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

Positioned for profitable and sustainable growth
Return on Capital

♦ Focus on 10 core geographies

♦ Customer contracting strategy
  • Onsite  24%
  • Bulk    31%
  • Packaged 32%

♦ Relentless focus on execution
  • Productivity savings > $100MM/yr
  • Six Sigma
  • Operational excellence

2003 ROC %

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)

1996 Plants

2002 Plants

Plant size (tons per day)

Atmospheric Gases Volume/Trip

Cubic feet per mile

Per Unit Power Consumption

Unit Power

On-stream Reliability

% Availability

92 93 94 95 96 97 98 99 00 01 02 03

95 96 97 98 99 00 01 02 03

100

99

98

97

96

95

94

93
2003 Praxair End Markets

Applications Technology

- **Productivity**
  - Cycle Time
  - Yield

- **Energy**
  - Oxyfuel Combustion
  - Hydrogen

- **Environmental**
  - Air Quality
  - Water Treatment

Gas consumption intensity continues to grow
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%
North American Indexed Industrial Gas Volume

Praxair has substantial operating leverage to improving U.S. manufacturing conditions.
Refinery Hydrogen Pipeline System

Average Daily Volume

Sulfur Fuel Specifications

Texas

- LCR Valero
- ExxonMobil
- BP Amoco Valero
- Deer Park
- Baytown
- Mont Belvieu
- Port Arthur
- Texas City
- Galveston
- Gulf of Mexico

Louisiana

- Lake Charles
- Baton Rouge
- Geismar
- ExxonMobil

To New Orleans Refineries

Refineries

- LCR Valero
- ExxonMobil
- Citgo
- Conoco
- BP Amoco
- Valero
- ExxonMobil
- Motiva
- Citgo
- Conoco

Conoco

2004 120ppm
2005 30ppm
2006 15ppm
2007 500ppm
2008 15ppm
2009
2010 15ppm

Average Daily Volume


MMSCFD

- 29% CAGR

Sulfur Fuel Specifications

Gasoline On-Road Diesel Off-Road Diesel

- 2004 120ppm
- 2005 30ppm
- 2006 15ppm
- 2007 500ppm
- 2008 15ppm
- 2009
- 2010 15ppm
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

- 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

- #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  50%
Asia  5%

Chemicals  25%
Energy  15%
Manufacturing  15%
Other  10%
Electronics  10%
Food & Beverage/Healthcare  5%
Metals  20%
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
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
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