



Lehman Brothers Global Chemical Industry Leaders Conference

April 1, 2004



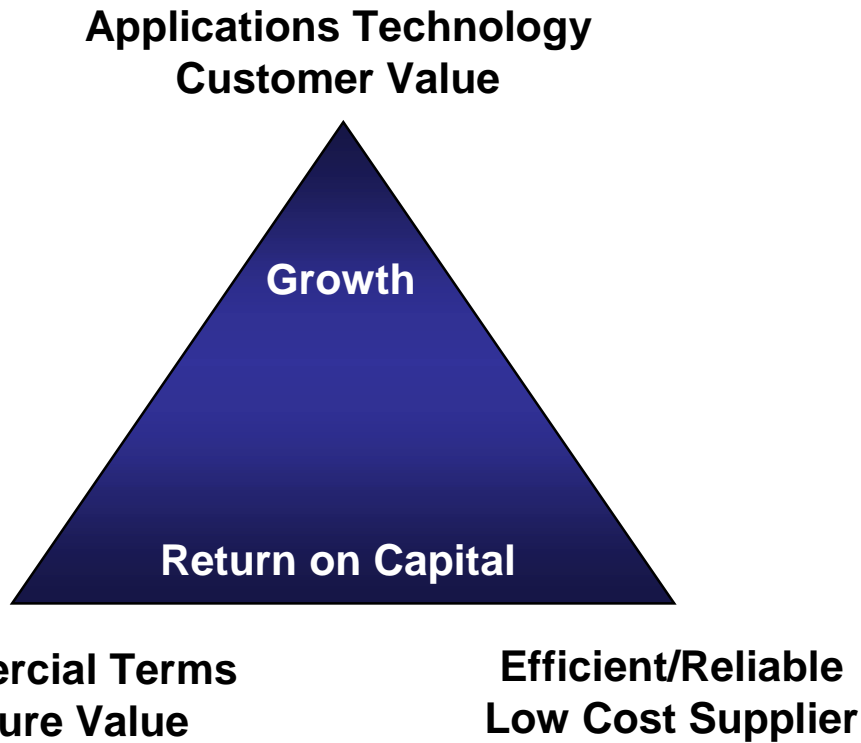
Dennis H. Reilley
Chairman, President and CEO

www.praxair.com

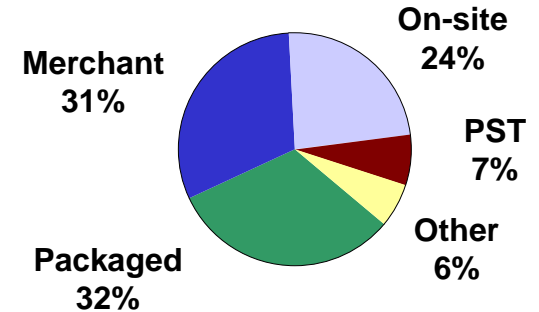
Forward Looking Statements

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.

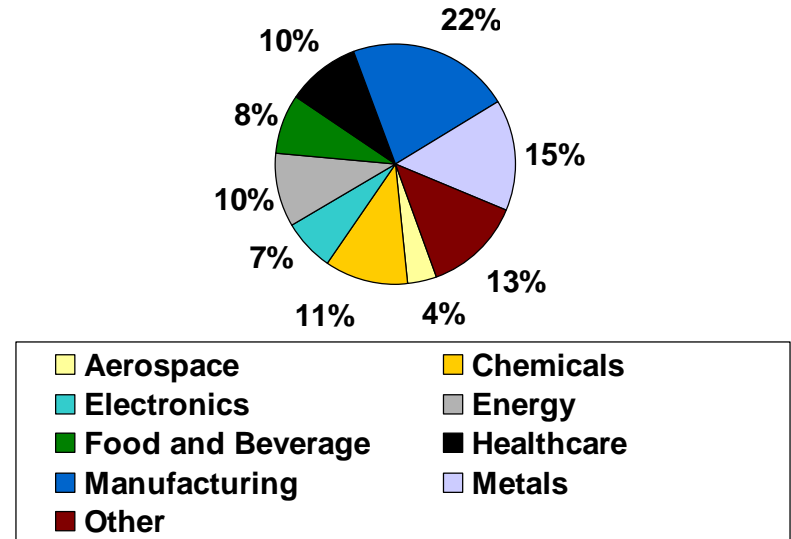
Operating Model Drives Growth and ROC



2003 Distribution Method

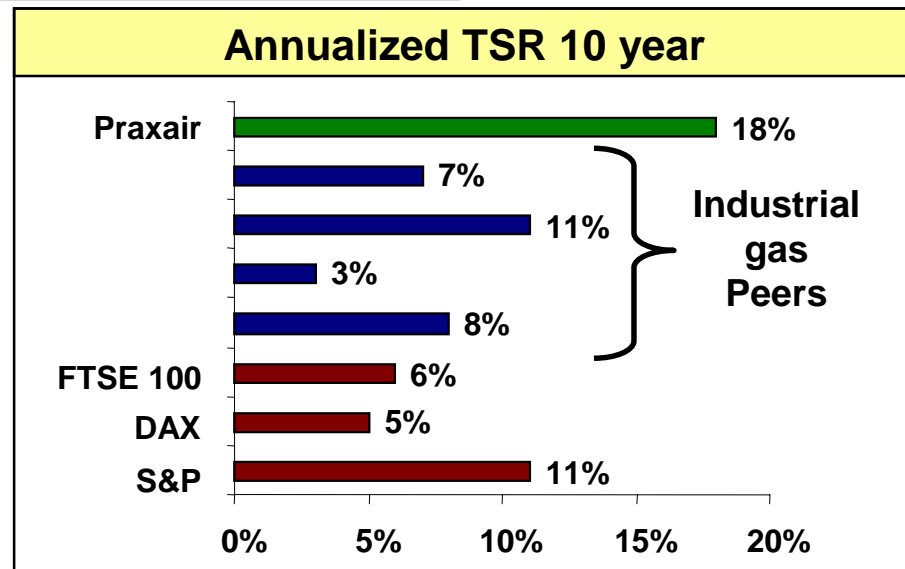
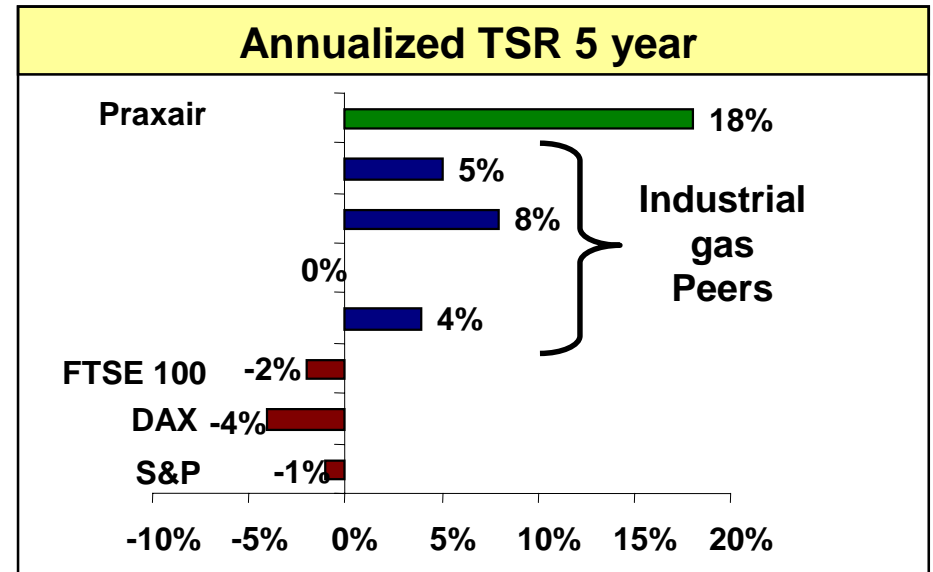
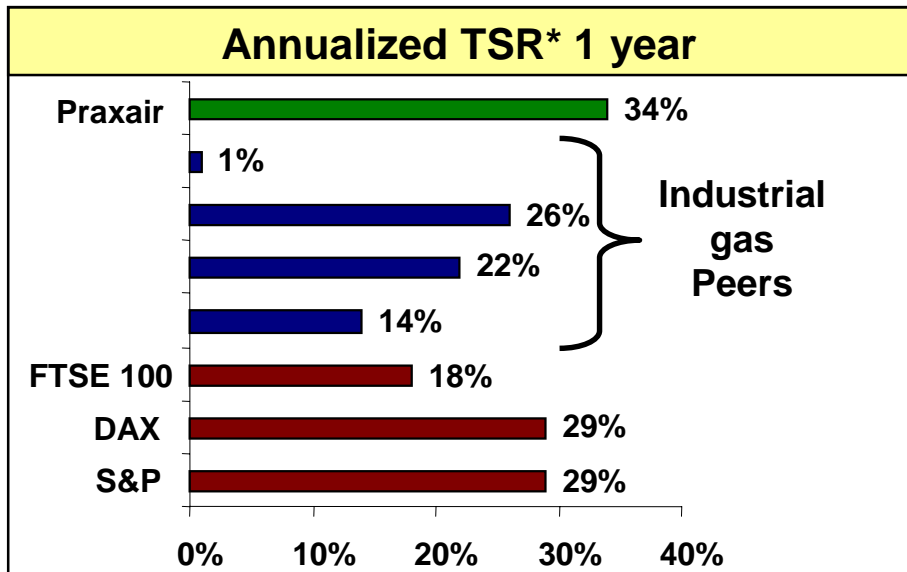


2003 Markets Served



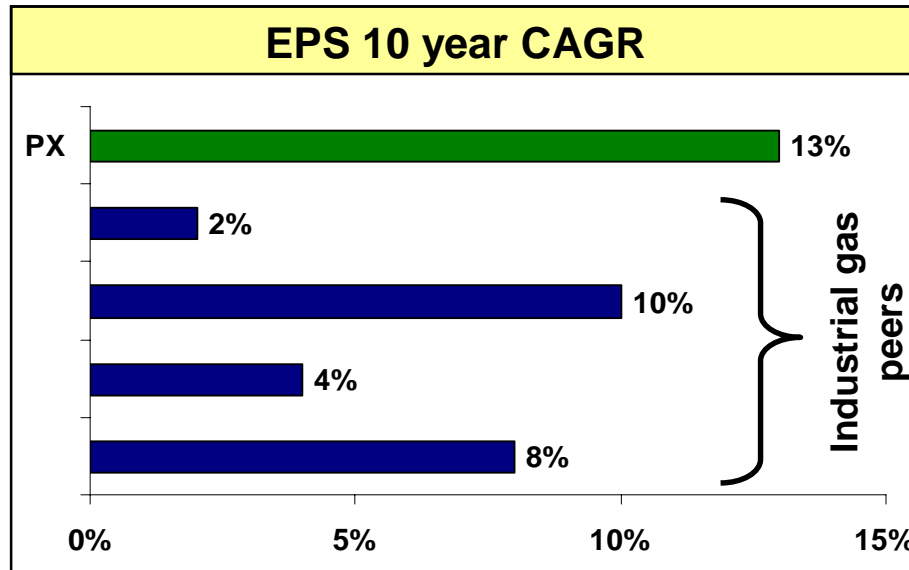
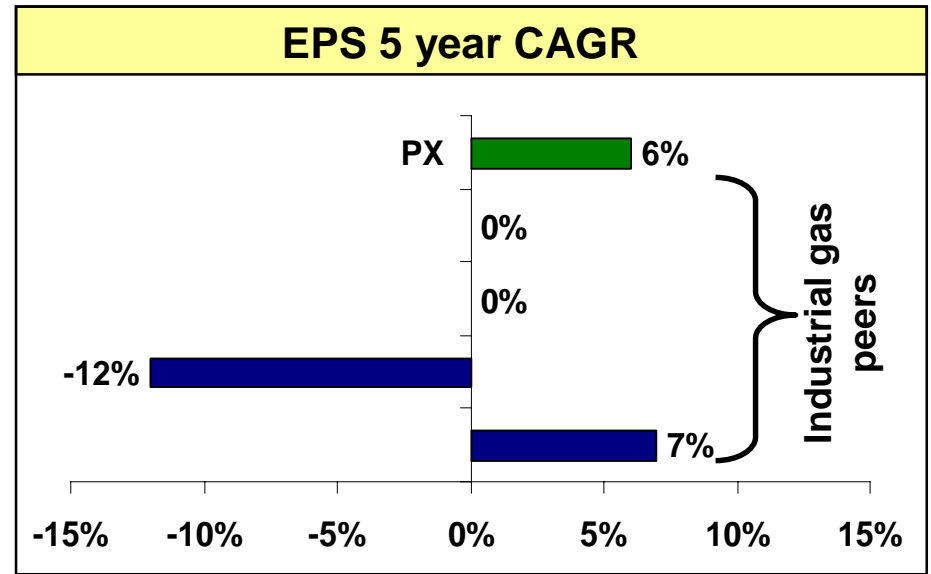
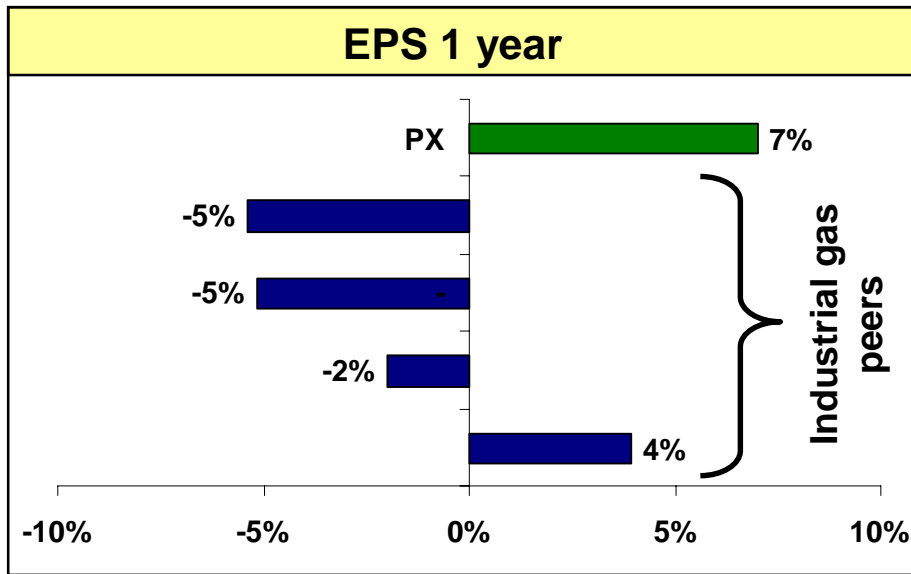
Growth, productivity, and risk mitigation

Praxair Has Outperformed Across All Periods...



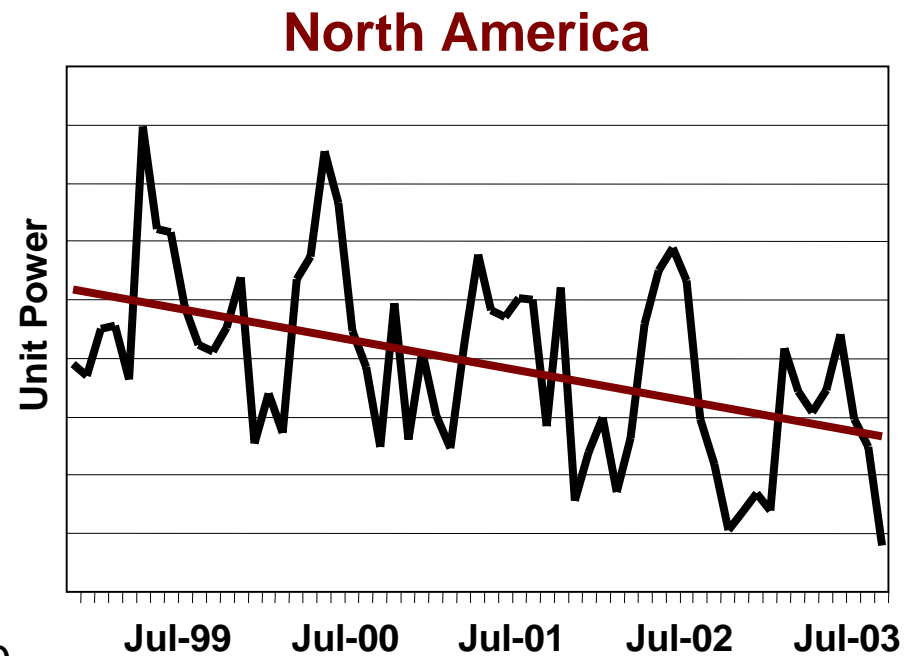
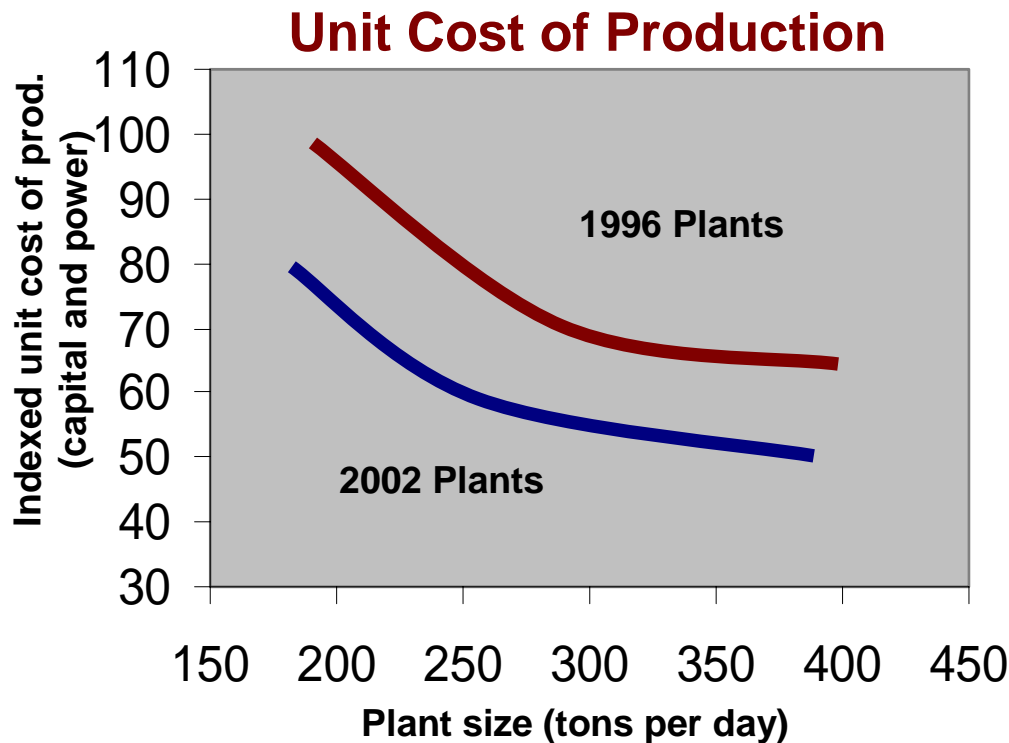
*TSR (Total Shareholder Return) = Price Appreciation and Dividends
Source: Bloomberg 12/31/03

...Driven By Our Performance In Earnings Growth



Source: Bloomberg 12/31/03, company reports & consensus estimates - adjusted for identified special items

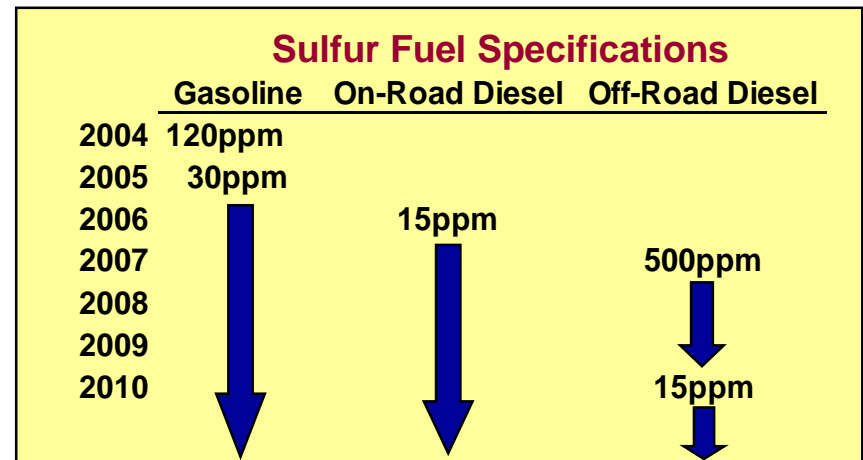
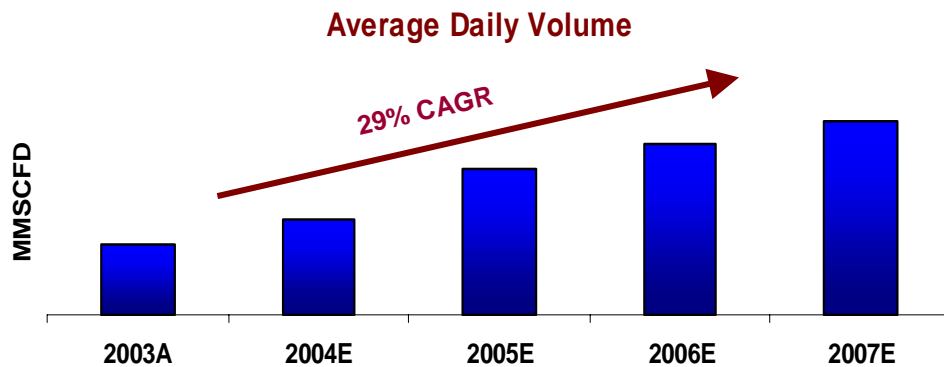
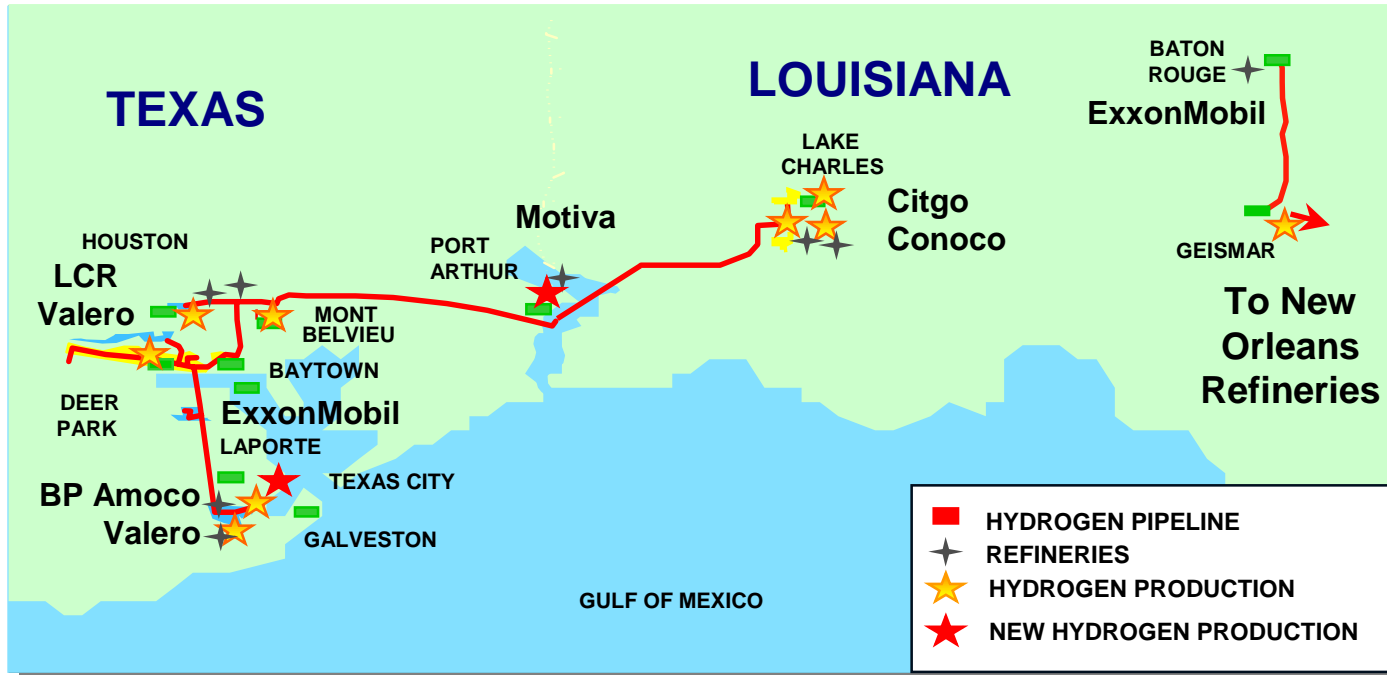
Driving Capital and Energy Efficiency



Unit cost of production has fallen 15-20%

Continuous improvement in energy efficiency

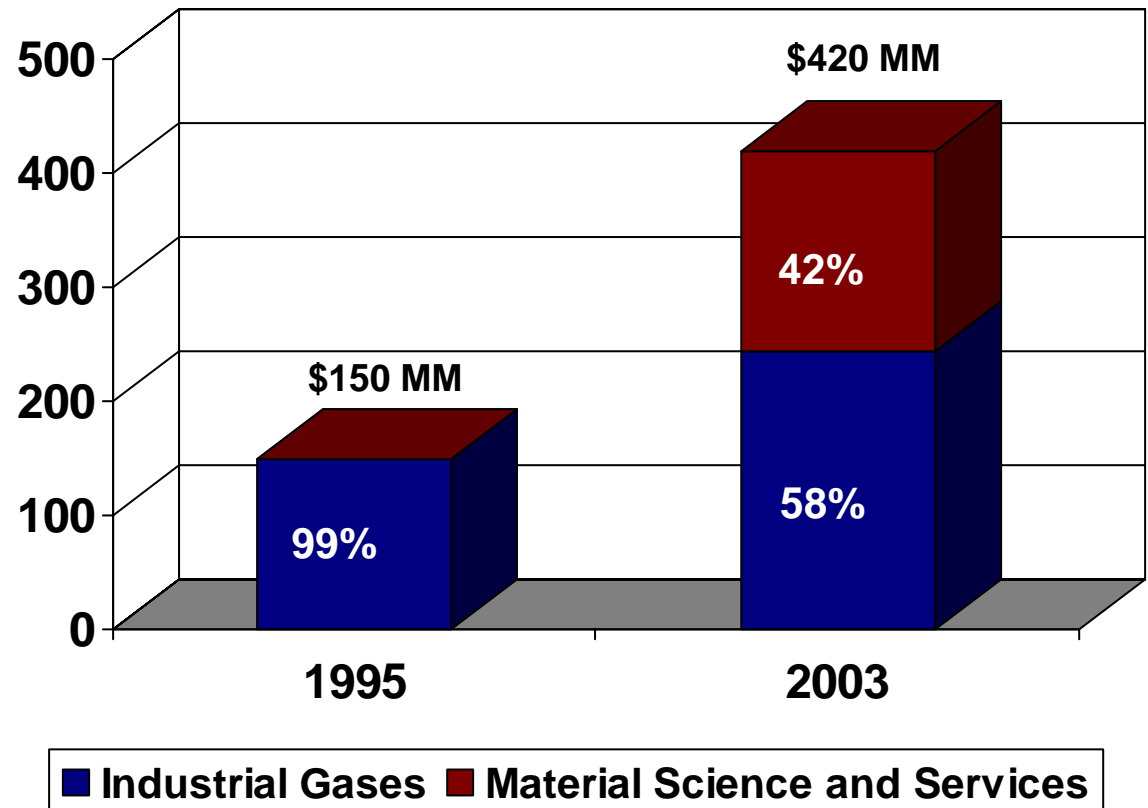
Best-Positioned For Gulf Coast Refinery Hydrogen



Electronics - Materials Science and Gases

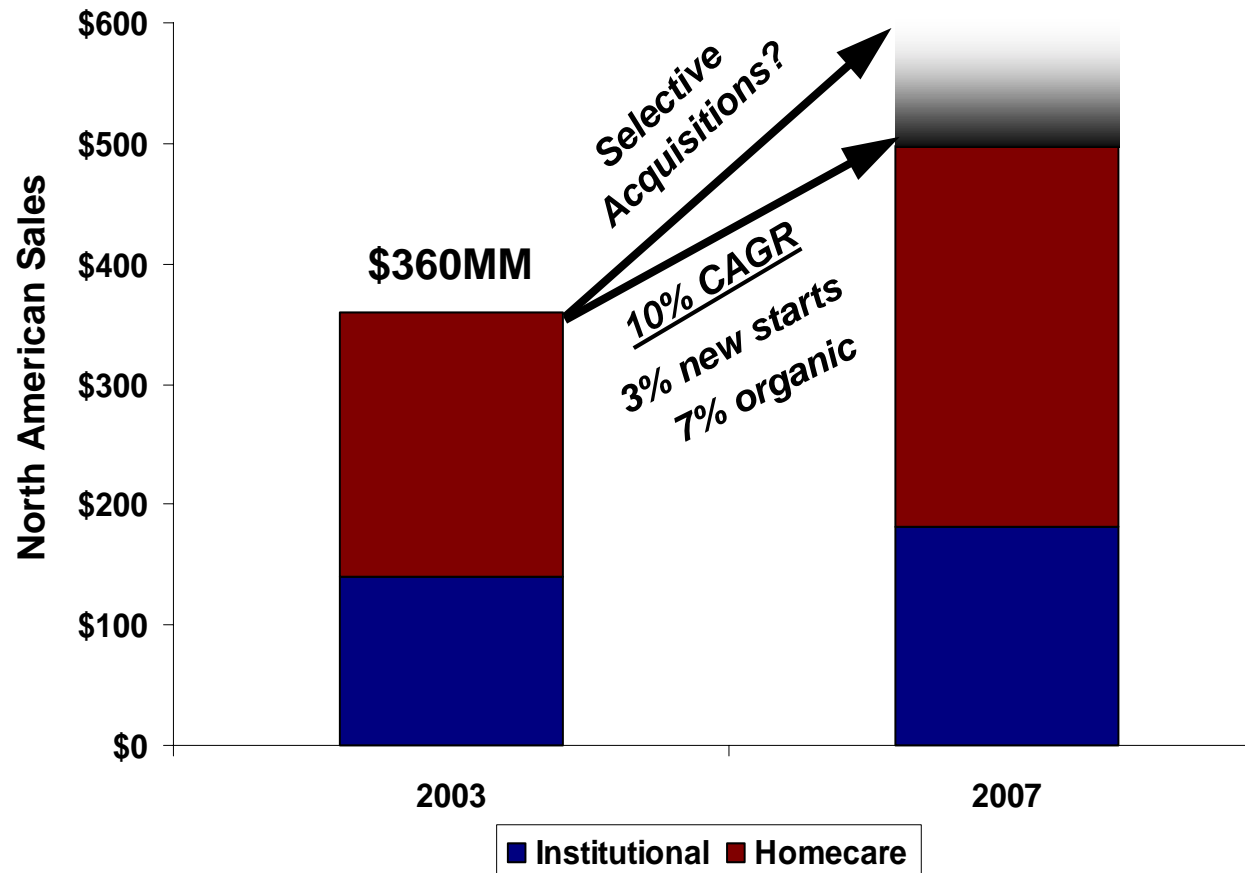
- ◆ **Materials Science for 300 mm**
 - Ceramic chucks
 - CMP polishing materials
 - ◆ Belts, pads and slurries
 - Thin film metal deposition
- ◆ **Supply Chain Services**
 - Components
 - Parts management
- ◆ **Industrial Gases**
 - On-site high purity gases
 - Select specialty gases

Worldwide Electronics Sales



Profitable business model with substantial growth

Healthcare: Multiple Growth Opportunities



Expected Growth Rates:

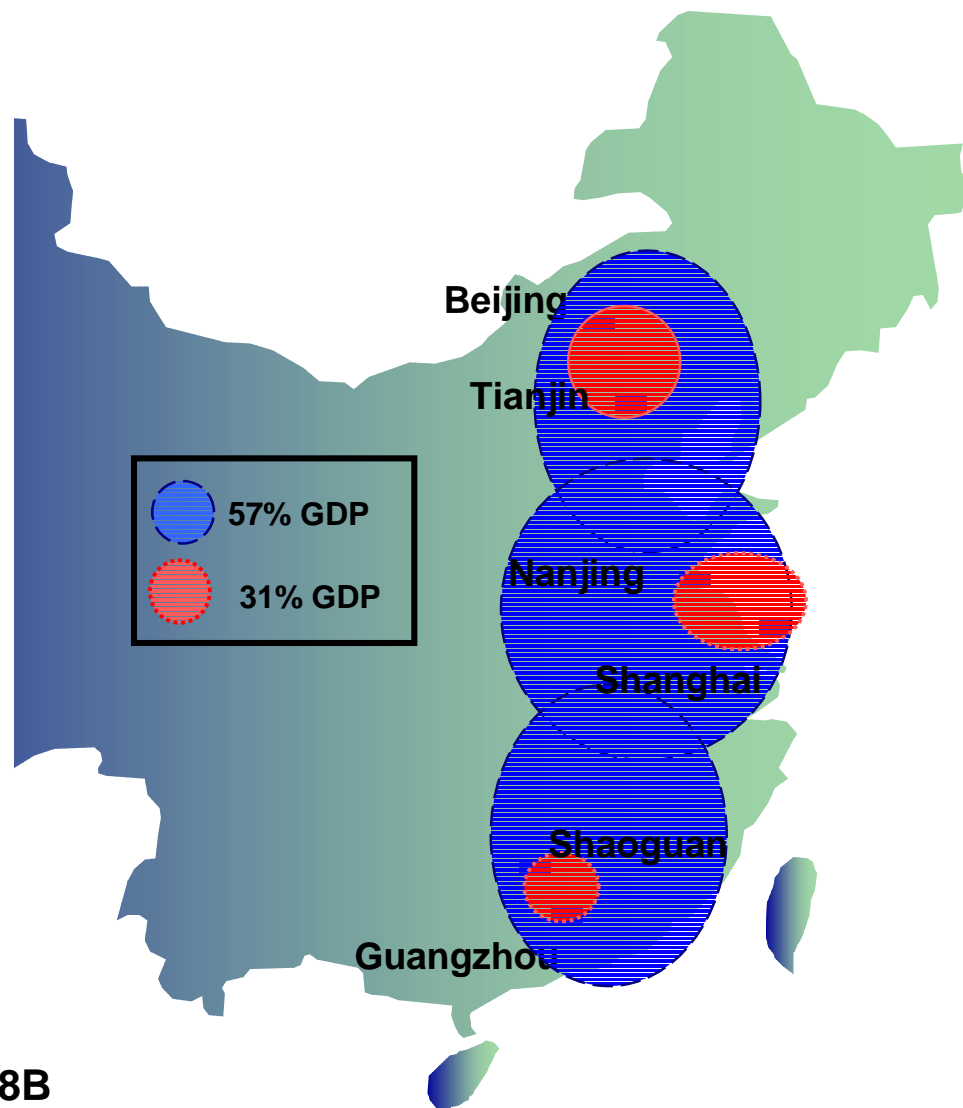
Organic Growth	7%
• Institutional	
• Homecare	
New Starts	3%
Acquisitions	0-20%
Total	10% +

Acquisition Discipline

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

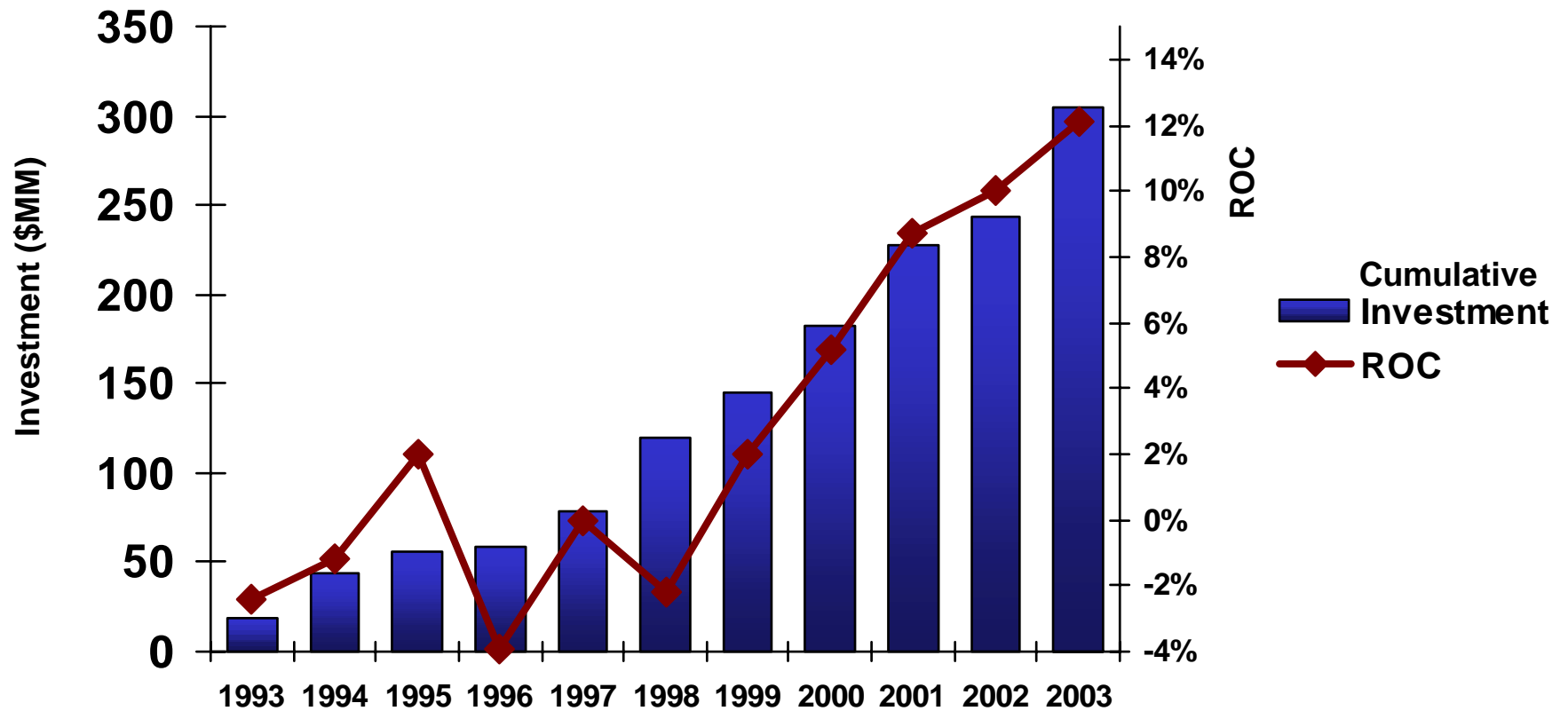
Praxair China Strategy

- ◆ Focus on 3 key corridors
- ◆ Leading position in steel
 - ◆ Baosteel
 - ◆ Shaoguan
 - ◆ Meishan
- ◆ Leading position in semi-conductors
 - ◆ 46% of contracted N₂
 - ◆ Shanghai - SMIC & Tailong
 - ◆ Beijing - SMIC 300mm wafer fab
- ◆ Developing petrochemical enclaves
 - ◆ 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

Capturing Value from Technology Licensing

◆ Productivity Applications

Industry credibility licensing metals technologies

- Success with penetrating AOD Stainless Steel and EAF CoJet® markets
- BOF CoJet® market opportunity 500 MM tons
6 BOF installations



◆ Environmental Solutions

Reduced NOx emissions from coal fired utilities

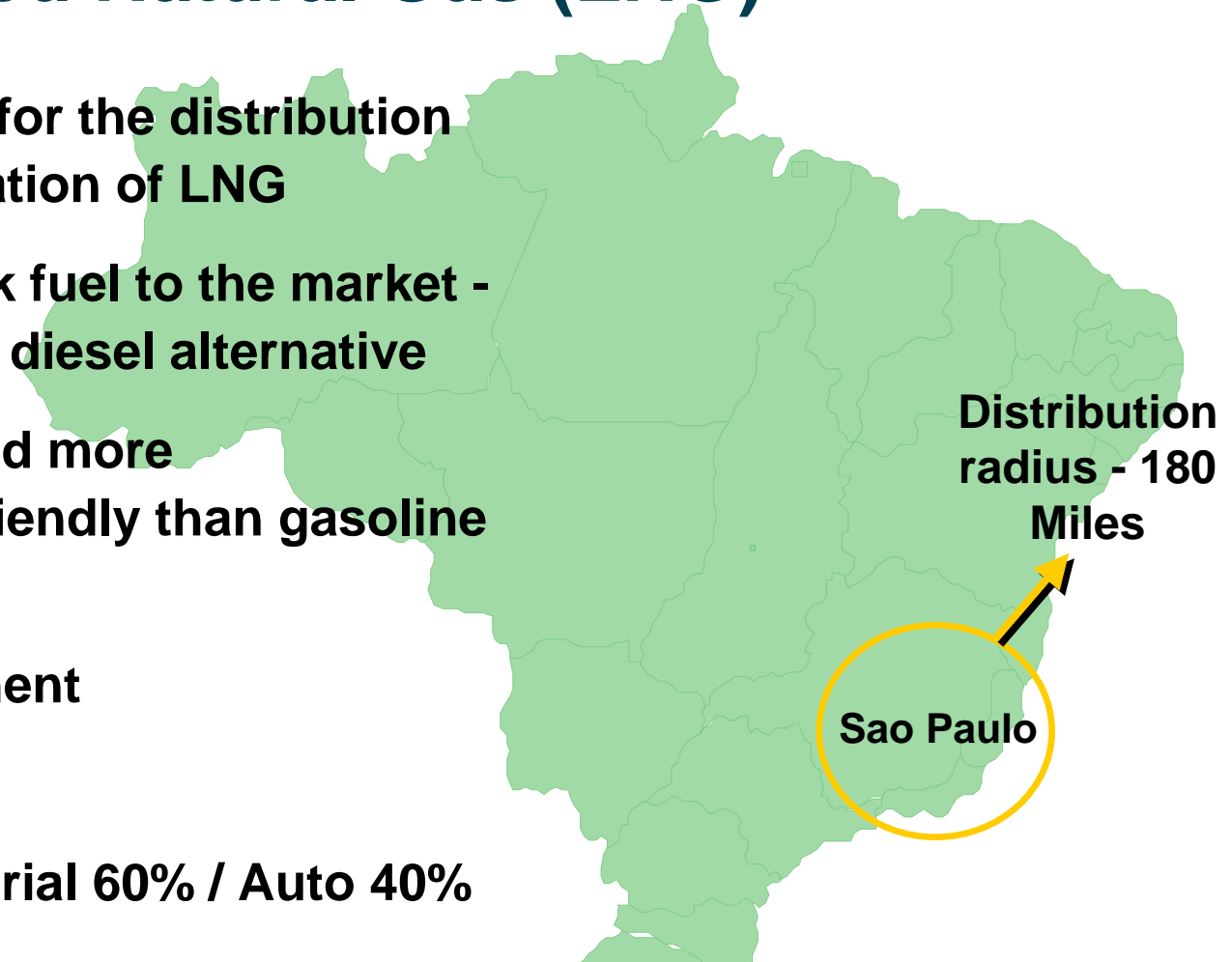
- EPA mandate in 19 states
- Controlled oxygen injection is low cost solution
- Commercialized at Northeast Utilities, Holyoke, Ma



Non capital-intensive growth opportunities

Brazil - Liquefied Natural Gas (LNG)

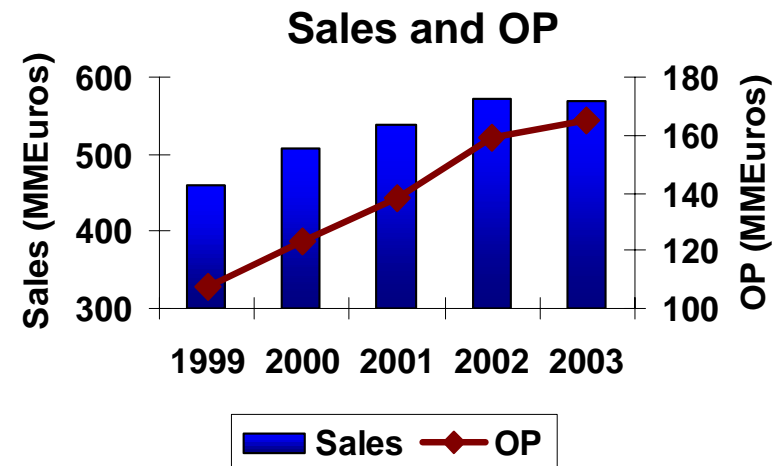
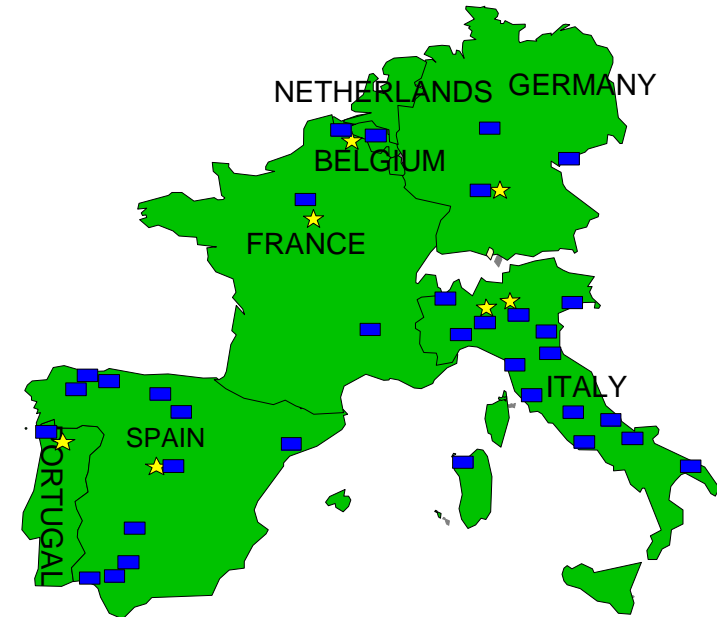
- ◆ JV with Petrobras for the distribution and commercialization of LNG
- ◆ Introduce new bulk fuel to the market - gasoline, LPG and diesel alternative
- ◆ Less expensive and more environmentally friendly than gasoline or diesel
- ◆ \$38MM JV investment
- ◆ Q4 2005 start-up
- ◆ Customers: Industrial 60% / Auto 40%



New capital investment protected from currency devaluation - six contracts indexed to U.S. dollars

Praxair Europe

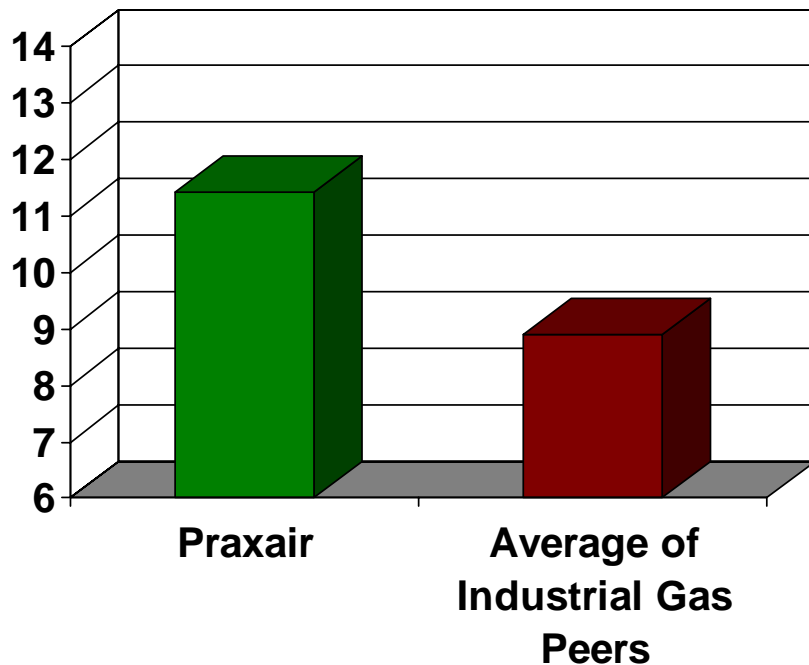
- ◆ 2003 sales \$700MM
- ◆ More than 100,000 customers
- ◆ 3 key pipeline enclaves
 - ◆ Asturias
 - ◆ Ravenna
 - ◆ Antwerp
- ◆ 4 specialty gas plants
- ◆ 28 air separation plants
- ◆ Over 1.2 million gas cylinders
- ◆ 1900 employees



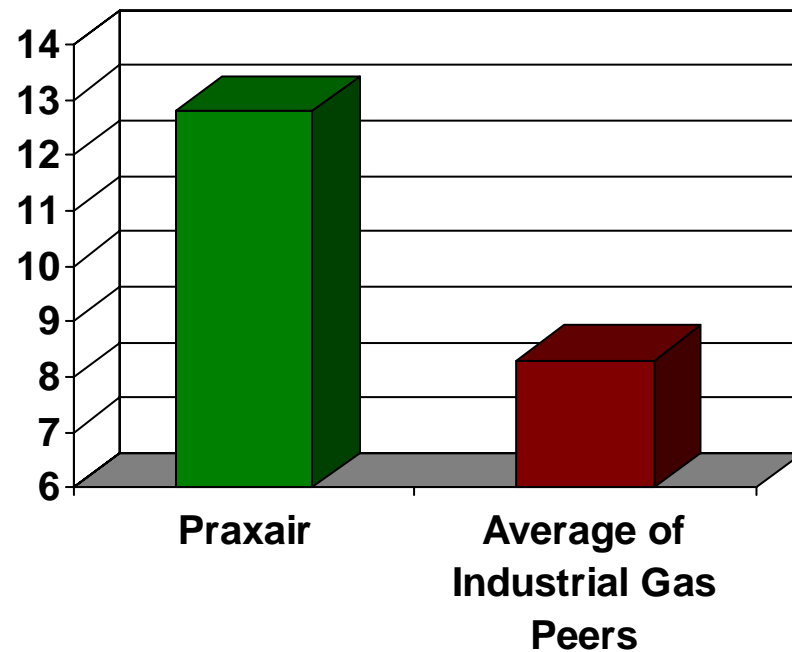
Strong market position in the fast growing Southern Europe region

Improving Return on Capital

1997 ROC %



2003 ROC %



ROC=Net Operating Profit After Tax/Average Capital

Return on capital substantially better than peers

What we are **NOT** doing

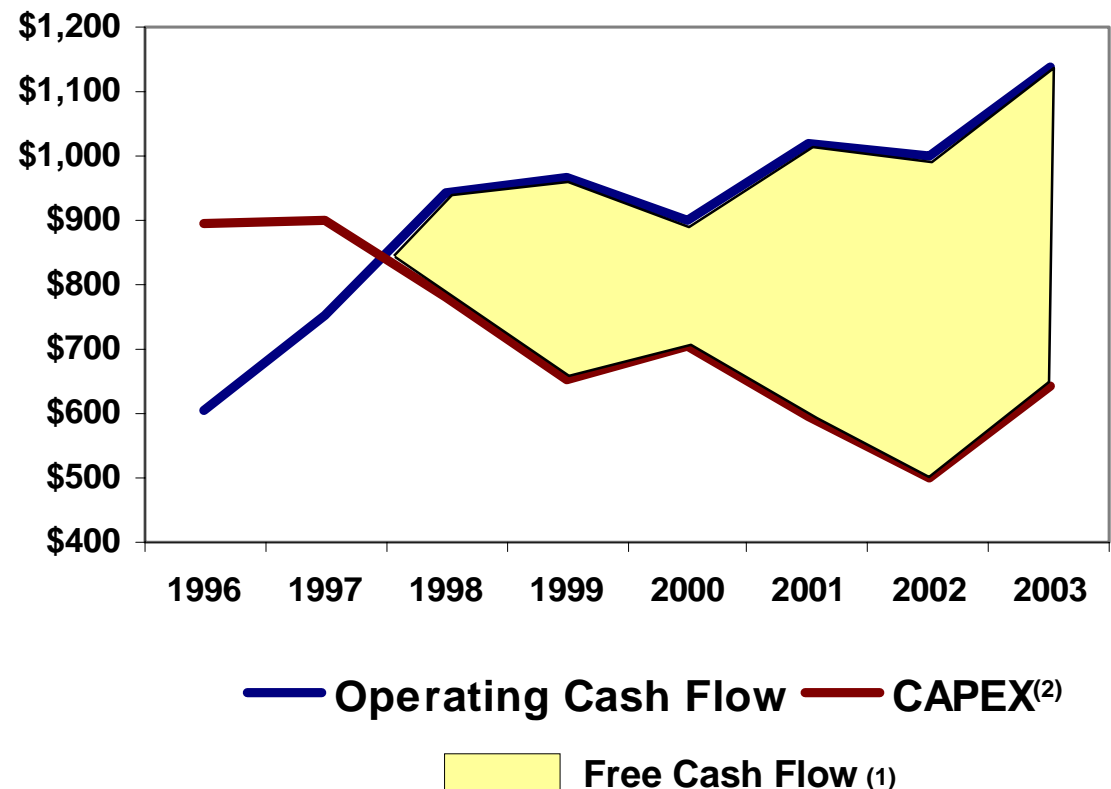
- ◆ Dilutive acquisitions
- ◆ Projects at or near our cost of capital
- ◆ Spending CAPEX ahead of demand
- ◆ Project financing
- ◆ “One-off” plant sales

A highly disciplined approach that mitigates risk

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

Leader in Corporate Governance

- ◆ *2/9/04 - For the second time, Praxair has received the highest rating from GovernanceMetrics International. Only 22 companies out of 2,100 received this rating*
- ◆ **9/4/03 - Praxair was selected as an index component of the Dow Jones Sustainability World Index**
- ◆ **Praxair ranked in the 94th percentile of S&P 500 by Institutional Shareholder Services**
- ◆ **9 of 10 independent directors. All members of audit, compensation, governance and nominating committees are independent**
- ◆ **Quarterly meetings of non-management directors**
- ◆ **Rotation of board committee members and chairpersons every 3 - 5 years**

Exceeding the requirements of Sarbanes-Oxley and NYSE