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

Shareholder performance exceeds S&P 500

1. ROE = Net income before accounting changes/Shareholders Equity
Commercial Terms Drive ROC

Sales by Distribution Method

- On-Site 23%
  - Take or pay contracts
  - Escalation for: energy, inflation and currency

- Merchant 30%
  - Requirements contracts
  - Switching costs

- Packaged Gases 33%
  - Annual contracts
  - Cylinder rentals
  - Service level

- Other 14%

♦ Price is a fraction of customer value
♦ Terms capture above average ROC
Applications Technology Drives Growth

Praxair End Markets

- Manufacturing 22%
- Metals 15%
- Energy 8%
- Electronics 8%
- Food and Beverage 9%
- Other 12%
- Chemicals 11%
- Aerospace 4%
- Healthcare 11%

Productivity
- Cycle Time
- Yield

Energy
- Oxyfuel Combustion
- Hydrogen

Environmental
- Air Quality
- Water Treatment
Global Hydrogen Demand is Expected to Grow 10-15%

- Refining Growth:
  - Heavy/Sour Crudes
  - Refinery Operations & Conversion Capacity
  - Environmental Regulations for Gasoline & Diesel
  - Outsourcing Production

- Fuel Grade Specifications:
  - 2004 - 30 ppm Sulfur in Gas
  - 2006 - 15 ppm Sulfur in Diesel
  - 2010 - 15 ppm Sulfur in off-road Diesel

*Source: SRI International*
Best-Positioned For Gulf Coast Refinery Hydrogen
Praxair Gulf Coast Hydrogen Growth

300 MMSCFD Signed - 200 MMSCFD Anticipated
PHS Homecare Branches - US and Canada

Homecare
- 106 Branches
- 16 Acquisitions since 2000

Institutional
- 2,000 Hospital Customers
- 20% Estimated Market Share

Global Sales $590
N.A. Sales $360
Medicare Sales $48
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 2007

$360MM $500

Institutional Homecare

Selective Acquisitions? 10% CAGR 3% new starts 7% organic
Electronics - Gases and Materials Science

- Industrial Gases
  - On-site high purity gases
  - Specialty gases supplier

- Materials Science for 300 mm
  - Ceramic chucks
  - CMP polishing materials
  - Thin film metal deposition

- Supply Chain Services
  - Components
  - Parts management

Profitable business model with substantial growth
Electronics - Asian Position

♦ China
  • $N_2$ supply to new 300mm fabs
  • 46% of contracted $N_2$ Capacity

♦ Korea
  • $N_2$ supply at Samsung’s 300mm fab in Geihung
  • $N_2$, $H_2$ & $He$ supply at Samsung’s new flat panel display complex
  • 41% of contracted $N_2$ Capacity

Contracted Chinese $N_2$ Market Share*
(200mm and 300mm fabs)

Praxair
Competitor A
Competitor B
Competitor C

*Praxair Estimate
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

Legend:
- North America
- Europe
- PST/Other
- South America
- Asia
- Chemicals
- Energy
- Manufacturing
- Other
- Electronics
- Food & Beverage
- Healthcare
- Metals

North America: 50%
Europe: 25%
PST/Other: 15%
South America: 10%
Asia: 25%
Chemicals: 15%
Energy: 15%
Manufacturing: 15%
Other: 10%
Electronics: 10%
Food & Beverage/Healthcare: 5%
Metals: 20%
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
    - 4 operating, 6 by the end of Q104

♦ **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
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
North American Indexed Industrial Gas Volume

Praxair has substantial operating leverage to improving U.S. manufacturing conditions

Combined On-site and Merchant Volume

CAPACITY UTILIZATION
Peak Q3 2000: 85%
Trough Q2 2003: 72%
Current Q4 2003: 75%
2004 Earnings Guidance

**First Quarter 2004**

- Sales growth of 8% to 12%
- Operating profit growth of 10% to 14%
- Diluted EPS in the range of $0.43 to $0.47 (growth of 10% - 20% YOY)
- Effective tax rate of 25%

**Full Year 2004**

- Sales growth of 6% to 10%
- Operating profit growth of 8% to 14%
- Diluted EPS in the range of $1.90 to $2.05 (growth of 8% - 15%)
- Effective tax rate of 25%
- CAPEX of about $700MM

Assumes Euro and Real stable at current levels
PRAXAIR

Lehman Brothers Twenty-first Annual Industrial Select Conference

February 6th, 2004

James S. Sawyer
Senior Vice President and Chief Financial Officer

www.praxair.com