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, accounting and other legislation, litigation, government regulation and the effectiveness and speed of integrating new acquisitions into the business.
## Full Year 2004 Results

<table>
<thead>
<tr>
<th>($MM)</th>
<th>2004</th>
<th>2003</th>
<th>Δ%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>$6,594</td>
<td>$5,613</td>
<td>17%</td>
</tr>
<tr>
<td>Operating Profit</td>
<td>$1,103</td>
<td>$ 922</td>
<td>20%</td>
</tr>
<tr>
<td>Operating Margin</td>
<td>16.7%</td>
<td>16.4%</td>
<td></td>
</tr>
<tr>
<td>Net Income</td>
<td>$  697</td>
<td>$  585</td>
<td>19%</td>
</tr>
<tr>
<td>Diluted EPS</td>
<td>$2.10</td>
<td>$1.77</td>
<td>19%</td>
</tr>
<tr>
<td>After Tax ROC 1</td>
<td>12.5%</td>
<td>12.8%</td>
<td></td>
</tr>
<tr>
<td>Cash flows from</td>
<td>$1,243</td>
<td>$1,137</td>
<td>9%</td>
</tr>
<tr>
<td>Operations</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Capex 2</td>
<td>$668</td>
<td>$644</td>
<td>4%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Sales Comparison</th>
<th>YOY</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales Growth</td>
<td>+17%</td>
</tr>
<tr>
<td>Volume</td>
<td>+9%</td>
</tr>
<tr>
<td>Price</td>
<td>+2%</td>
</tr>
<tr>
<td>Natural Gas</td>
<td>+1%</td>
</tr>
<tr>
<td>Acquisitions</td>
<td>+2%</td>
</tr>
<tr>
<td>Currency</td>
<td>+3%</td>
</tr>
</tbody>
</table>

- ROC reduced by 0.6% due to German acquisition

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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

Growth

Return on Capital

Commercial Terms
Capture Value

Efficient/Reliable
Low Cost Supplier

Shareholder performance exceeds S&P 500

<table>
<thead>
<tr>
<th></th>
<th>Praxair</th>
<th>S&amp;P 500</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Sales</strong></td>
<td>9%</td>
<td>7%</td>
</tr>
<tr>
<td>(10 year CAGR)</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Earnings Growth</strong></td>
<td>13%</td>
<td>11%</td>
</tr>
<tr>
<td>(10 year CAGR)</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>ROE</strong></td>
<td>21%</td>
<td>14%</td>
</tr>
<tr>
<td>(10 year average)</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>TSR</strong></td>
<td>17%</td>
<td>12%</td>
</tr>
<tr>
<td>(10 year annualized)</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

* ROE = Net income before accounting changes/Shareholders Equity
Sustainable Growth Business Model

2004 Sales

- **Distribution Method**
  - On-Site 25%
  - Merchant 29%
  - Packaged Gases 33%
  - Other 13%

- **End Markets**
  - Manufacturing 21%
  - Metals 16%
  - Chemicals 10%
  - Food and Beverage 7%
  - Electronics 7%
  - Energy 12%
  - Aerospace 4%
  - Healthcare 11%
  - Other 12%

- Price is a fraction of customer value
- Terms capture above average ROC
Applications Technology Drives Growth

**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
Hydrogen

2004 Global Sales - $690 MM

North America
- Strong refinery demand for sulfur reduction, heavy crude, and debottlenecking
- 310 miles of pipeline on US Gulf Coast, with production capacity of 500 MMSCFD
- Hydrogen to upgrade Canadian synthetic crude

Europe
- Hydrogen production in Italy and Spain
- Sulfur reductions in fuels scheduled for 2009

China
- Caojing hydrogen plant start-up in 2005

2005 Sales forecast to approach $900 MM and expected to grow 20% p.a. through 2010
North America Oil/Gas Well Services

- Enhanced oil recovery (EOR), using nitrogen injection increases yield
- CO₂ fracturing to develop new wells
- Other Praxair services:
  - Leak detection
  - Cathodic protection
  - Cleaning/Purging/Drying

$200MM* sales - Expect 25% per annum growth

*Includes JV sales
Praxair – Only National Integrated Supplier

- Cross selling: larger wallet share
- Incumbent advantage for emerging bulk customers
- Specialty gases

Packaged Gases Site Gas Services

N₂ Pipeline On-site Membrane

H₂ Pipeline Tube Trailer

H₂/CO₂ Sourcing from customer

CO Pipeline, Tube Trailer, Cylinder

UCISCO Plant Services Predictive and Emergency Maintenance

Clean Dry Air

O₂ Pipeline On-site VPSA

Power, Steam, Water

Proprietary Applications Technology

CO₂

Specialty gases
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

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Asia 2004
Sales (MM): $487
Growth: 25%
OP Margin: 16%
Electronics

2004 Global Sales - $480 MM

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

- Supply Chain Services
  - Generic components
  - Parts management

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

Investment focus on high growth, high return segments
Healthcare

2004 Global Sales - $740 MM*

Sales by Region

- Homecare 60%
  - Home oxygen
  - Sleep therapy
  - Home medical equipment

- Hospital Services 40%
  - Oxygen supply systems
  - Portable Grab ‘n Go® cylinders
  - Analytical gases
  - MRI helium and servicing
  - Cryo preservation

- Transition patients from hospital to home

Expect sales of $900 MM in 2005

*includes 6 mos. HCS acquisition
Pharmaceutical and Food Technologies

- Biotech and Pharmaceutical
  - Low temperature refrigeration
  - Reactor cooling
  - Nitrogen injection - direct cooling

- Food Technologies
  - Chilling and freezing
  - Food safety - fruit and vegetable disinfection

Pharmaceutical and food technologies all offer significant growth opportunities
Increasing Productivity Gains

Sources of Cost Savings

<table>
<thead>
<tr>
<th>($MM)</th>
<th>2003</th>
<th>2004</th>
<th>2005F</th>
</tr>
</thead>
<tbody>
<tr>
<td>Procurement</td>
<td>25</td>
<td>26</td>
<td>26</td>
</tr>
<tr>
<td>Plant Operations</td>
<td>58</td>
<td>65</td>
<td>78</td>
</tr>
<tr>
<td>Business Process</td>
<td>27</td>
<td>54</td>
<td>46</td>
</tr>
<tr>
<td>Total</td>
<td>110</td>
<td>145</td>
<td>150</td>
</tr>
</tbody>
</table>

Six Sigma # of projects and % of workforce trained

Accelerating productivity initiatives using Six Sigma
Process Engineering Lowers Capital Costs

Non-Cryogenic Oxygen

Cryogenic High Purity Oxygen

New plant designs are more energy efficient and less costly to build
Purchasing Strategy

- High continuous load factor
- Time of day flexibility
- Production/distribution optimization
- Result: Lowest Cost Energy

Price Pass Through to Customer

- Hydrogen:
  - 100% Nat Gas pass through
- Atmospheric Gases
  - Onsite - pass through - 60 day lag
  - Liquid
    - Formula escalation
    - Open - price increases
    - Fixed - price increases at renewal
    - Surcharges

Business model protects profits from energy price volatility
Robust Cash Flow Generation

- 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)

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

CAGR (1994-2004)
- Dividend: 16%
- EPS: 11%

*Proforma – assumes Q1 dividend rate for full year 2005

Dividend increased 20% in Q1 2005
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 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