Lehman Brothers Global Chemical Industry Leaders Conference

April 1, 2004

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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.
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Operating Model Drives Growth and ROC

Applications Technology
Customer Value

Growth

Return on Capital

Commercial Terms
Capture Value

Efficient/Reliable
Low Cost Supplier

2003 Distribution Method

- Merchant 31%
- Packaged 32%
- On-site 24%
- PST 7%
- Other 6%

2003 Markets Served

- Aerospace 11%
- Electronics 4%
- Food and Beverage 13%
- Energy 15%
- Healthcare 8%
- Manufacturing 10%
- Other 7%

Growth, productivity, and risk mitigation
Praxair Has Outperformed Across All Periods...

<table>
<thead>
<tr>
<th>Annualized TSR* 1 year</th>
<th>Annualized TSR 5 year</th>
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</thead>
<tbody>
<tr>
<td><strong>Praxair</strong></td>
<td><strong>Praxair</strong></td>
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<td>26%</td>
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<td>10%</td>
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<tr>
<td>20%</td>
<td>1%</td>
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*TSR (Total Shareholder Return) = Price Appreciation and Dividends
Source: Bloomberg 12/31/03
...Driven By Our Performance In Earnings Growth

EPS 1 year
-5% 7% 4%

EPS 5 year CAGR
-12% 6% 7%

EPS 10 year CAGR
2% 13% 10%

Source: Bloomberg 12/31/03, company reports & consensus estimates - adjusted for identified special items
Driving Capital and Energy Efficiency

Unit Cost of Production

Indexed unit cost of production (capital and power)

Plant size (tons per day)

- 1996 Plants
- 2002 Plants

North America

Unit Power

Jul-99 Jul-00 Jul-01 Jul-02 Jul-03

Continuous improvement in energy efficiency

Unit cost of production has fallen 15-20%
Best-Positioned For Gulf Coast Refinery Hydrogen

TEXAS
- Houston
- Mont Belvieu
- Deer Park

LOUISIANA
- Port Arthur
- Geismar
- Baton Rouge

Gulf Coast Refineries: ExxonMobil, Valero, Conoco, Motiva Citgo, Valero

Sulfur Fuel Specifications

<table>
<thead>
<tr>
<th>Year</th>
<th>Gasoline Ppm</th>
<th>On-Road Diesel Ppm</th>
<th>Off-Road Diesel Ppm</th>
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<tbody>
<tr>
<td>2004</td>
<td>120ppm</td>
<td></td>
<td></td>
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<tr>
<td>2005</td>
<td>30ppm</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2006</td>
<td>15ppm</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2007</td>
<td>15ppm</td>
<td></td>
<td>500ppm</td>
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<tr>
<td>2008</td>
<td></td>
<td></td>
<td></td>
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<td>2009</td>
<td></td>
<td></td>
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<tr>
<td>2010</td>
<td></td>
<td></td>
<td>15ppm</td>
</tr>
</tbody>
</table>

Average Daily Volume

- 2003A
- 2004E
- 2005E
- 2006E
- 2007E

29% CAGR
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**

- 1995: $150 MM (99% Industrial Gases, 1% Material Science)
- 2003: $420 MM (58% Material Science, 42% Industrial Gases)

**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

North American Sales

2003: $360MM
2007: $500M

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

Institutional | Homecare
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 - Liquified 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 %**

- Praxair
- Average of Industrial Gas Peers

**2003 ROC %**

- Praxair
- Average of Industrial Gas Peers

*Return on capital substantially better than peers*

*Source: Bloomberg and company reports*
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