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.
Driving Sustainable Growth

- Focus on 11 core geographies
- Application technologies
- Key growth platforms
  - Hydrogen
  - Healthcare
  - China
  - Electronics
- New growth opportunities
  - Oil/gas well services
  - Enhanced oil recovery
  - Brazil energy markets
  - India
- Productivity / Six Sigma
- Flawless project execution

2004 ROC %

<table>
<thead>
<tr>
<th>ROC (Praxair)</th>
<th>Praxair Average of Industrial Gas Peers</th>
</tr>
</thead>
<tbody>
<tr>
<td>6%</td>
<td></td>
</tr>
<tr>
<td>7%</td>
<td></td>
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<tr>
<td>8%</td>
<td></td>
</tr>
<tr>
<td>9%</td>
<td></td>
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<tr>
<td>10%</td>
<td></td>
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<tr>
<td>11%</td>
<td></td>
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<tr>
<td>12%</td>
<td></td>
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<tr>
<td>13%</td>
<td></td>
</tr>
<tr>
<td>14%</td>
<td></td>
</tr>
</tbody>
</table>

ROC = Net Operating Profit After Tax/Average Capital

Source: Bloomberg and company reports
Diverse End Markets

2004 Sales $6.6 Billion

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

Organic Growth (YOY)*
- Manufacturing: + 10%
- Metals: + 21%
- Energy: + 18%
- Healthcare: + 6%
- Chemicals: + 8%

* Ex currency, nat gas, and acquisitions

2004 Global GDP +4%

Sales grow faster than our end markets
Why Gases Are Not Commodities!

**On-Site/Pipeline Supply**
- Price recovers capital and fixed costs
- 15 year Take or Pay contracts
- Escalation formulas
  - Electricity/gas
  - Inflation
  - Currency exposure

**Merchant Liquid Delivery Supply**
- Sourced as by-product from on-site
- Requirements contracts
- Open/escalation

**Packaged and Medical Gases**
- Sourced as by-product from bulk
- Service provider
- Cylinder rental

Our business model delivers a higher return on capital and greater stability
### Applications Technology Drives Growth

<table>
<thead>
<tr>
<th>ENVIRONMENTAL</th>
<th>ENERGY SAVINGS</th>
<th>PRODUCTIVITY</th>
</tr>
</thead>
<tbody>
<tr>
<td>Low Nox Combustion</td>
<td>CoJet® - EAF / BOF</td>
<td>Welding mixes</td>
</tr>
<tr>
<td>VOC recovery</td>
<td>Oxy-fuel combustion</td>
<td>Nitrogen temperature Control – Bio pharma</td>
</tr>
<tr>
<td>Hydrogen for fuel cells</td>
<td>Cryo-freezing</td>
<td>Ozone in food</td>
</tr>
<tr>
<td>Oxygen/carbon dioxide</td>
<td>Hot O₂ – blast furnace</td>
<td>Fracturing &amp; EOR - oil &amp; gas</td>
</tr>
<tr>
<td>wastewater treatment</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Revenue growth from applications that improve environmental performance or increase energy efficiency and customer productivity.
**Oxy-Fuel Combustion**

**EXTERNAL DRIVERS**
- Past – Productivity
- Current
  - Energy efficiency
  - NOx reduction
- Future
  - CO₂ reduction

**INDUSTRIES SERVED**
- Glass
- Steel
- Cement
- Aluminum
- Utility boilers

**HOW IT WORKS**
- O₂ combustion eliminates nitrogen in air
- Flame temperature control

**TYPICAL BENEFITS**
- 10-50% energy savings
- 10-20% throughput increase
- 80-90% NOx reduction
Hydrogen

2004 Global Sales - $690 MM

North America
◆ Strong demand from refiners
◆ 310 miles of pipeline on US Gulf Coast, with production capacity of 600 MMSCFD
◆ Significant growth areas outside of Gulf Coast

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 – Hydrogen Growth Drivers

- 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

Expect several additional SMR’s to be sited in 2005

Sulfur Fuel Specifications

<table>
<thead>
<tr>
<th>Year</th>
<th>Gasoline (On-Road Diesel)</th>
<th>Off-Road Diesel</th>
<th>Locomotive &amp; Marine</th>
</tr>
</thead>
<tbody>
<tr>
<td>2004</td>
<td>120ppm</td>
<td>500ppm</td>
<td>500ppm</td>
</tr>
<tr>
<td>2005</td>
<td>30ppm</td>
<td>15ppm</td>
<td>500ppm</td>
</tr>
<tr>
<td>2006</td>
<td></td>
<td>15ppm</td>
<td>15ppm</td>
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<tr>
<td>2007</td>
<td></td>
<td>15ppm</td>
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<tr>
<td>2008</td>
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<td>15ppm</td>
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<td>2009</td>
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<tr>
<td>2010</td>
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<td></td>
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<tr>
<td>2011</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>2012</td>
<td></td>
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<td></td>
</tr>
</tbody>
</table>

PX Gulf Coast – Avg Daily Volume

- 23% CAGR
US Rockies rig count has increased 75% since 2002

CO₂ and N₂ 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 (EOR)

Typical EOR Production Curve

- Primary Stage: Gravity Drainage (~10%)
- Secondary Stage: Water Flooding (>20%)
- EOR: ~15-20%

Recovery % of Original Oil in Place

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

Sources: Falcon Environmental
PEMEX Enhanced Oil Recovery Project

PEMEX Samaria Oil Fields

- PEMEX’s main source of light sweet crude
- Current production approx. 150 MBPD
- Production has declined from 1979 peak of 600 MBPD
- $N_2$ injection and new wells expected to recover additional 470 MM barrels of oil and 540 BCF of natural gas through 2018

Praxair

- 15 year Take or Pay contract
- >6500 TPD of nitrogen production
- Delivered via pipeline to multiple injection wells
- Start-up Q1 2007
Healthcare

2004 Global Sales - $740 MM*

- **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**

- **Strong organic growth**

**Sales by Region**

- **North America 64%**
- **South America 20%**
- **Europe / Asia 16%**

Expect sales of $900 MM in 2005

*includes 6 mos. HCS acquisition
Brazil: Growth from Energy Markets

- **Increasing role of natural gas**
  - Greater availability / supply
  - Govt. promoting natural gas use
  - Competitive prices

- **Conversions from alternative fuels**
  - 3.5% of cars converted and growing
  - Replacing industrial/commercial LPG

- **Praxair participating actively**
  - CNG cylinders & conversion kits
    - Market growing at 6-7% p.a.
    - JV with Petrobras for LNG distribution
  - Areas not served by pipeline
  - First plant: Q1 2006 start-up

Source: Praxair Estimates

Natural gas business driving growth in South America
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
  - O₂, N₂ & Ar supply
- Caojing petrochemical park
  - 50/50 JV with Air Liquide
  - BP, BAYER, BASF & SINOPEC $8B
  - O₂, N₂ & H₂ 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

- Economy gaining momentum
- Paradigm shift in gas buying pattern
  - “Sale of plant” to “Sale of gas”
- Gas industry to register double-digit growth from 2005-10
- Praxair #1 position
  - Strong relationships with industry leaders
- Recent business wins
  - Tata Steel
  - Saint Gobain
  - Owens Corning
  - Hospet Steel

Industrial Gas Market
Supplied By Global Players
($260 MM)

Praxair 42%

Competitor 1

Competitor 2 (JV)

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

~$50 MM Sales

Source: Praxair Estimates
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>

Accelerating productivity initiatives using Six Sigma
Process Engineering Lowers Capital Costs

Cryogenic High Purity Oxygen

2004 Plant Projects Variance From Budget

Cost: -3%
Schedule: +1%
Power Efficiency: +1%

Flawless execution assures that expected returns will be achieved.

Plant Capacity - TPD
Unit Cost

1996 2004

100 300 500 700 900 1100 1300 1500 1700

-3% 0 3%
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
Increasing Dividends

CAGR (1994-2004) 16%

Dividend increased 20% in Q1 2005

*Proforma – assumes Q1 dividend rate for full year 2005

Dividends per share ($)
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
**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