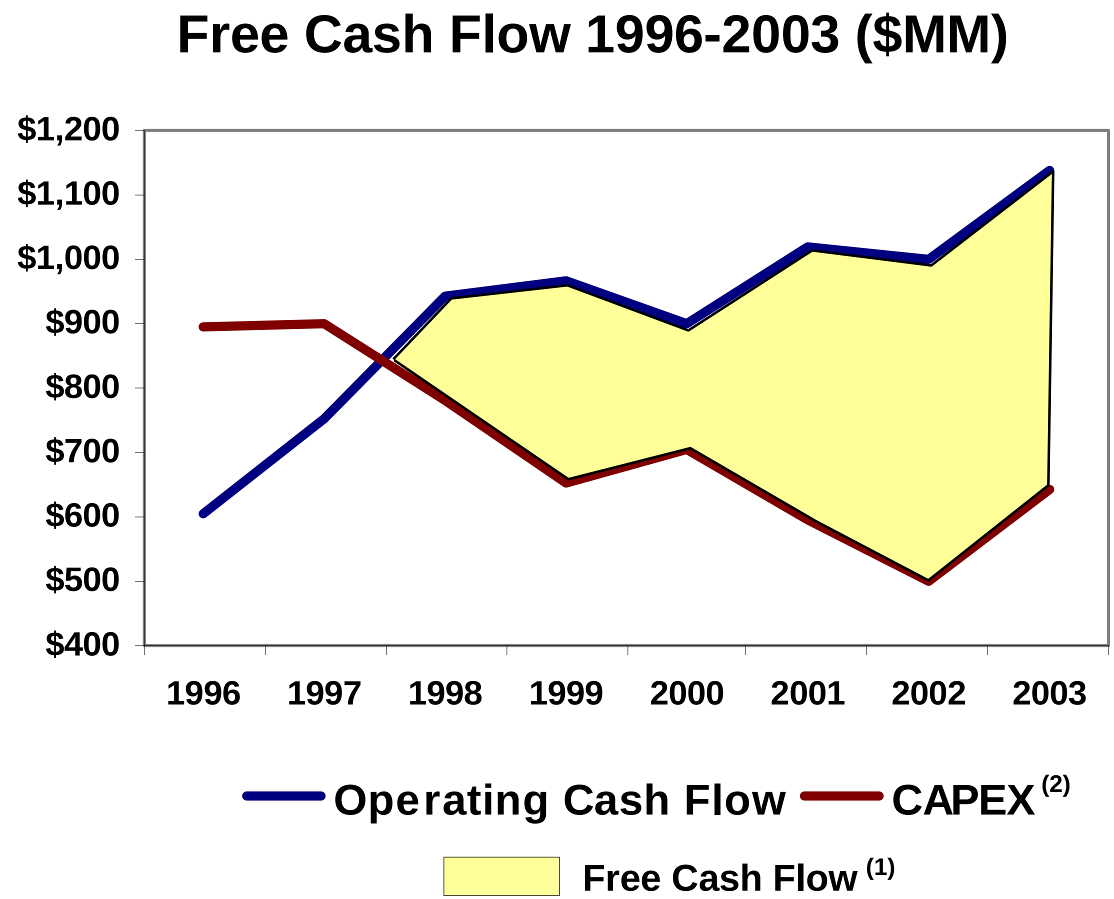


Growth CAPEX by Market



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



(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

(YOY)	Q1 Actual	2004 Forecast
Sales growth	15%	9-13%
OP growth	21%	13-17%
Diluted EPS growth	26%	12-18%

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

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