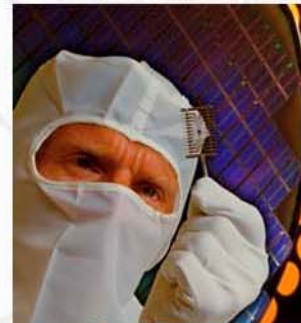


PRAXAIR, INC.

Hydrogen: The Growth Story Continues

Charles Miller, Vice President
Dan Yankowski, Vice President

February 9, 2005



We deliver.

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, accounting and other legislation, litigation, government regulation and the effectiveness and speed of integrating new acquisitions into the business.

Full Year 2004 Results



(\$MM)	<u>Full Year</u>			<u>Sales Comparison</u>	
	<u>2004</u>	<u>2003</u>	<u>Δ%</u>		<u>YOY</u>
Sales	\$6,594	\$5,613	17%	Sales Growth	<u>+17%</u>
Operating Profit	\$1,103	\$ 922	20%	Volume	+9%
Operating Margin	16.7%	16.4%		Price	+2%
Net Income	\$ 697	\$ 585	19%	Natural Gas	+1%
Diluted EPS	\$2.10	\$1.77	19%	Acquisitions	+2%
				Currency	+3%
After Tax ROC ¹	12.5%	12.8%			
Cash flows from Operations	\$1,243	\$1,137	9%		
Capex ²	\$668	\$644	4%		

- ROC reduced by 0.6% due to German acquisition

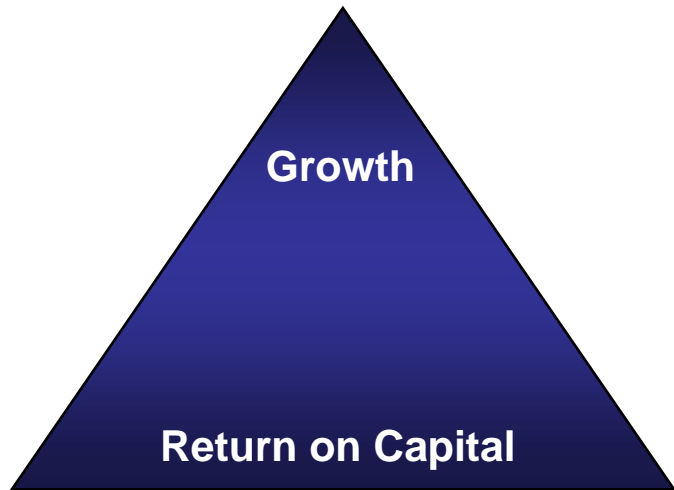
1) Non-GAAP measure. See Appendix.

2) 2003 Capex excludes \$339 million purchase of leased assets

Operating Model Drives Growth and ROC



**Applications Technology
Customer Value**



**Commercial Terms
Capture Value**

**Efficient/Reliable
Low Cost Supplier**

Sales
(10 year CAGR)

Praxair 9% **S&P 500** 4%

EPS Growth
(10 year CAGR)

Praxair 11% **S&P 500** 8%

ROE*
(10 year average)

Praxair 19% **S&P 500** 14%

TSR
(10 year annualized)

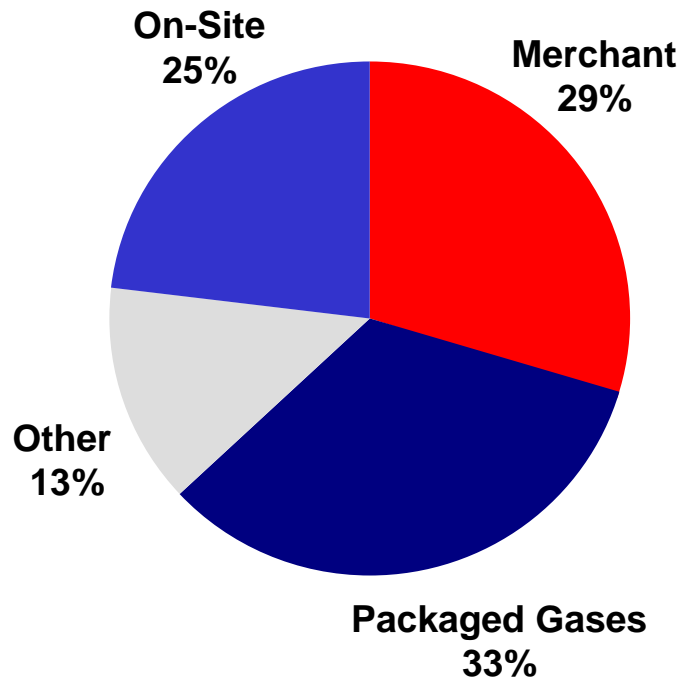
Praxair 17% **S&P 500** 12%

Shareholder performance exceeds S&P 500

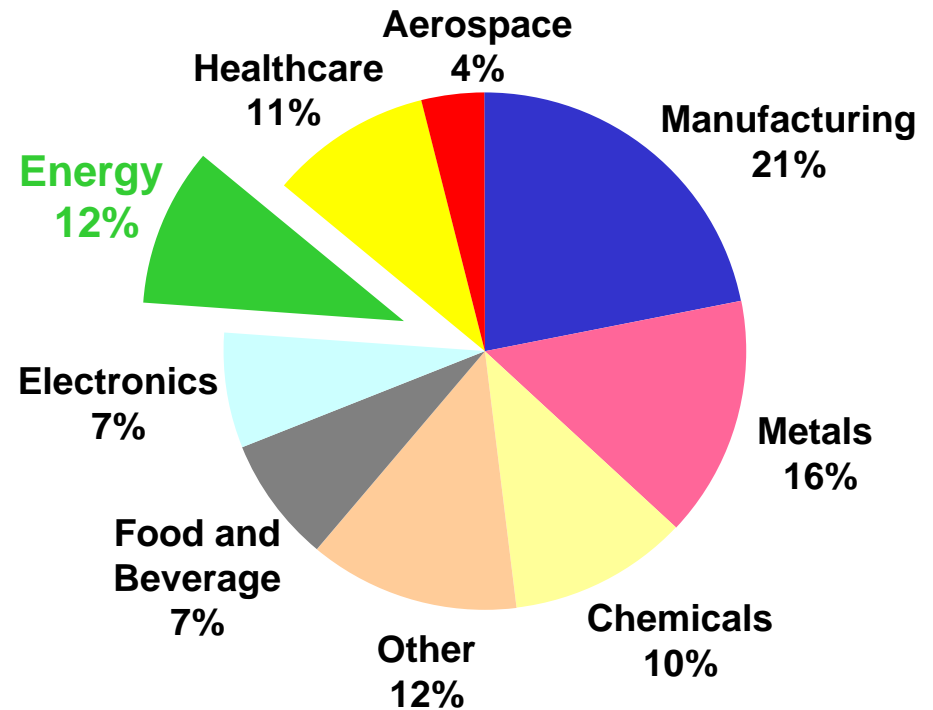
* ROE = Net income before accounting changes/Shareholders Equity

2004 Sales

Distribution Method



End Markets



- Price is a fraction of customer value
- Terms capture above average ROC

AIR QUALITY

- Low Nox Combustion
- Hydrogen for refining
- VOC treatment
- Carbon dioxide recycle
- Hydrogen for fuel cells

WATER QUALITY

- Oxygen/Carbon Dioxide wastewater treatment
- Nitrogen extrusion cooling
- Carbon dioxide in grain storage
- Oxygen in paper production

ENERGY SAVINGS

- CoJet[®] gas injection system
- Oxy-fuel combustion
- Helium recycle
- Cryo-mechanical freezing
- Metal bonding

Over 65% of revenue is from applications that increase energy efficiency or improve environmental performance

Key Praxair Hydrogen Facilities



2004 Global Sales - \$690 MM*
Production capacity 850MMSCFD



SMR - 25
PSA - 31
POX - 2

2005 Sales forecast to approach \$900MM

*2 100MMSCFD SMR's started up in Q3 04

North American Refinery Hydrogen Demand

Hydrogen Used Per Barrel of Oil (Cubic Feet)

	<u>2004</u>	<u>2008</u>
Gulf Coast	434	582
Outside Gulf Coast	359	553

Hydrogen Used Per Day (Billion Cubic Feet)

Gulf Coast	3.3	9% CAGR	4.8
Outside Gulf Coast	3.9	11% CAGR	6.1

Total Demand Growth (BCF)

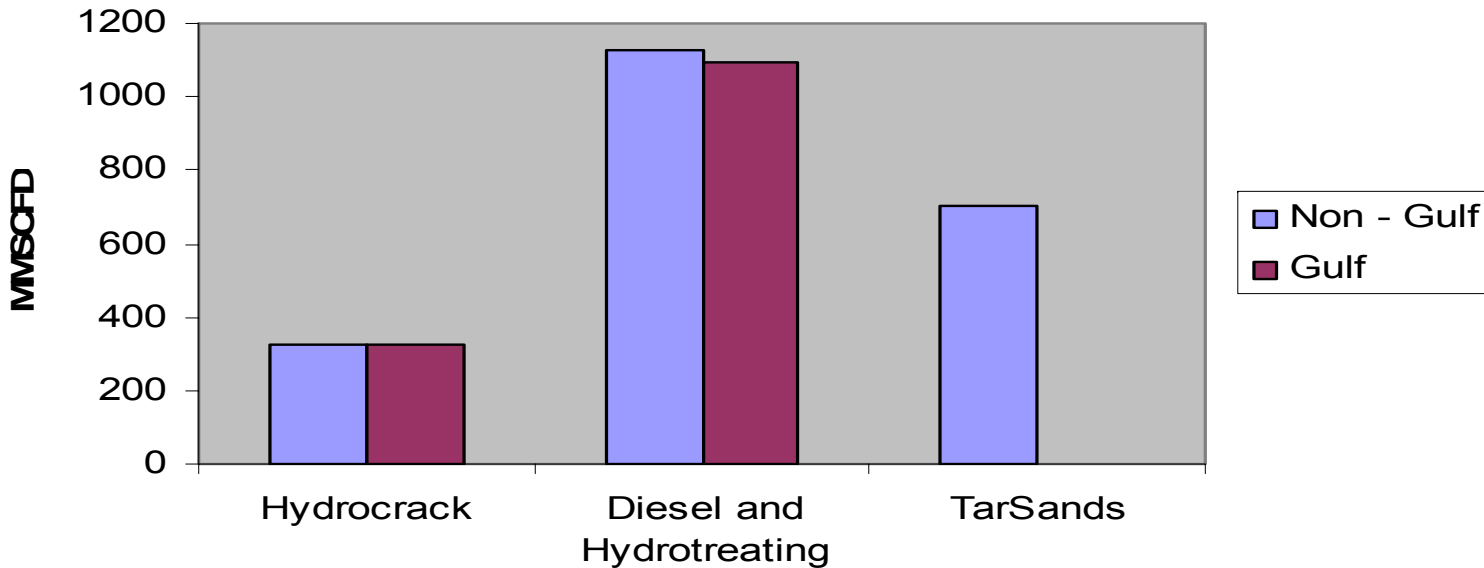
Gulf	1.5
Non Gulf	<u>2.2</u>
Total	3.7

60% to 70% of Total Demand Growth will be outsourced

Source: Praxair Estimate, includes Canada

Hydrogen Growth by Source

North American Demand 2004 - 2008



2006 diesel regulations driving significant demand through 2008

- Low sulfur fuel regulations
- Strong demand for gasoline and diesel
- Heavy crude upgrading
- Outsourcing hydrogen supply
- Upgrading hydrogen production technology
- 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

Strong demand growth will continue

Advantages

- **Hydrogen Value**
 - Can often build plant more cost effectively
 - Can revamp existing hydrogen plants to meet world class performance standards
- **Plant Operation and Reliability**
 - Operate the facility with well trained, experienced staff
- **Pipeline Connections**
 - Synergies of connected facility for supply and demand

Outsourcing advantages drive increased hydrogen growth

Major Growth Areas in North America



Significant growth areas outside of the Gulf Coast

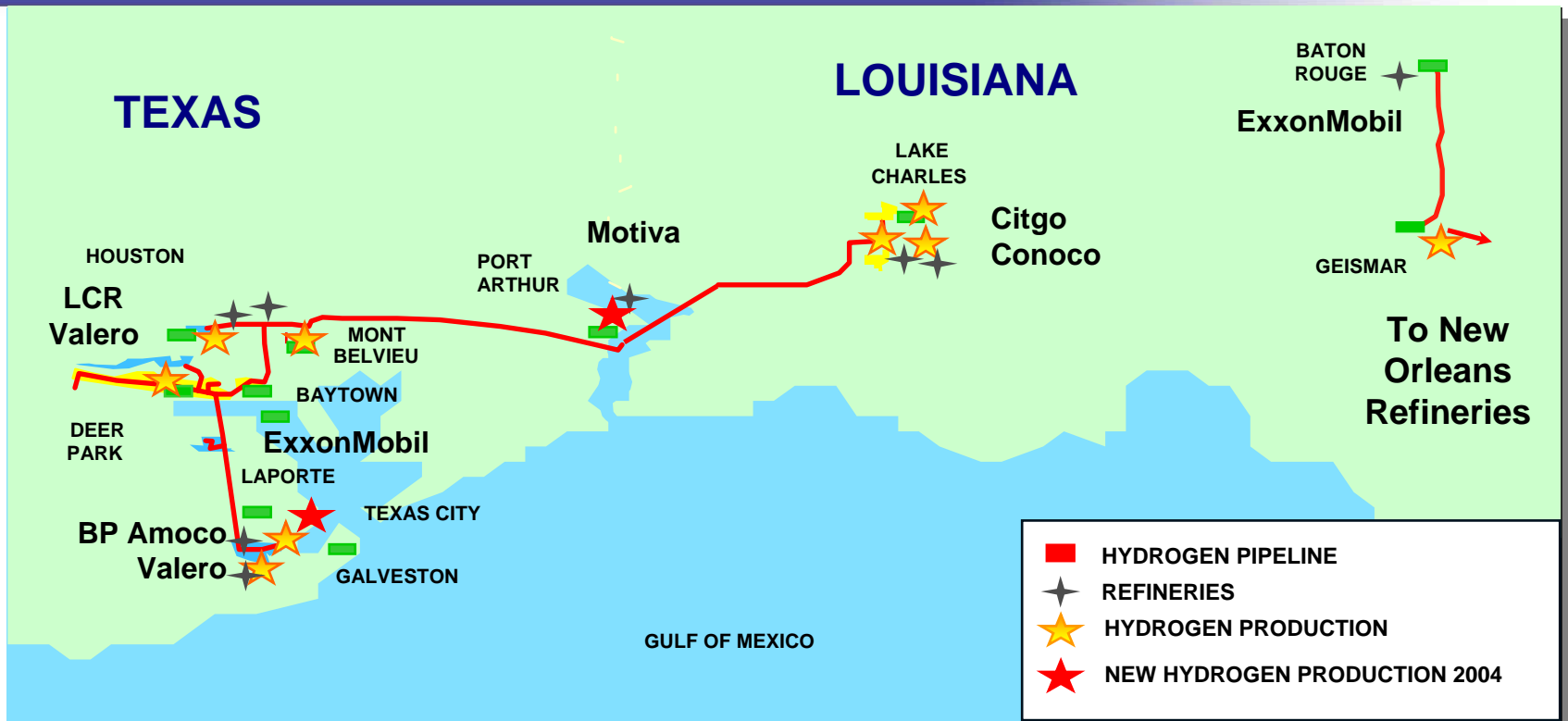
- **Improved hydrogen efficiency and recovery**
 - Recover hydrogen that is downgraded to fuel
 - Improve process gas efficiency
 - Optimize on-site hydrogen generation
- **Build hydrogen plants with world class technology**
 - Integrate new facilities to match refinery needs
 - Focus on reliability and efficiency



<u>Praxair Refinery Team Experience</u>	
<u>2001</u>	<u>Now</u>
15 yrs	300+ yrs

Praxair global hydrogen sales forecast to grow 20% p.a. through 2010

Gulf Coast Hydrogen System



- 340 miles of pipeline
- 50 customers – refining and chemicals
- Connected to 3.3 MM bpd of refining capacity
- 600 MMSCFD production capacity – TX and LA

Well positioned for customer growth

- **Pipeline control system**

- 24 hour manned center
- Monitoring of customer flows
- Monitoring plants and pipeline equipment

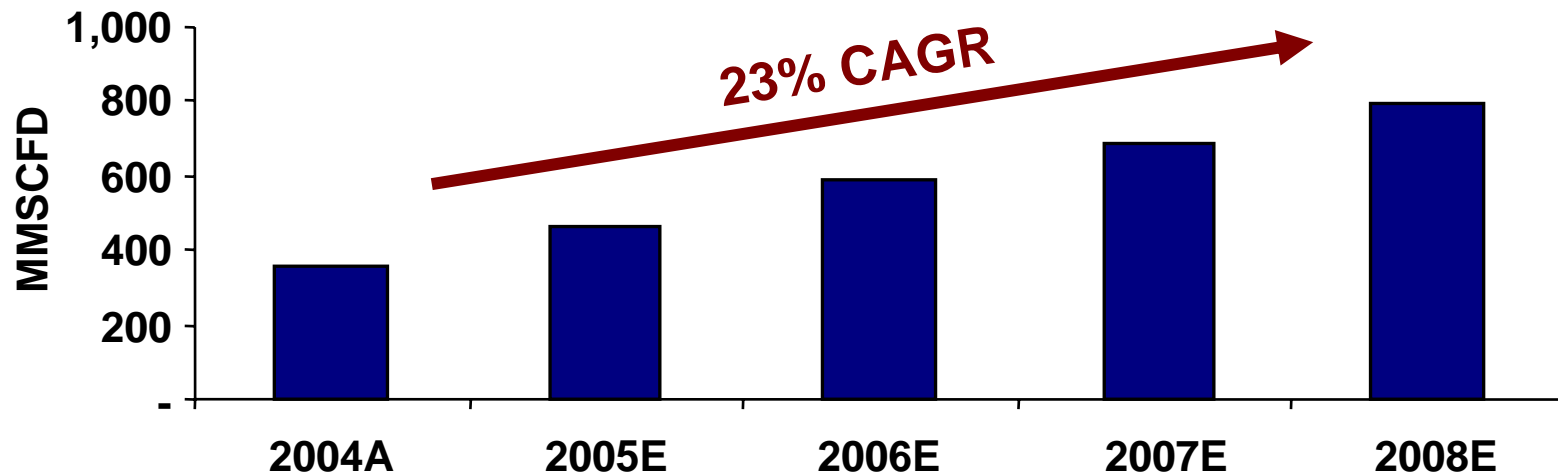


- **Production optimization**

- Real Time optimizer
- Natural gas management
- Match customer demand with production capability

State of the art technology

Average Daily Volume



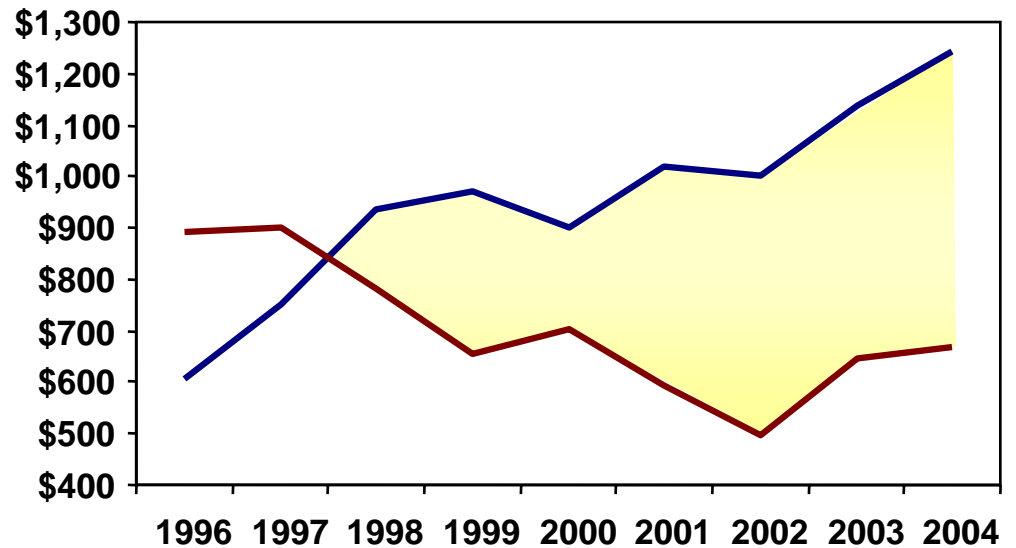
Expect several additional SMR's to be sited in 2005

New Port Arthur, TX Steam Methane Reformer



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

Free Cash Flow 1996-2004 (\$MM)

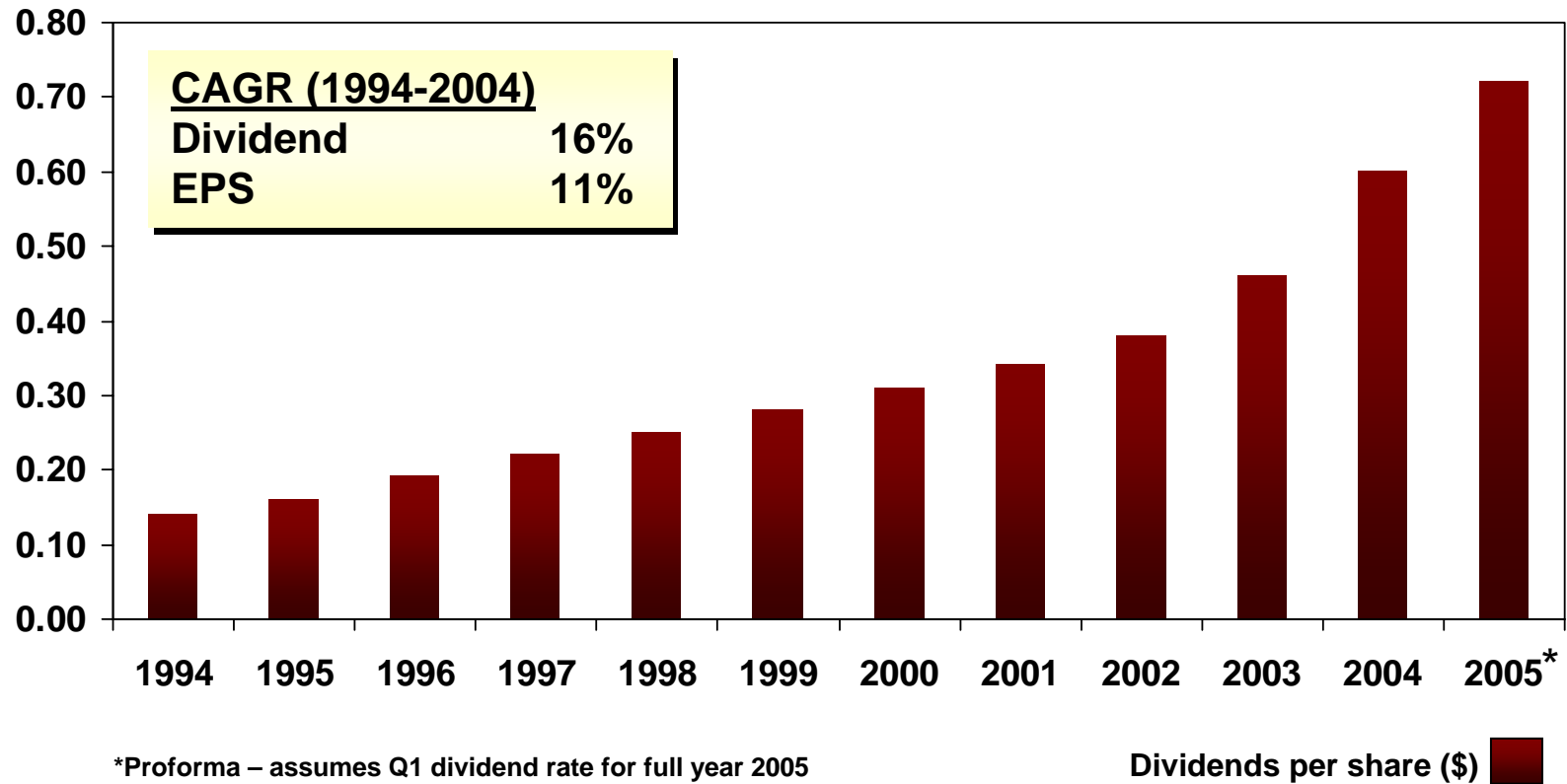


— Operating Cash Flow — CAPEX⁽²⁾
 Free Cash Flow⁽¹⁾

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

2) Excludes Leased Asset Purchase in 2003

Dividend and Earnings Growth



Dividend increased 20% in Q1 2005

First Quarter 2005

- Diluted EPS in the range of \$0.56-\$0.58

Full Year 2005

- Sales and operating profit growth in the range of 11-15%
- Diluted EPS in the range of \$2.33 to \$2.45
- Effective tax rate of 26%
- CAPEX of \$700 – 750MM

2005 EPS expected to grow by 11-17% inclusive of integration charges, higher interest and higher tax rate

1) This excludes the effect of expensing stock options, expected to begin in Q305. Praxair estimates that this will reduce diluted EPS by about \$0.02 per quarter.

Why Praxair?



- **Strong, sustainable, organic growth**
- **Diverse end markets and applications technology**
- **High return on capital**
- **Long term customer retention**
- **Substantial free cash flow generation**
- **Capital and operating discipline**
- **Strong corporate governance**

We deliver.

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 intensity¹ 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.

¹Intensity is per-unit-of-production measure

