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

- Applications Technology
- Growth
- Return on Capital

Positioned for profitable and sustainable growth

<table>
<thead>
<tr>
<th></th>
<th>Praxair (10 year CAGR)</th>
<th>Peers (10 year CAGR)</th>
<th>S&amp;P 500 (12/31/93-12/31/03)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>9%</td>
<td>2%</td>
<td>4%</td>
</tr>
<tr>
<td>Earnings Growth</td>
<td>15%</td>
<td>6%</td>
<td>7%</td>
</tr>
<tr>
<td>TSR</td>
<td>18%</td>
<td>7%</td>
<td>11%</td>
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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

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)

Plant size (tons per day)

1996 Plants

2002 Plants

Atmospheric Gases Volume/Trip

Cubic feet per mile

Per Unit Power Consumption

On-stream Reliability

% Availability
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 Volumes

![Graph showing North American Volumes with 'Merchant' and 'On Site' lines. The graph plots volumes from 4Q00 to 1Q04.]
Refinery Hydrogen Pipeline System

Average Daily Volume

Sulfur Fuel Specifications

Gasoline

On-Road Diesel

Off-Road Diesel

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

29% CAGR

Morgan Stanley Investor Conference
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

Selective Acquisitions?

North American Sales

$360MM

2003

2007

Institutional
Homecare

10% CAGR

3% new starts
7% organic

-10-
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
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 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
Global Electronics Sales

By Geography

North America/Europe: 90% (1995), 24% (2003), 76% (2004E)
Asia: 99% (1995), 26% (2003), 74% (2004E)

By Product Mix

Industrial Gases: 99% (1995), 42% (2003), 52% (2004E)

Electronics growth from Asia and Material Science & Services
Technology Licensing - CoJet

Coherent Jet oxygen injection for steel makers improves yield and productivity

♦ Basic Oxygen Furnaces (BOF)
  ♦ 3 customers US and South America
  ♦ License agreements signed for 8 furnaces
  ♦ Technology installed and operating on 5 furnaces

♦ Electric Arc Furnaces (EAF)
  ♦ Installed on more than 70 locations globally
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

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
Principles of Sustainability

Governance and Integrity
Foster a culture of integrity and accountability throughout the company through rigorous compliance with all laws, and by establishing and following effective corporate governance practices.

Customer Commitment
Continuously develop new products and applications that help our customers improve their productivity, energy efficiency and environmental performance. Provide the highest levels of service, reliability and quality to our customers.

Environmental Responsibility
Continue to improve the efficiency of energy consumption. Reduce the intensity\(^1\) of air emissions, including greenhouse gases.

Employee Safety and Development
Maintain a safe work environment with a goal of zero accidents. Provide training and career opportunities that allow employees to develop to their fullest potential. Increase the diversity of our workforce so that it is more representative of the communities in which we operate.

Community Support
Help to improve the welfare and future of the communities in which we operate by sharing our knowledge, expertise and resources related to environmental protection, and community health, safety and security.

Financial Performance
Continuously improve our financial performance and provide attractive returns to our shareholders. Generate operating cash flow to reinvest in business growth and pay dividends.

\(^1\)Intensity is per-unit-of-production measure