Forward Looking Statements

The forward-looking statements contained in this announcement concerning demand for products and services, the expected macroeconomic environment, sales, margins, earnings growth rates, 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, the impact of tax and other legislation, litigation, government regulation and the effectiveness and speed of integrating new acquisitions into the business.
# Third Quarter Results

<table>
<thead>
<tr>
<th>($MM)</th>
<th>Third Quarter 2004</th>
<th>YOY</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>1,674</td>
<td>+18%</td>
</tr>
<tr>
<td>Operating Profit</td>
<td>280</td>
<td>+17%</td>
</tr>
<tr>
<td>Operating Margin</td>
<td>16.7%</td>
<td></td>
</tr>
<tr>
<td>Net Income</td>
<td>177</td>
<td>+18%</td>
</tr>
<tr>
<td>EPS</td>
<td>$0.53</td>
<td>+18%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>Sales Comparison</th>
<th>YOY</th>
<th>Q3 vs Q2</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales Growth</td>
<td>+18%</td>
<td>+4%</td>
<td></td>
</tr>
<tr>
<td>Volume</td>
<td>+11%</td>
<td>+2%</td>
<td></td>
</tr>
<tr>
<td>Price</td>
<td>+3%</td>
<td>0%</td>
<td></td>
</tr>
<tr>
<td>Natural Gas</td>
<td>+1%</td>
<td>0%</td>
<td></td>
</tr>
<tr>
<td>Acquisitions</td>
<td>+3%</td>
<td>+2%</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>By Region</th>
<th>Operating Profit</th>
<th>YOY Growth</th>
</tr>
</thead>
<tbody>
<tr>
<td>North America</td>
<td>$157</td>
<td>11%</td>
</tr>
<tr>
<td>Europe</td>
<td>$54</td>
<td>23%</td>
</tr>
<tr>
<td>South America</td>
<td>$40</td>
<td>38%</td>
</tr>
<tr>
<td>Asia</td>
<td>$20</td>
<td>18%</td>
</tr>
</tbody>
</table>

*Non-GAAP measure-Net operating profit after tax/Average capital
Unique Channels to Diverse End Markets

2003 Sales by Distribution Method

- On-Site: 24%
- Merchant: 31%
- Packaged Gases: 32%
- Other: 13%

2003 End Markets

- Manufacturing: 22%
- Metals: 15%
- Chemicals: 11%
- Energy: 10%
- Food and Beverage: 8%
- Electronics: 7%
- Other: 13%
- Healthcare: 10%
- Aerospace: 4%
Operating Model

- Focus on 11 core geographies
- Optimize 5 growing opportunities
  - H₂ / Energy
  - Electronics
  - Healthcare
  - China
  - Application technologies
- Relentless focus on execution
  - Productivity savings > $100MM/yr
    - Procurement
    - Global operational excellence
    - Six Sigma
  - Flawless project execution

Business model leads to favorable shareholder returns
Driving Growth and Profitability

**Profitability Drivers**
- Long term contracts / pricing
- Procurement leverage
- Lowest cost producer
- Efficient distribution network
- Barriers to entry

**Growth Drivers**
- Supplier of choice quality
- Sales & marketing
- Applications technology
- Industrial production
- Bolt-on acquisitions

**ROC**
- Q3 2004: 13.2%

**Organic Growth**
- 14%

*ROC = Net operating profit after tax/Average capital

Price is a fraction of customer value
Terms capture above average ROC
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
Refinery Hydrogen Pipeline System

Gulf Coast HYCO Sales

Sulfur Fuel Specifications

<table>
<thead>
<tr>
<th>Year</th>
<th>Gasoline</th>
<th>On-Road Diesel</th>
<th>Off-Road Diesel</th>
<th>Locomotive &amp; Marine</th>
</tr>
</thead>
<tbody>
<tr>
<td>2004</td>
<td>120ppm</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2005</td>
<td>30ppm</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2006</td>
<td></td>
<td>15ppm</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2007</td>
<td></td>
<td></td>
<td>500ppm</td>
<td></td>
</tr>
<tr>
<td>2008</td>
<td></td>
<td></td>
<td>15ppm</td>
<td></td>
</tr>
<tr>
<td>2009</td>
<td></td>
<td></td>
<td>500ppm</td>
<td></td>
</tr>
<tr>
<td>2010</td>
<td></td>
<td></td>
<td>15ppm</td>
<td></td>
</tr>
<tr>
<td>2011</td>
<td></td>
<td></td>
<td>15ppm</td>
<td></td>
</tr>
<tr>
<td>2012</td>
<td></td>
<td></td>
<td>15ppm</td>
<td></td>
</tr>
</tbody>
</table>
North America Oil/Gas Well Services

♦ High oil and natural gas prices driving strong new business activity in Western US and Canada

♦ Nitrogen and CO₂ for down-hole oil well stimulation and for the fracturing of gas/oil geological formations

♦ Praxair services for refiners includes:
  • Leak detection
  • Cathodic protection
  • Cleaning/Purging/Drying

♦ $170MM* sales - Expect 15% per annum growth

*Includes JV sales
Healthcare Growth – Global Praxair Sales

1999 Sales: $355 MM

- North America: 45%
- ROW: 55%

2004F Sales: $750 MM

- North America: 70%
- ROW: 30%

1) ROW = Rest of World
2) Includes 6 months of HCS acquisition

Significant healthcare platform has been established
Acquisitions are providing geographic density to grow the hospital to home strategy
Growing Semiconductor Product Offerings

♦ Electronic Gases
  ♦ On-site high purity gases
  ♦ Select specialty gases
  ♦ Expansion in Asia

♦ Materials Science for 300mm
  • Thin film metal deposition:
    PVD, CVD, & ALD
  • CMP consumables:
    belts, pads, slurries
  • Advanced components

♦ Supply Chain Services
  • Generic components
  • Parts management
  • Applied Materials alliance

Niche strategy focused on sustained profitability
Praxair China Strategy

♦ Leading position in steel
  • Baosteel
  • Shaoguan
  • Meishan

♦ Leading position in semi-conductors
  • 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
China - Profitable Growth

Investment and Return on Major Projects

Improving return on capital
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

1999  2000  2001  2002  2003

Per Unit Power Consumption

On-stream Reliability

% Availability

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


92 94 95 96 97 98 99 100

1999 2000 2001 2002 2003
Robust Cash Flow Generation

- Operating cash flow
  8% CAGR

- Capital spending discipline - increased hurdle rates

- Uses of free cash flow
  - Dividends
  - Selective acquisitions
  - Share repurchases
  - Debt reduction

![Free Cash Flow 1996-2004F ($MM)]

(1) Non-GAAP measure. Free cash flow equals operating cash flow minus capital expenditures.

(2) Excludes Leased Asset Purchase in 2003
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