Sanford Bernstein Strategic Decisions Conference

Opportunities for Growth

June 3, 2004

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Chairman, President and CEO
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

♦ Focus on 10 core geographies
♦ Volume demand grows faster than industrial production
♦ Optimize 5 growing opportunities
  - US Gulf Coast hydrogen
  - Electronics
  - Healthcare
  - China
  - Application technologies
♦ Relentless focus on execution
  - Productivity savings > $100MM/yr
  - Procurement
  - Global operational excellence
  - Six Sigma
  - Flawless project execution

ROC=Net Operating Profit After Tax/Average Capital

Source: Bloomberg and company reports
Commercial Terms Drive ROC

2003 Sales by Distribution Method

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

2003 End Markets

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

♦ Price is a fraction of customer value
♦ Terms capture above average ROC
Driving Capital and Energy Efficiency

**Unit Cost of Production**

Indexed unit cost of prod. (capital and power)

- 1996 Plants
- 2002 Plants

**Atmospheric Gases Volume/Trip**

Cubic feet per mile

- 1999 2000 2001 2002 2003

**Per Unit Power Consumption**

Unit Power

- 99 00 01 02 03

**On-stream Reliability**

% Availability

- 92 93 94 95 96 97 98 99 00 01 02 03
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
♦ More than 300,000 customers
♦ 280 independent distributors

<table>
<thead>
<tr>
<th>2003</th>
<th>Q1 2004</th>
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</thead>
<tbody>
<tr>
<td>Sales (MM): $3,627</td>
<td>$960</td>
</tr>
<tr>
<td>Growth: 8%</td>
<td>8%</td>
</tr>
<tr>
<td>OP Margin: 15%</td>
<td>16%</td>
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</table>
Operating Leverage to an Improving Economy

Capacity Utilization
Trough Q2 2003: 72%
Q1 2004: 76%
Refinery Hydrogen Pipeline System

**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>
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<tbody>
<tr>
<td>2004</td>
<td>120ppm</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>2005</td>
<td>30ppm</td>
<td>15ppm</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2006</td>
<td>15ppm</td>
<td>15ppm</td>
<td>500ppm</td>
<td></td>
</tr>
<tr>
<td>2007</td>
<td>15ppm</td>
<td>15ppm</td>
<td>500ppm</td>
<td></td>
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<tr>
<td>2008</td>
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<td>15ppm</td>
<td>500ppm</td>
<td></td>
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<tr>
<td>2009</td>
<td>15ppm</td>
<td>15ppm</td>
<td>500ppm</td>
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<tr>
<td>2010</td>
<td>15ppm</td>
<td>15ppm</td>
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<td>2011</td>
<td>15ppm</td>
<td>15ppm</td>
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<tr>
<td>2012</td>
<td>15ppm</td>
<td>15ppm</td>
<td>500ppm</td>
<td></td>
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**Gulf Coast HYCO Sales**

- 2003A: $360
- 2004E: $800+
- 2005E: $800+
- 2006E: $800+
- 2007E: $800+
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

$0 $100 $200 $300 $400 $500 $600

2003 2007

$360MM Selective Acquisitions?
10% CAGR 3% new starts 7% organic

Institutional Homecare
Praxair Europe

♦ Expanding 3 key enclaves - Spain, Italy & Belgium
♦ Value added applications technologies adding 400+ new contracts per year
♦ Growing packaged gas business
♦ Heavily investing in productivity initiatives

Operating Profit

CAGR: 11%

Strong market position in the fast growing Southern Europe region
Technology Licensing - CoJet

Coherent Jet oxygen injection for steel makers improves yield and productivity

♦ Basic Oxygen Furnaces (BOF)
  ♦ 4 customers
    • US Steel
    • Usiminas
    • Cosipa
    • ThyssenKrupp
  ♦ License agreements signed for 10 furnaces
  ♦ Technology installed and operating on 5 furnaces

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

Capturing value from technology licensing
South America

- #1 position
- Strong and growing export industries
- Domestic recovery beginning
- New business wins
  - CST - Brazil Steel Producer
    - 2600 TPD O2
  - New on-site contracts indexed to USD

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

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<th>Q1 2004</th>
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<tr>
<td>Sales (MM)</td>
<td>$708</td>
<td>$200</td>
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<tr>
<td>Growth</td>
<td>12%</td>
<td>35%</td>
</tr>
<tr>
<td>OP Margin</td>
<td>16%</td>
<td>16%</td>
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</table>
Praxair China Strategy

♦ Focus on 3 key corridors

♦ Positioned with leading steel producers
  ♦ Baosteel
  ♦ Meishan
  ♦ Shaoguan

♦ 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

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<th>Q1 2004</th>
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<td>Sales (MM):</td>
<td>$389</td>
<td>$109</td>
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<tr>
<td>Growth:</td>
<td>20%</td>
<td>30%</td>
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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
  - AMAT alliance

- Industrial Gases
  - On-site high purity gases
  - Select specialty gases

Worldwide Electronics Sales

Profitable business model with substantial growth
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
Macroeconomic Outlook

**Investor Concerns**

- Rising interest rates will slow industrial economy
- Hard landing in China
- Currency devaluation in South America
- US manufacturing moving to Asia

**Praxair Protection**

- Long term minimum take or pay contracts
- Fixed price contracts
- Over 80% of Praxair’s debt is fixed rate
- Long term minimum take or pay contracts with large global customers
- Significant new capital investment supported by contracts indexed to US dollars
- Rapidly growing businesses in China, India, Thailand and Korea
- Continue to collect under minimum take or pay contracts in the event of plant shutdowns in the US

*Business model allows us to deal with these issues better than others*
The Praxair Investment Case - Sustainable Growth

♦ Operating leverage to an improving US economy
  – Applications technology drives growth at a multiple of industrial production

♦ 5 key growth platforms will add significant additional top line growth
  – Hydrogen, Healthcare, Electronics, China, Technology licensing

♦ Continued capital and pricing discipline produce strong free cash flow and high return on capital

*Praxair’s Total Shareholder Return has outperformed its industrial gas competitors and the S & P 500 over 1, 5, and 10 years*
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