Forward Looking Statements

The forward-looking statements in this presentation concerning revenue, earnings, return on capital, volume, growth, economic growth rates, stock price performance, and the value of future product and service offerings involve risks and uncertainties, and are subject to change based on various important factors. These include the impact of changes in worldwide and national economies, availability and cost of power and other energy materials and the ability to recover these costs, pricing fluctuations in foreign currencies, changes in interest rates, the continued timely development and acceptance of new products and processes, the impact of technologies, 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
Customer Value

Growth

Return on Capital

Commercial Terms
Efficient/Reliable
Capture Value
Low Cost Supplier

<table>
<thead>
<tr>
<th></th>
<th>Praxair</th>
<th>S&amp;P 500</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales (10 year CAGR)</td>
<td>8%</td>
<td>7%</td>
</tr>
<tr>
<td>Earnings Growth (10 year CAGR)</td>
<td>12%</td>
<td>6%</td>
</tr>
<tr>
<td>ROE¹ (10 year average)</td>
<td>20%</td>
<td>15%</td>
</tr>
<tr>
<td>TSR (10 year annualized)</td>
<td>14%</td>
<td>10%</td>
</tr>
</tbody>
</table>

Shareholder Performance exceeds S&P 500

1. ROE = Net income before accounting changes/Shareholders Equity
Applications Technology Drives Growth

Praxair End Markets

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

Productivity
- Cycle Time
- Yield

Energy
- Oxyfuel Combustion
- Hydrogen

Environmental
- Air Quality
- Water Treatment
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
  - Escalation for energy and inflation via contract terms and price increases
  - 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**
North American Indexed Industrial Gas Volumes
North American Energy Procurement

2003 Energy Spend

<table>
<thead>
<tr>
<th>Electric Power</th>
<th>Natural Gas</th>
</tr>
</thead>
<tbody>
<tr>
<td>$ 340 MM</td>
<td>$ 250 MM</td>
</tr>
<tr>
<td>70 Plants / 34 Suppliers</td>
<td>HYCO = 88% of Volume</td>
</tr>
</tbody>
</table>

USA Power Supply by Fuel

<table>
<thead>
<tr>
<th>Fuel</th>
<th>Praxair</th>
</tr>
</thead>
<tbody>
<tr>
<td>Coal</td>
<td>60%</td>
</tr>
<tr>
<td>Oil &amp; NG</td>
<td>25%</td>
</tr>
<tr>
<td>Nuclear</td>
<td>10%</td>
</tr>
<tr>
<td>Hydro, etc.</td>
<td>5%</td>
</tr>
</tbody>
</table>

Colors on map denote North American power regions
Standardizing Plant Design and Driving Energy Efficiency

Unit Cost of Production

Indexed unit cost of prod. (capital and power)

Plant size (tons per day)

1996 Plants

2002 Plants

Merchant - North America

Unit Power

Jul-99 Jul-00 Jul-01 Jul-02 Jul-03

Continuous improvement in energy efficiency

Unit cost of production has fallen 15-20%
Best-Positioned For Gulf Coast Refinery Hydrogen

310 miles of pipeline
45 customers

TEXAS
- HOUSTON
- LCR Valero
- DEER PARK
- BP Amoco Valero
- BAYTOWN
- LAPORTE
- TEXAS CITY
- GALVESTON

LOUISIANA
- BATON ROUGE
- ExxonMobil
- LAKE CHARLES
- Citgo
- Conoco

To New Orleans Refineries

- HYDROGEN PIPELINE
- REFINERIES
- HYDROGEN PRODUCTION
- NEW HYDROGEN PRODUCTION
- INDUSTRIAL AREA
Praxair Gulf Coast Hydrogen Growth

Hydrogen volumes are expected to grow by 500mmscfd - 300mmscfd has been signed to date
Praxair 2003 Healthcare Sales

Global $590MM

- 50% Institutional
- 50% Homecare

Regions
- 61% North America
- 21% South America
- 18% Europe/Asia

North America $360MM

- 39% Institutional
- 61% Homecare

Homecare
- 106 Branches
- 16 Acquisitions since 2000
- **Institutional**
- 2,000 Hospital Customers
- 20% Estimated Market Share
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

$360MM

2003
2007

Institutional
Homecare

Selective
Acquisitions?

10% CAGR
3% new starts
7% organic
Praxair China Strategy

- Geographic Expansion
  - Build leading position in 3 key corridors
  - Expansion into new developing enclaves

- Selective Segmentation
  - Metals
  - Chemicals
  - Electronics

- Optimize Channels to the Market

Maintaining a leadership position
China - Metals

- Demand driven by infrastructure and import substitution
- High quality customers:
  - Shaoguan Iron and Steel
  - Meishan Iron and Steel
  - Baoshan Iron and Steel

China Steel Production

Focus on high quality producers in strategic geographies
China - Chemicals & Refining

Caojing Petrochemical Complex
- Praxair/Air Liquide 50/50 JV
- BP/ BAYER/ BAS/ Sinopec: $8B+
- Air separation plant on-stream 10/2004
- HYCO plant on-stream 1/2005

Shell Nanhai Complex
- Shell/ CNOOC: $4.3B+
- Air separation plant on-stream 5/2005
- Supplying merchant liquid to Guangdong province

Developing strategic enclaves
China - Semiconductors

Shanghai Zhangjiang Technology Park
- 15 year contract to SMIC
- 15 year contract to Tailong

Beijing Technology Park
- Gas supply for SMIC’s new 300mm wafer fab

Well positioned in a high growth market

Contracted Chinese N₂ Market Share*
(200mm and 300mm fabs)

- Praxair
- Competitor A
- Competitor B
- Competitor C

* Praxair Estimate
China - Profitable Growth

Investment and Return on Capital

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: 50%
Europe: 25%
Asia: 15%
PST/Other: 10%

Chemicals: 25%
Energy: 15%
Manufacturing: 15%
Other: 5%
Electronics: 10%
Food & Beverage/Healthcare: 10%
Metals: 5%
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
UBS Warburg Grass Roots Chemical Conference

Growth in China

February 11, 2004

Stephen F. Angel, Executive Vice President