PRAXAIR

Banc of America Securities 35th Annual Investment Conference

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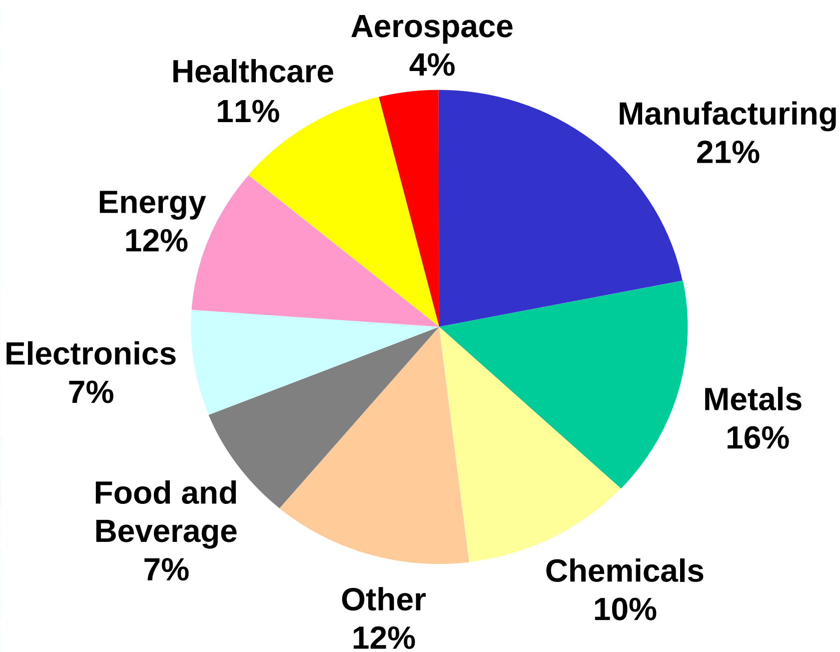
Forward Looking Statements

The forward-looking statements contained in this document concerning demand for products and services, the expected macroeconomic environment, sales, margins and earnings growth rates, projected capital and acquisition spending, the impact of required changes in accounting, the impact of accounting and other estimates, and other financial goals involve risks and uncertainties, and are subject to change based on various factors. These risk factors include the impact of changes in worldwide and national economies, the performance of stock markets, the cost and availability of electric power, natural gas and other materials, and the ability to achieve price increases to offset such cost increases, inflation in wages and other compensation, 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, accounting and other legislation, litigation, government regulation in the jurisdictions in which the Company operates and the effectiveness and speed of integrating new acquisitions into the business.

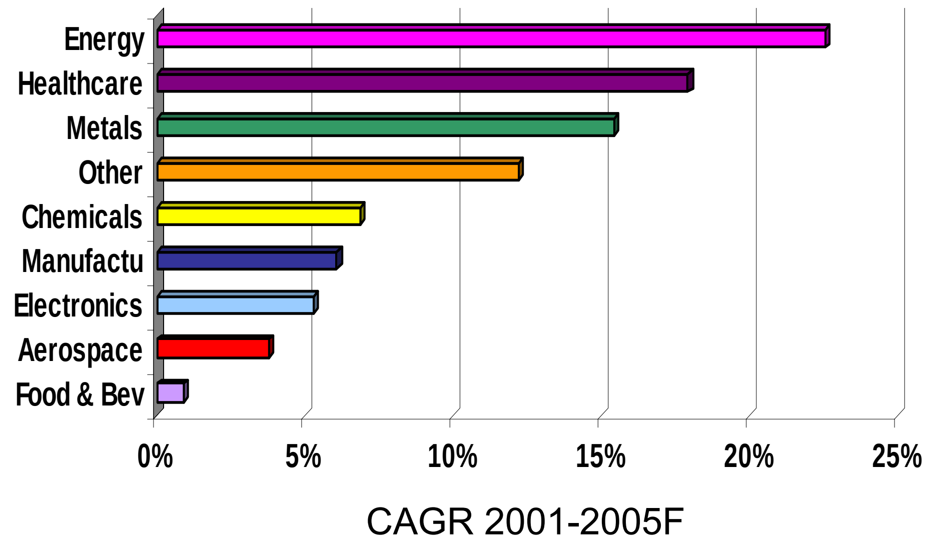
Diverse End Markets

2004 Sales $6.6 Billion

End Markets



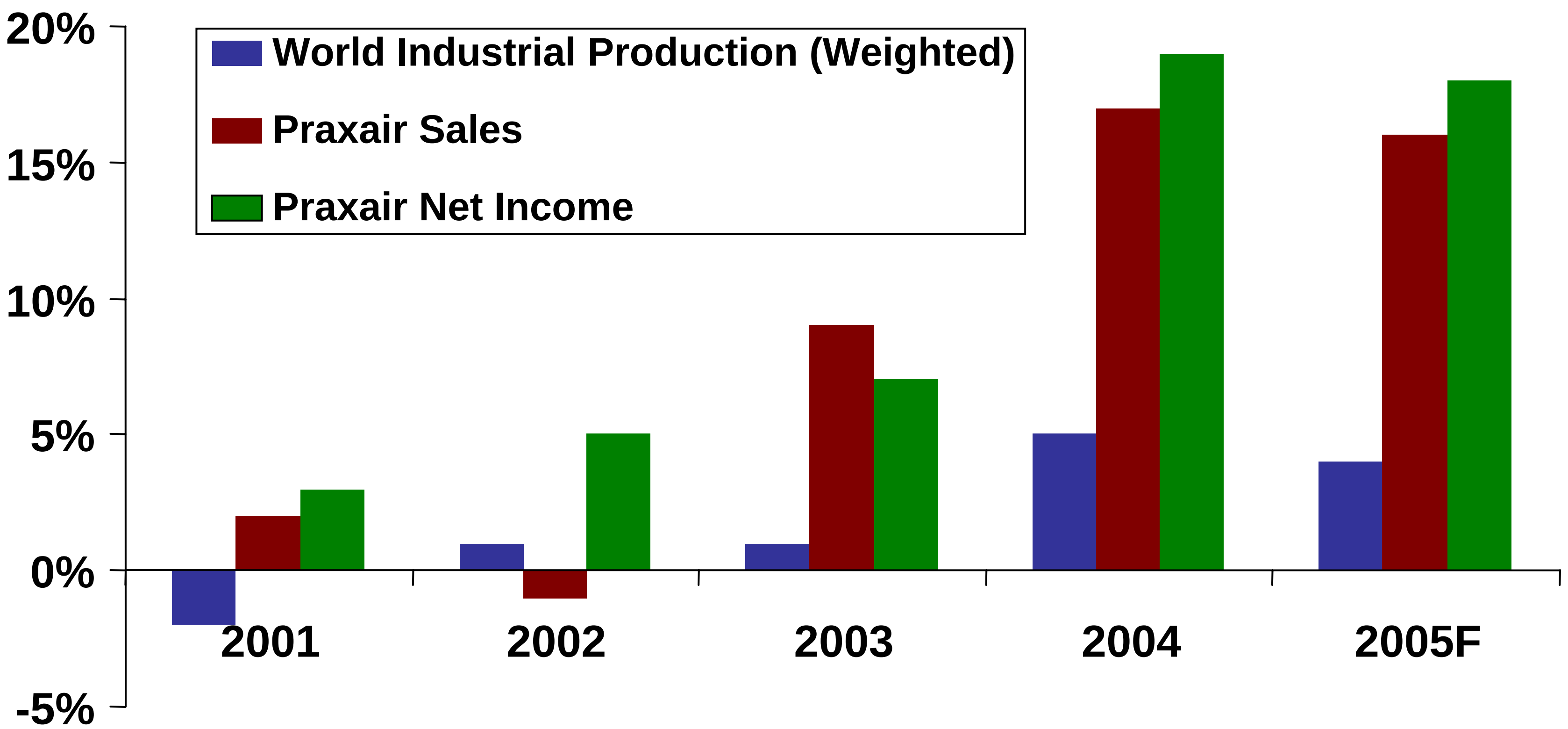
Sales Growth



Customer diversity delivers growth and stability

Applications Technology Drives Growth

Growth

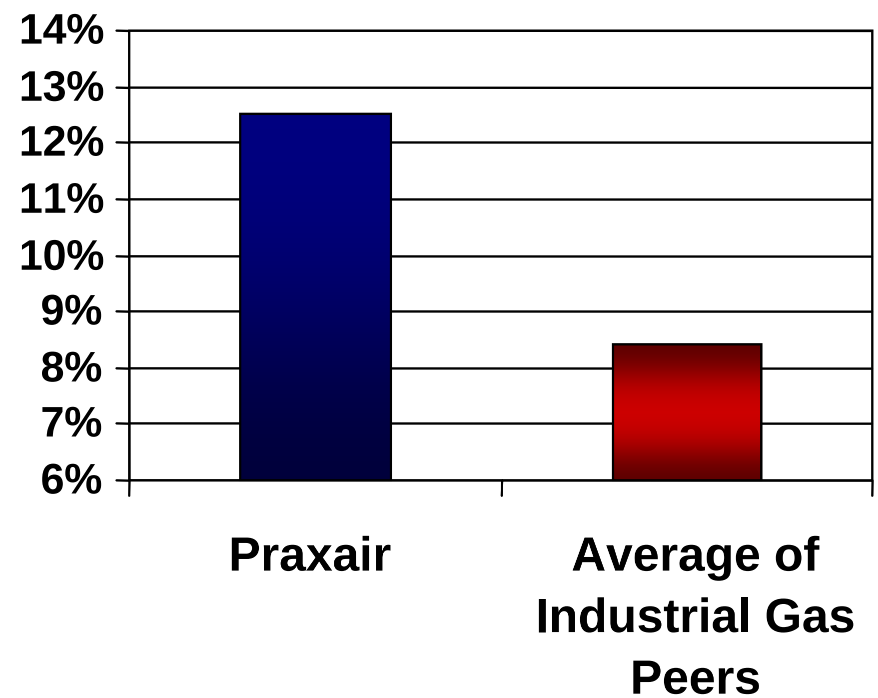


Growing at an increasing multiple of IP

Operating Philosophy

- Focus on 11 core geographies
- Leverage regional density
  - Focus where we have an advantage
- Optimized co-product economics
- Best local supplier gets growth
- Incremental growth synergy

2004 ROC %



ROC=Net Operating Profit After Tax/Average Capital

Source: Bloomberg and company reports

“Terms of Trade” Drive Return on Capital

On-Site/Pipeline Supply - 25%

- 15 year take or pay contracts
- **Escalation formulas –** Electricity/Gas, Inflation, Currency exposure
- Price recovers fixed and capital costs

Merchant Liquid Supply - 29%

- 5 year requirements contracts
- Sourced as by-product from on-site
- Limited distribution range – 200/250 miles

Packaged/Medical Gases - 33%

- Cylinder and equipment rental
- 40% gases revenues under contract
- Sourced as by-product from bulk

Pricing leverage – small fraction of customers’ costs

North America

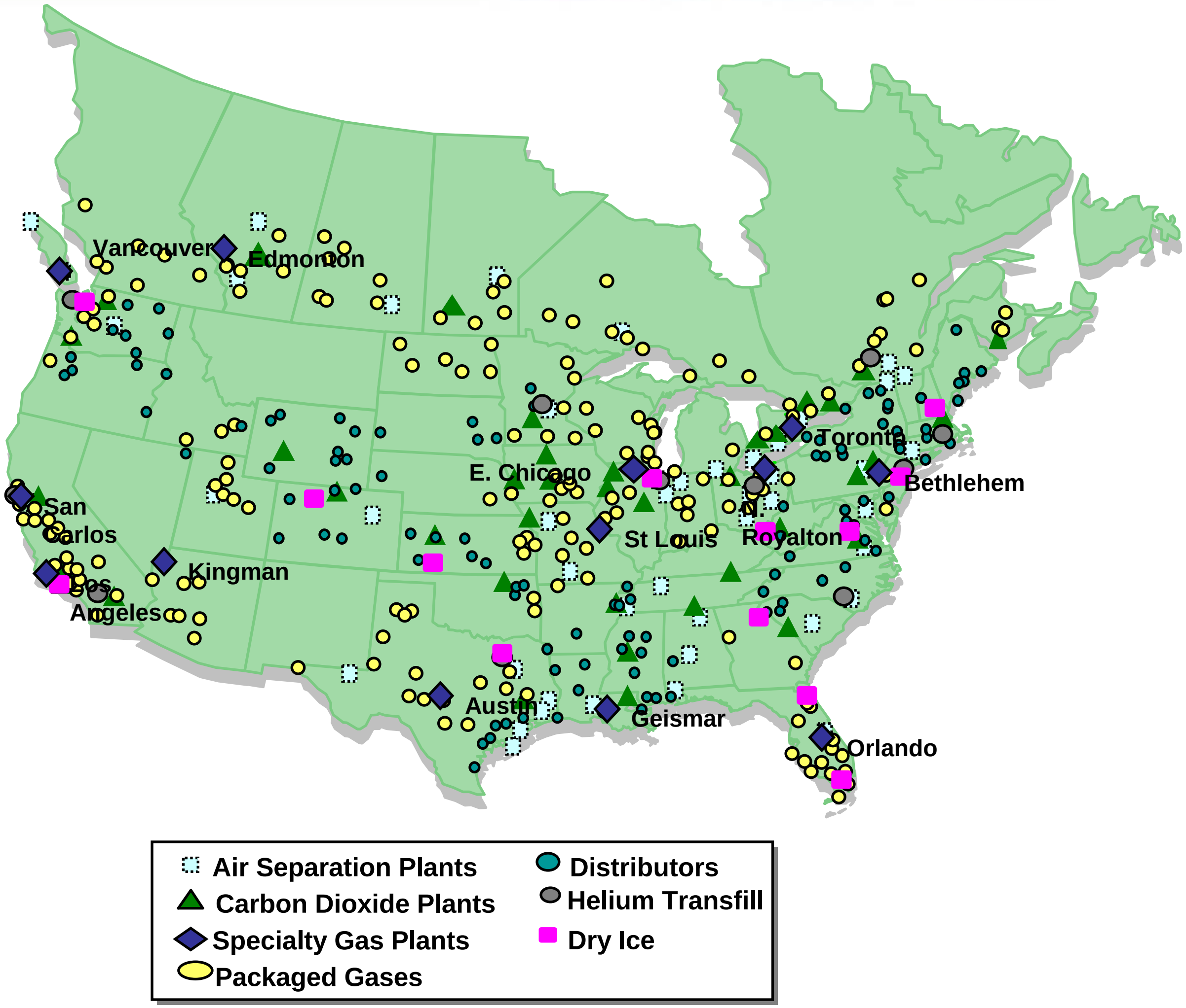
2004 Sales $4,191 MM

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

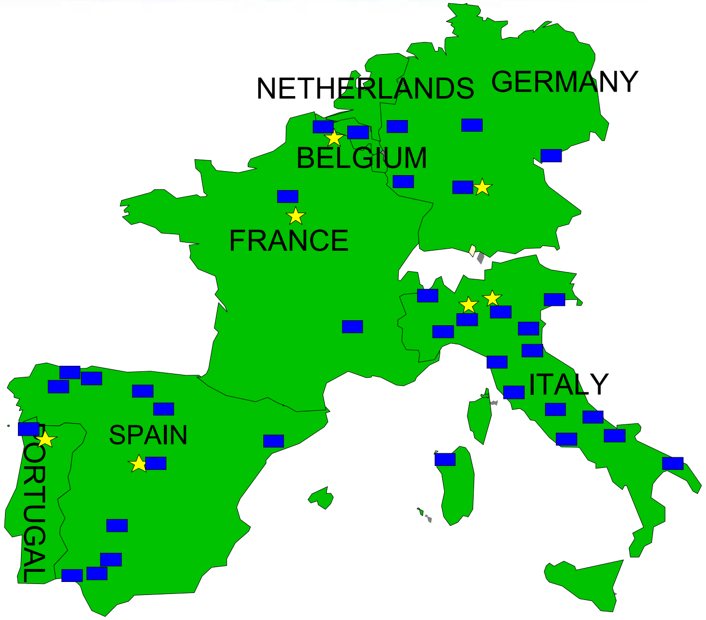


Unrivalled North American network

Europe

2004 Sales - $847 MM*

- Solid businesses in Spain, Italy, Benelux, and now Germany
- 5 pipeline enclaves



German acquisition – 12/04

- Builds density in Germany/Benelux
- High quality pipeline assets
- Attractive price – mid teens after tax IRR
- Accretive to earnings in 2005
- Integration on track
- Financial results exceeding expectations

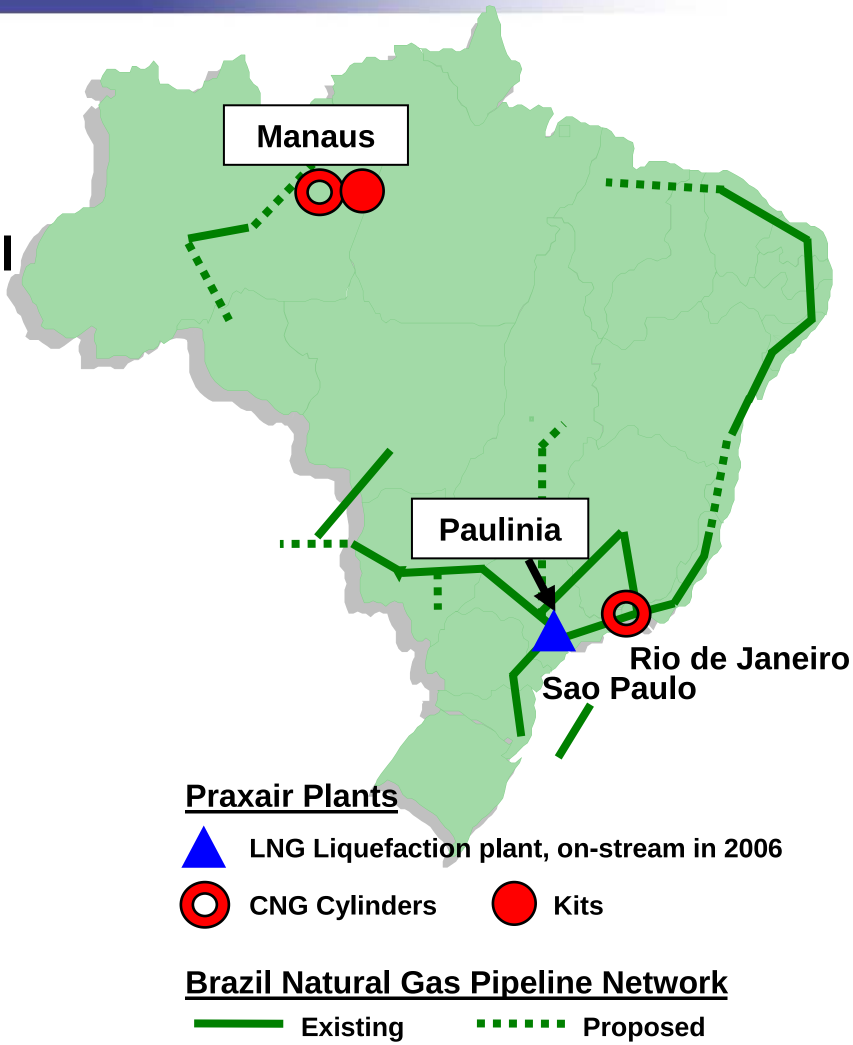
*Includes 1 mo. of German acquisition

Expect 2005 sales over $1 Billion and operating margin of ~ 25%

South America

2004 Sales - $866 MM

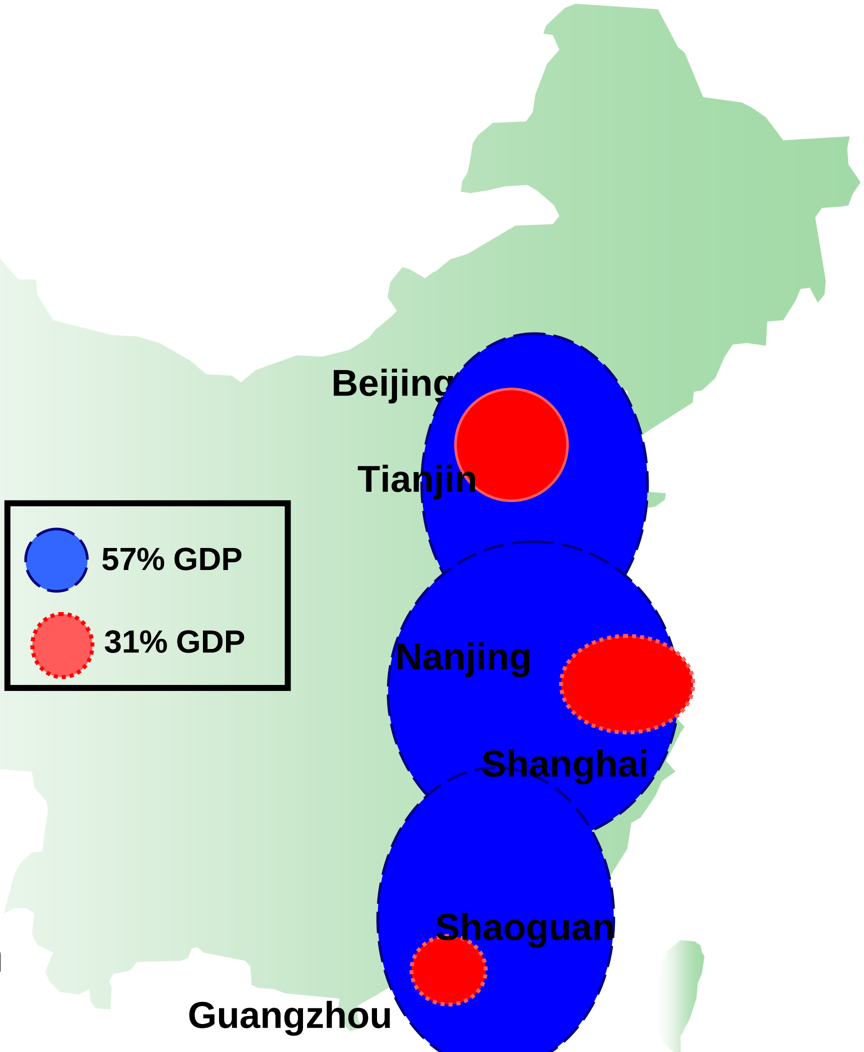
- **#1 position – 60% market share in Brazil**
- **Export industries very competitive**
- **Natural gas business driving growth**
  - More natural gas than oil
  - Conversions from alternative fuels
- **Praxair participating actively**
  - JV with Petrobras for LNG distribution
  - First plant: Q1 2006 start-up



New capital investment indexed to USD

Praxair China Strategy

- **Leading position in steel with strongest producers**
- **Leading position in semi-conductors**
  - Shanghai - SMIC & Tailong
  - Beijing - SMIC 300mm wafer fab
- **Shell Nanhai Complex**
  - Shell & CNOOC $4.3B
  - O_2, N_2 & Ar supply
- **Caojing petrochemical park**
  - 50/50 JV with Air Liquide
  - BP, BAYER, BASF & SINOPEC $8B
  - O_2, N_2 & H_2 supply
- **Six major projects to come on-stream in 2005-2007**



2004 After tax return on capital above 12%

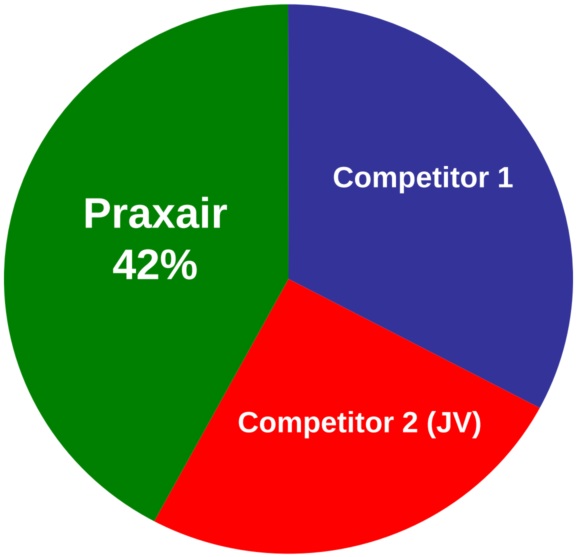
Praxair India Set To Grow Strongly

- **Unprecedented new capital investment in manufacturing industries**
- **Per capita industrial gas sales**
  - About 30% of China
  - About 1% of US
- **Demand set to grow double digits**
- **Praxair #1 position**
  - Strong relationships with industry leaders
- **Recent business wins**
  - Tata Steel
  - Saint Gobain
  - Owens Corning
  - Hospet Steel

~$50 MM Sales

Industrial Gas Market Supplied By Global Players

($260 MM)



Source: Praxair Estimates

Sales of $110 MM expected to grow ~20% p.a. through 2010

A Perfect Storm for Oxygen Applications

- Higher energy efficiency
- Higher throughput
- Less emissions

Steel

Blast furnace coal injection

Glass

New oxyfuel burner

Refining

Process heaters

Aluminum

Remelting furnaces

Utilities

Reduced NOX emissions

PX will commercialize 20+ new application technologies in 2005

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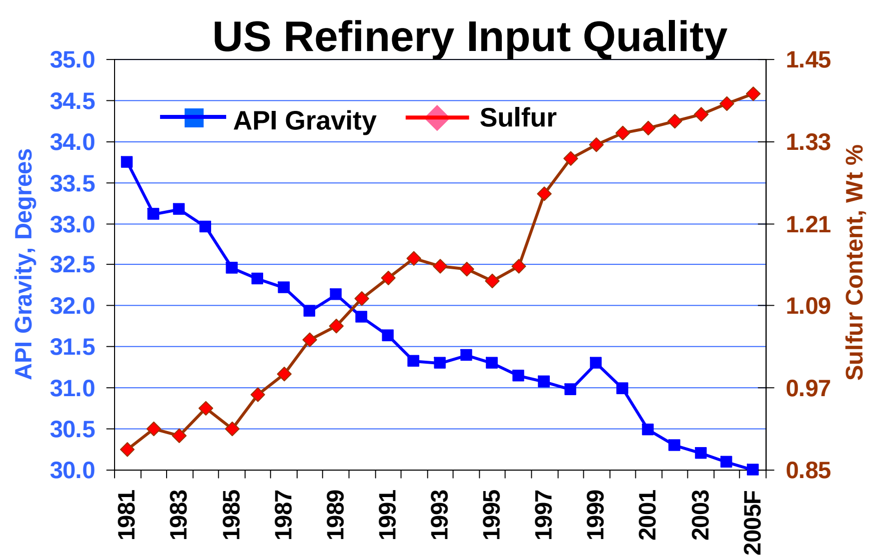
2004 Global Sales - $690 MM

Strong growth in North America

- Low sulfur fuel regulations
- Strong demand for gasoline and diesel
- Heavy crude upgrading
- Outsourcing hydrogen supply
- Canadian synthetic crude
  - Upgrading bitumen
  - Refining

Sulfur Fuel Specifications

	Gasoline	On-Road Diesel	Off-Road Diesel	Locomotive & Marine
2004	120ppm			
2005	30ppm			
2006		15ppm		
2007			500ppm	500ppm
2008				
2009				
2010			15ppm	
2011				
2012				15ppm



Source: EIA and PX estimates

Expect 20% p.a. growth through 2010

Gulf Coast Hydrogen System

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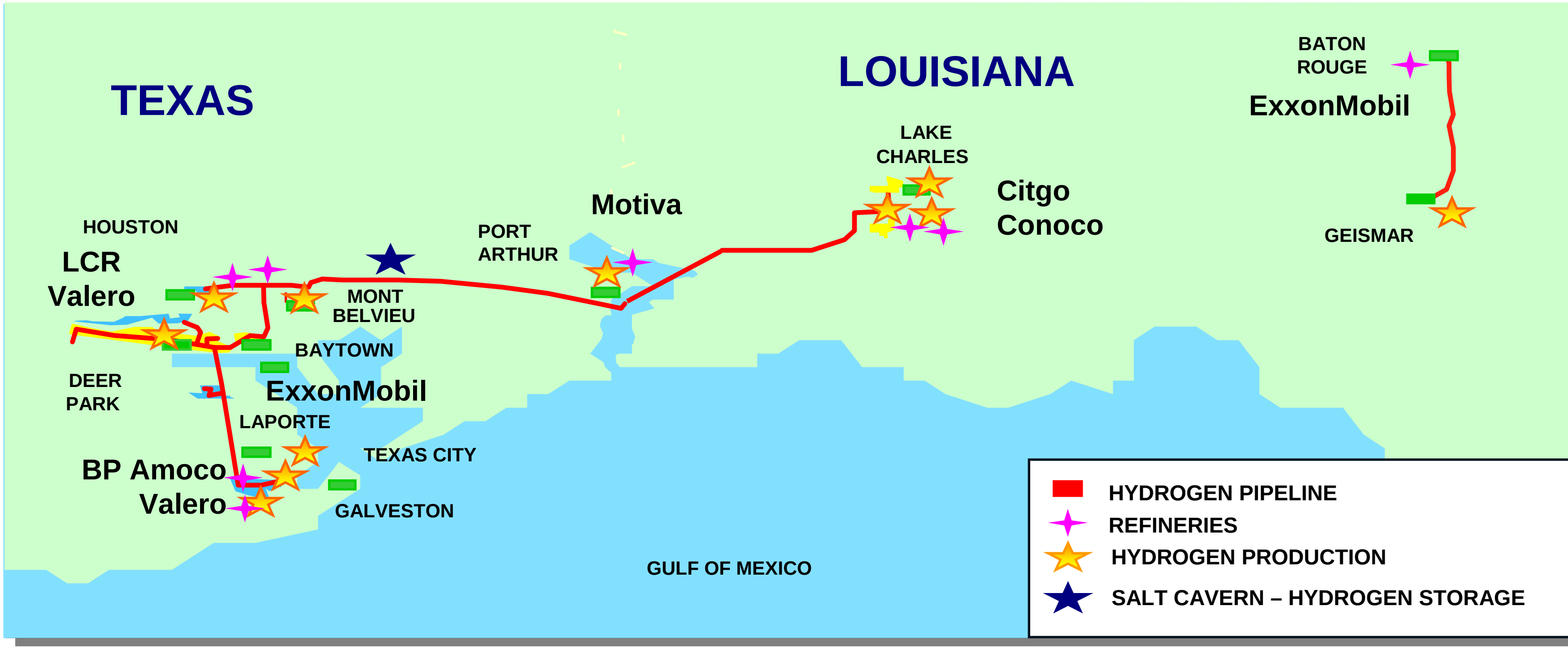
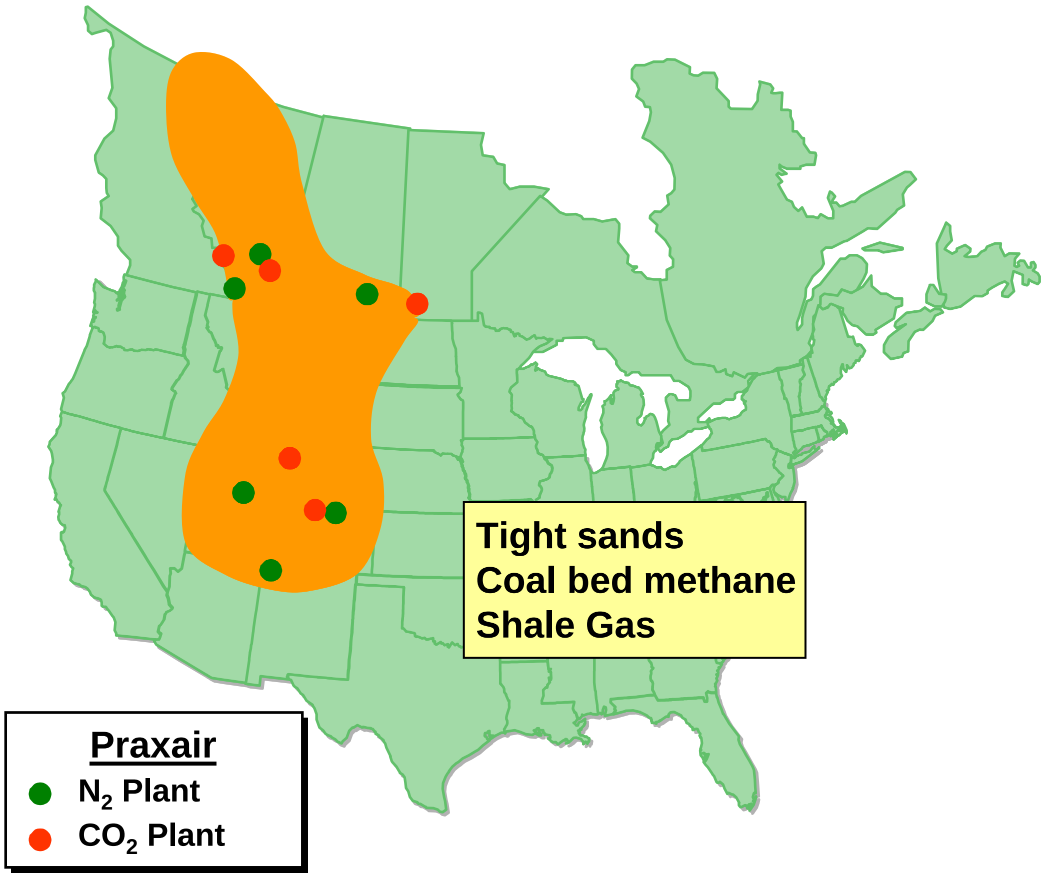


- **310 miles of pipeline**
- **50 customers – refining and chemicals**
- **Connected to 85% of refining capacity**
- **600 MMSCFD production capacity, 700MMSCFD by Q3 2006**
- **Capital investment underpinned by long-term contracts**

Pipeline enclave delivers high reliability and high return on capital

Gas Well Fracturing and Services



- **US Rockies rig count has increased 75% since 2002**
- **CO_2 and N_2 widely used to fracture low permeability formations during well completion**
- **Praxair best positioned**
  - Location
  - Expertise
  - Relationships
- **Additional pipeline services**

$200 MM revenues expected to grow 25% p.a.

Enhanced Oil Recovery Projects

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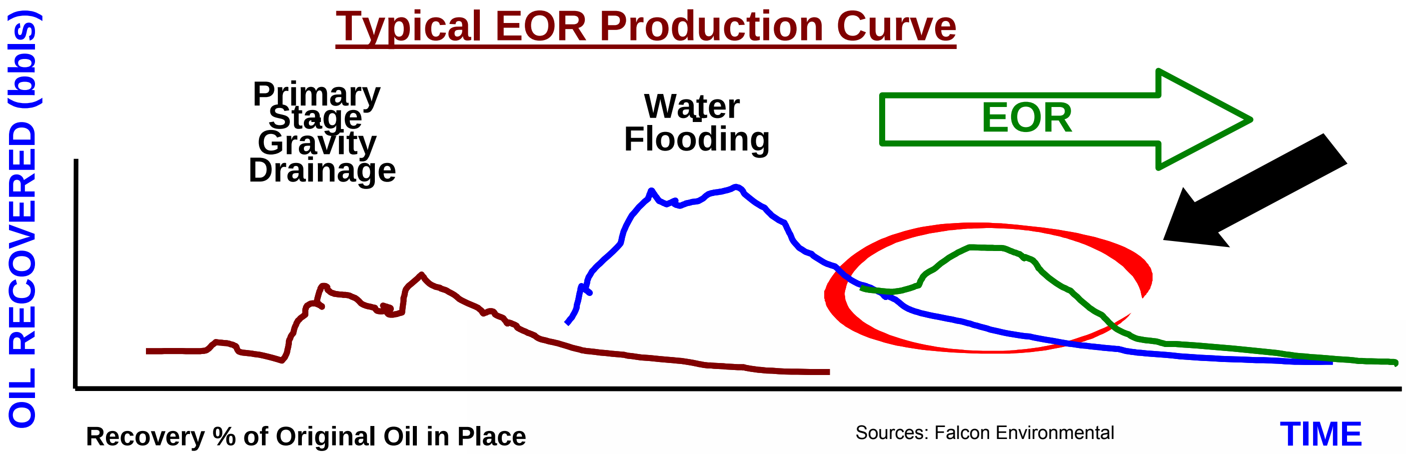
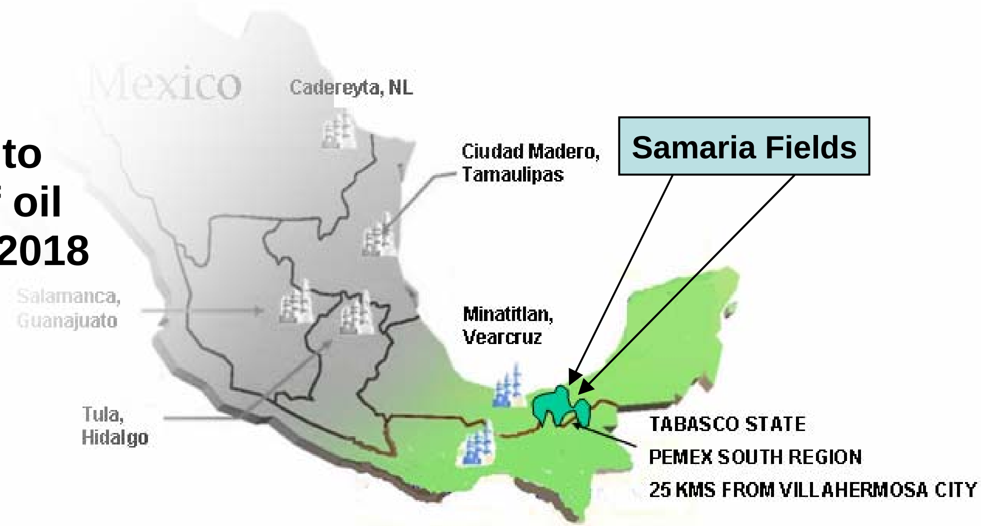


PEMEX Samaria Oil Fields

- >6500 TPD of nitrogen injection
- N_2 injection and new wells expected to recover additional 470 MM barrels of oil and 540 BCF of natural gas through 2018
- Start-up Q1 2007

Occidental Petroleum

- 1100 TPD N_2 nitrogen injection
- Start-up Q2 2006



Long term potential to recover 120 B barrels of oil in NA

Process Engineering Lowers Capital Costs

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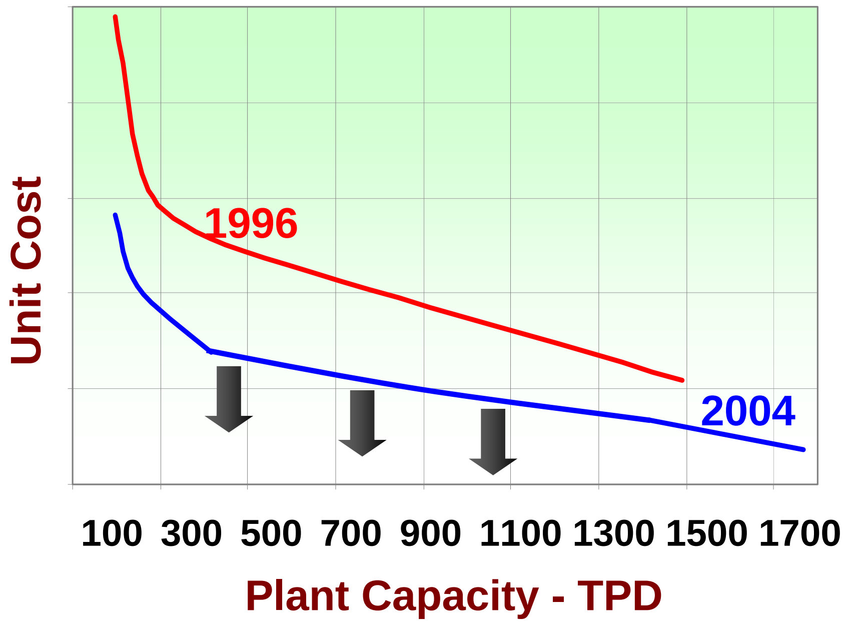
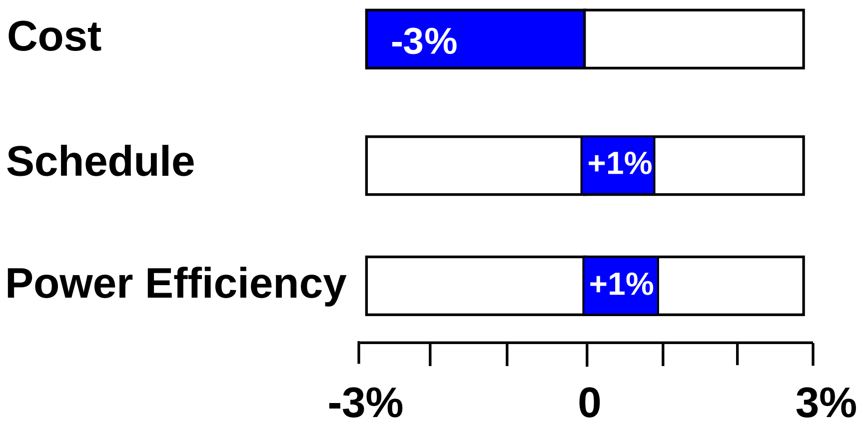
Cryogenic High Purity Oxygen



2004 Plant Projects Variance From Budget

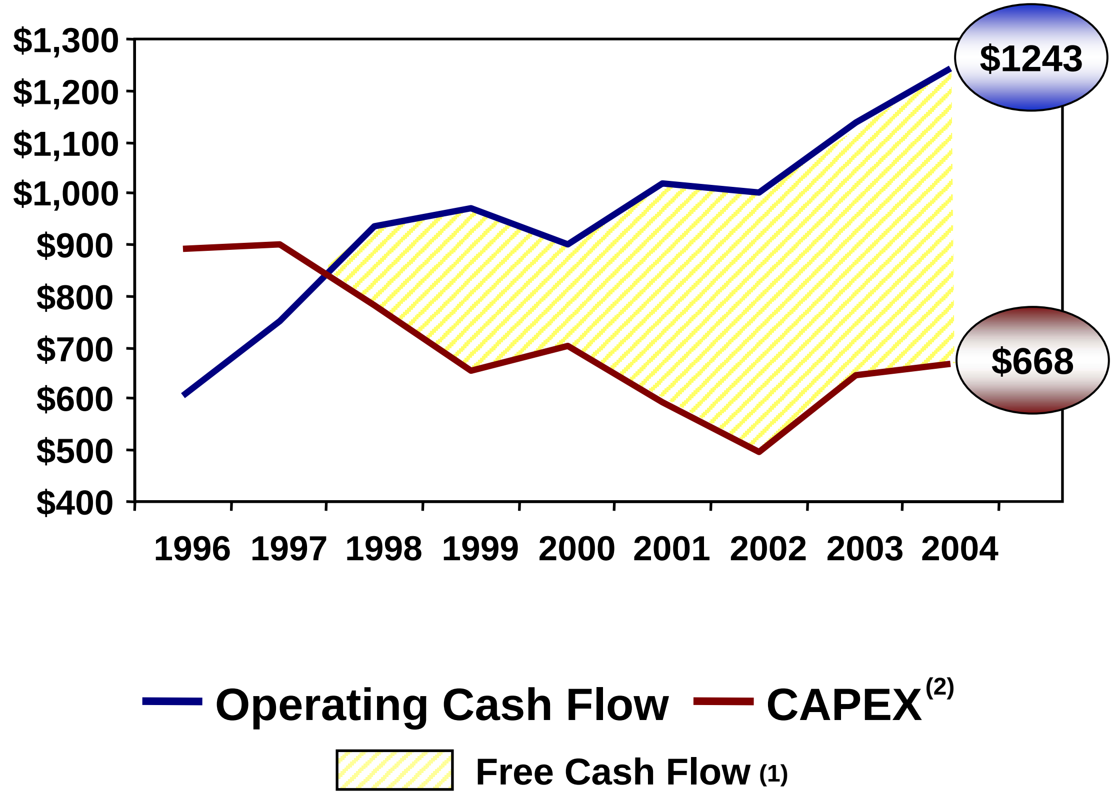


Flawless execution assures that expected returns will be achieved

Robust Cash Flow Generation

- **Operating cash flow 9% CAGR**
- **Capital spending discipline**
  - Increased hurdle rates
  - Core geographies
- **Uses of free cash flow**
  - Dividends
  - Selective acquisitions
  - Share repurchases
  - Debt reduction

Free Cash Flow 1996-2004 ($MM)



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

2) Excludes Leased Asset Purchase in 2003

Positive Business Outlook

- **Refinery hydrogen and oil and gas well services continue to grow rapidly**
- **Business capital spending strong, continued strength in heavy manufacturing**
- **Steel industry expected to “work off” excess inventory – volumes set to improve**
- **Electronics demand beginning to rebound**
- **Six Sigma and productivity initiatives on track for $160MM savings in 2005**
- **Accelerating contribution of Messer and Home Care Supply acquisitions**
- **Substantial new business on stream in 2006 and 2007 – over 30 new projects**

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