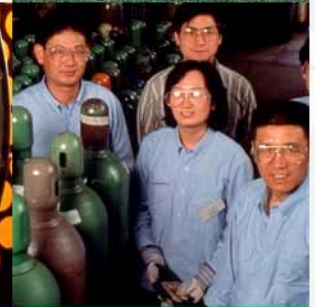
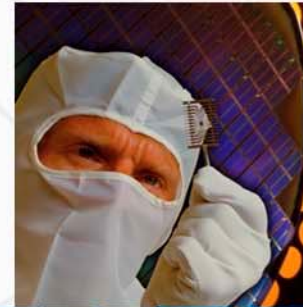




Morgan Stanley Basic Materials Conference

Ricardo S. Malfitano
Senior Vice President

February 23, 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

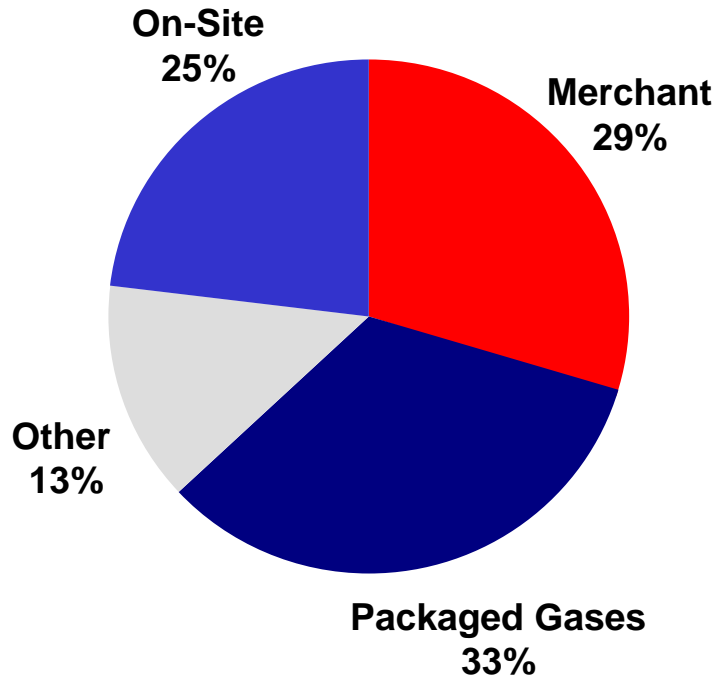
1) Non-GAAP measure. See Appendix.

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

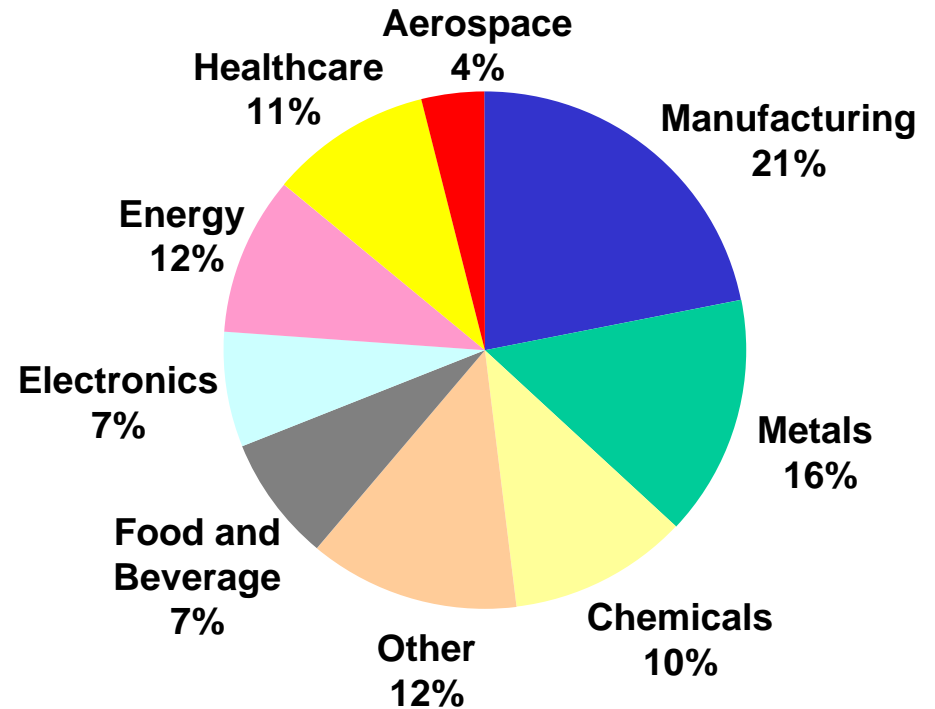
Unique Business Model

2004 Sales

Distribution Method

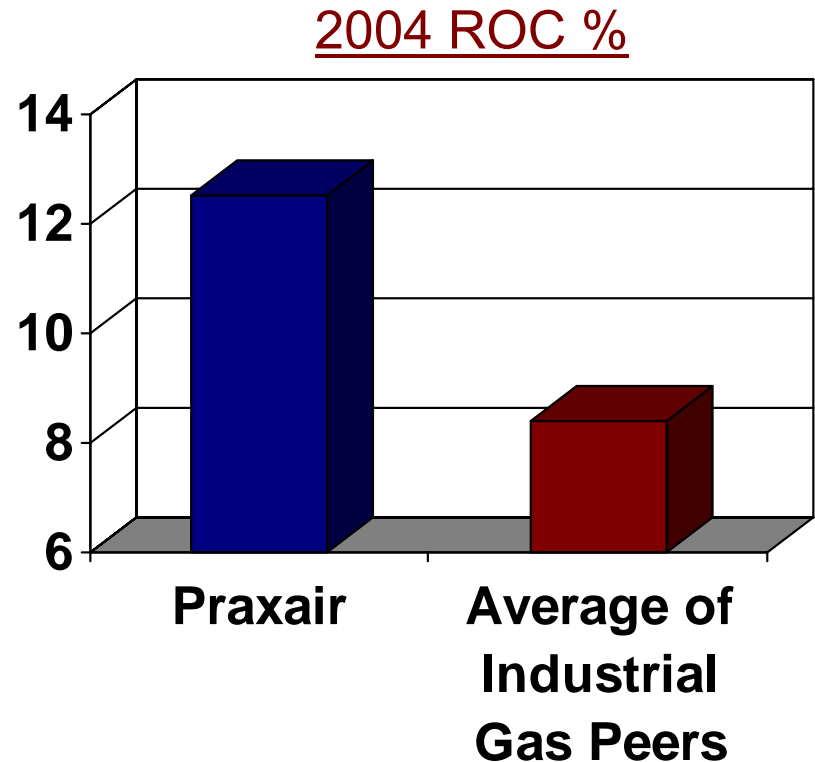


End Markets



Price is a fraction of customer value; Low customer turnover; Terms capture above average ROC

- Focus on 11 core geographies
- Application technologies
- Key growth platforms
 - Hydrogen
 - Electronics
 - Healthcare
 - China
- Productivity/six sigma
 - Procurement
 - Global operational excellence
- Flawless project execution



ROC=Net Operating Profit After Tax/Average Capital

Source: Bloomberg and company reports

Unrivalled North American Network

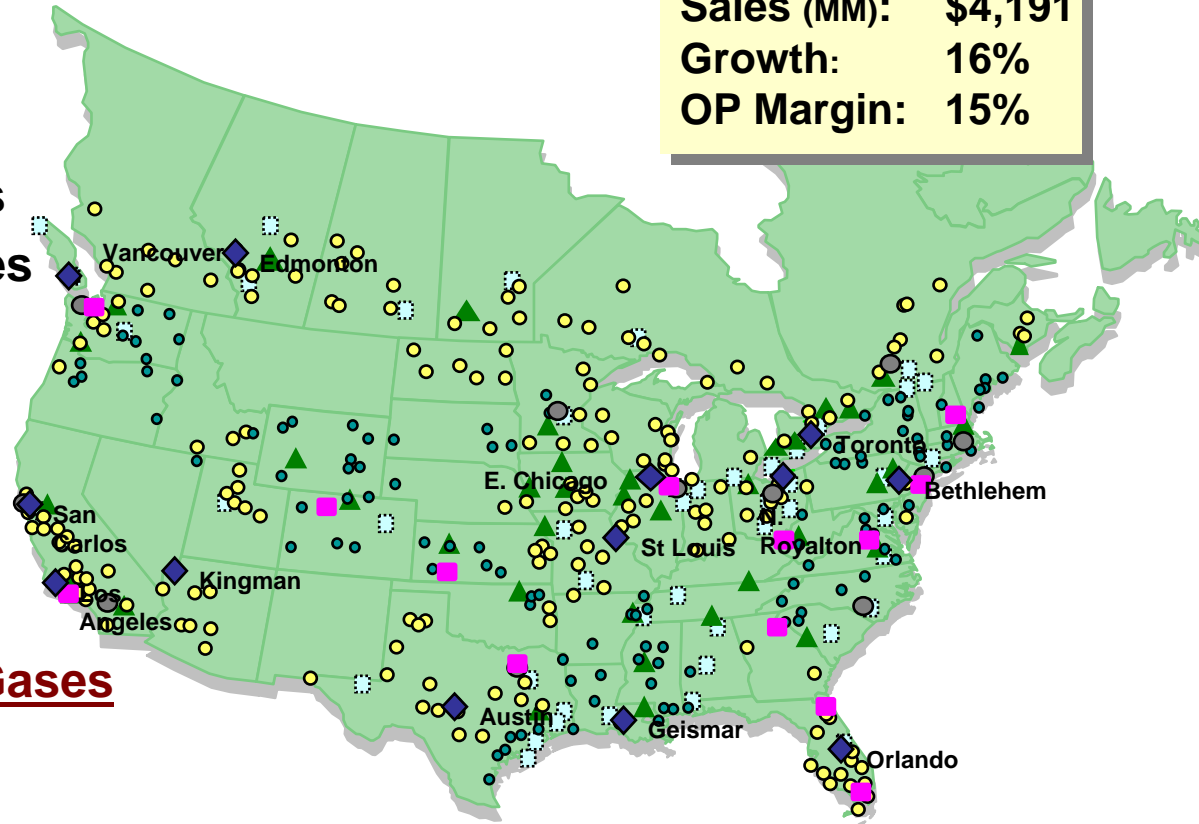


Onsite and Bulk Gases

- 300 production plants
- 8000 customer locations
- 1500 distribution vehicles
- 11 pipeline enclaves

Packaged and Specialty Gases

- 400 branches
- >300,000 customers



| | |
|-------------------|-------------|
| N. America | 2004 |
| Sales (MM): | \$4,191 |
| Growth: | 16% |
| OP Margin: | 15% |

| | |
|-------------------------|--------------------|
| ○ Merchant Plants | ● Packaged Gases |
| ▲ Carbon Dioxide Plants | ● Helium Transfill |
| ◆ Specialty Gas Plants | ■ Dry Ice |

- #1 position
- Export industries very competitive
- Domestic recovery in progress
- New contracts indexed to USD
 - CST – Brazil Steel Producer 2600 TPD Oxygen
 - Petrobras – LNG (Liquefied Natural Gas) distribution

| <u>S. America</u> | <u>2004</u> |
|-------------------|-------------|
| Sales (MM): | \$866 |
| Growth: | 22% |
| OP Margin: | 18% |

ENVIRONMENTAL

- Low Nox Combustion
- VOC recovery
- Hydrogen for fuel cells
- Oxygen/Carbon Dioxide wastewater treatment

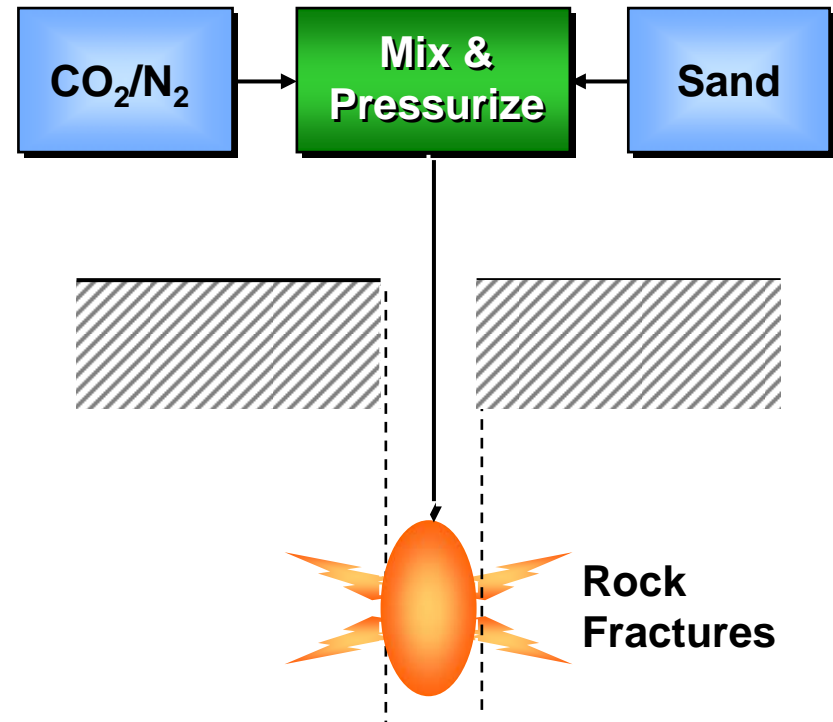
ENERGY SAVINGS

- CoJet® - EAF / BOF
- Oxy-fuel combustion
- Cryo-freezing
- Hot O₂ - Blast Furnace

PRODUCTIVITY

- Welding Mixes
- Nitrogen Temperature Control – Bio Pharma
- Ozone in food
- Fracturing & EOR - Oil & Gas

- 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



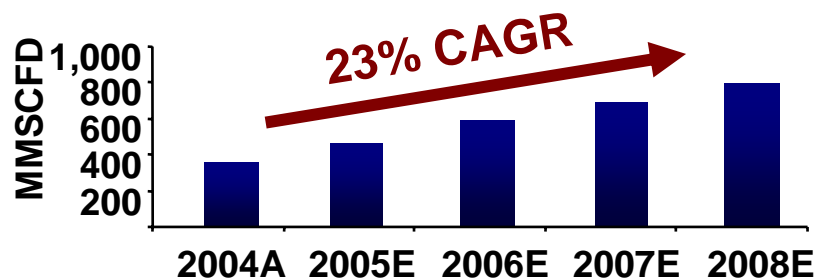
\$200MM* sales - Expect 25% per annum growth

*Includes JV sales

Refinery Hydrogen Pipeline System



Average Daily Volume



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 |

2004 Global Sales - \$480 MM

- **Materials Science for 300mm**

- Thin film metal deposition:
PVD, CVD, & ALD
- CMP consumables:
pads, slurries
- Advanced components

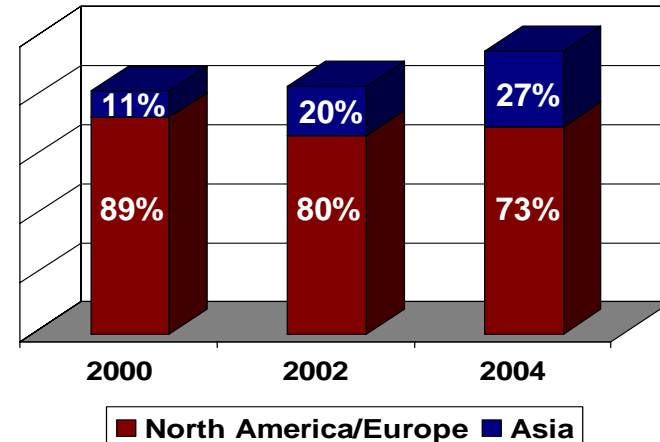
- **Supply Chain Services**

- Generic components
- Parts management

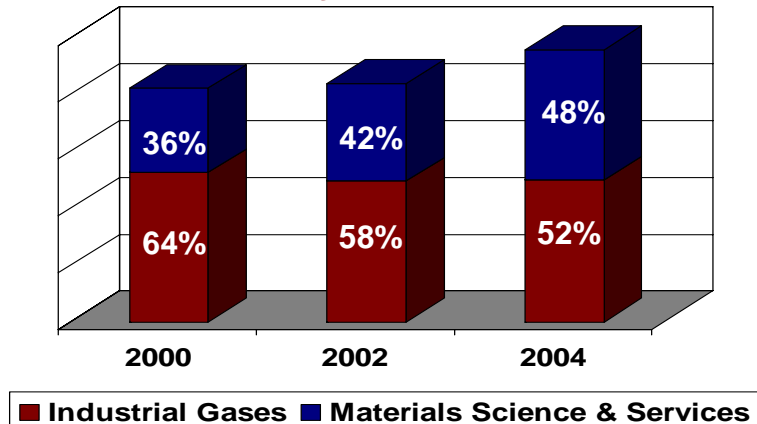
- **Electronic Gases**

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

By Geography



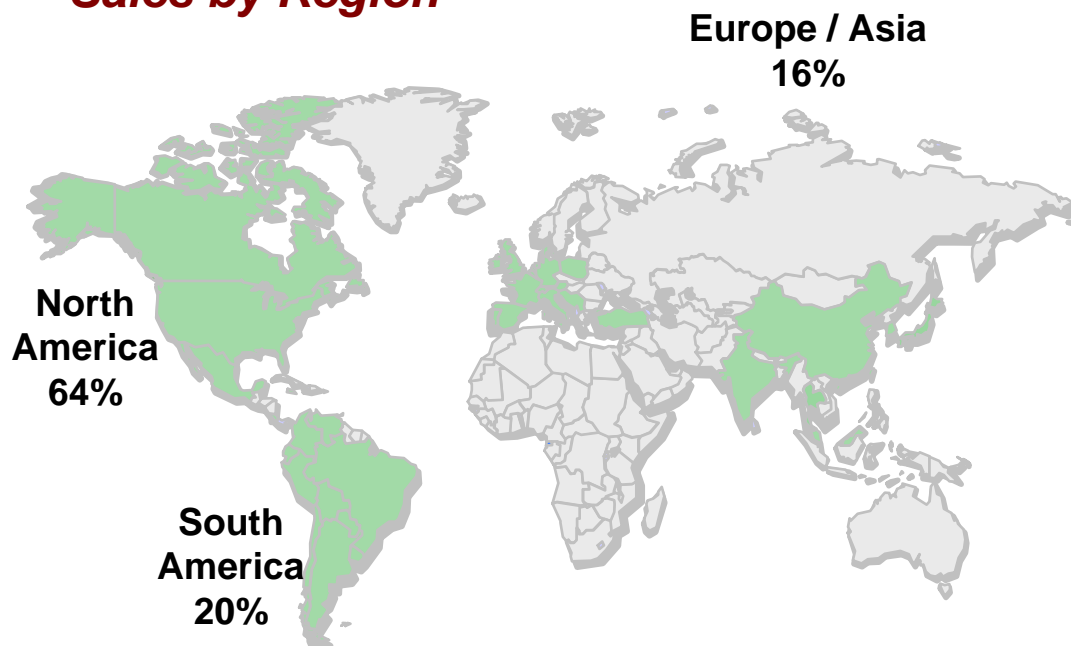
By Product



Investment focus on high growth, high return segments

2004 Global Sales - \$740 MM*

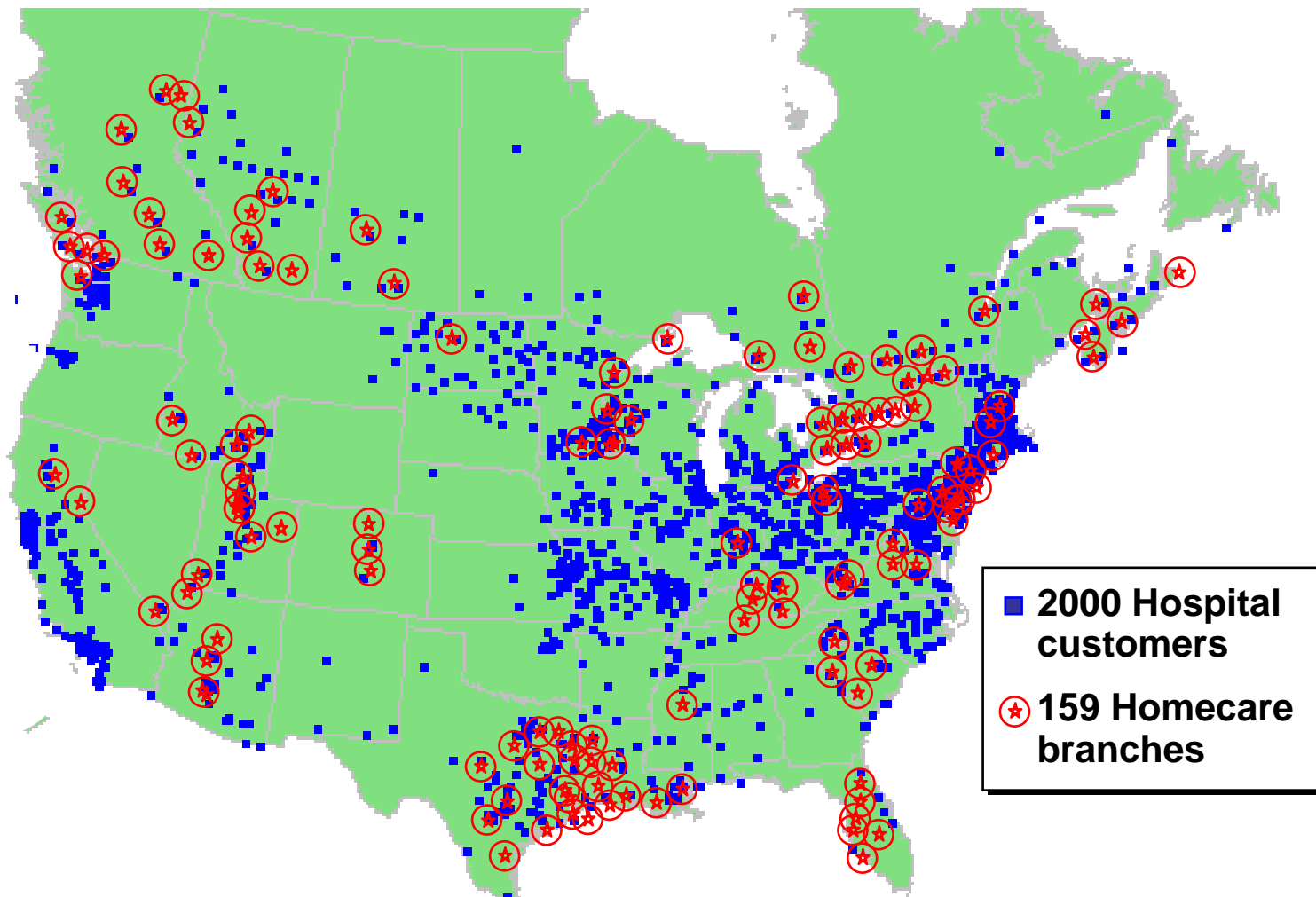
Sales by Region



- **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



Geographic density allows us to grow with the Hospital to Home strategy

- **Leading position in steel**

- Baosteel
- Shaoguan
- Meishan

- **Leading position in semi-conductors**

- Shanghai - SMIC & Tailong
- Beijing - SMIC 300mm wafer fab

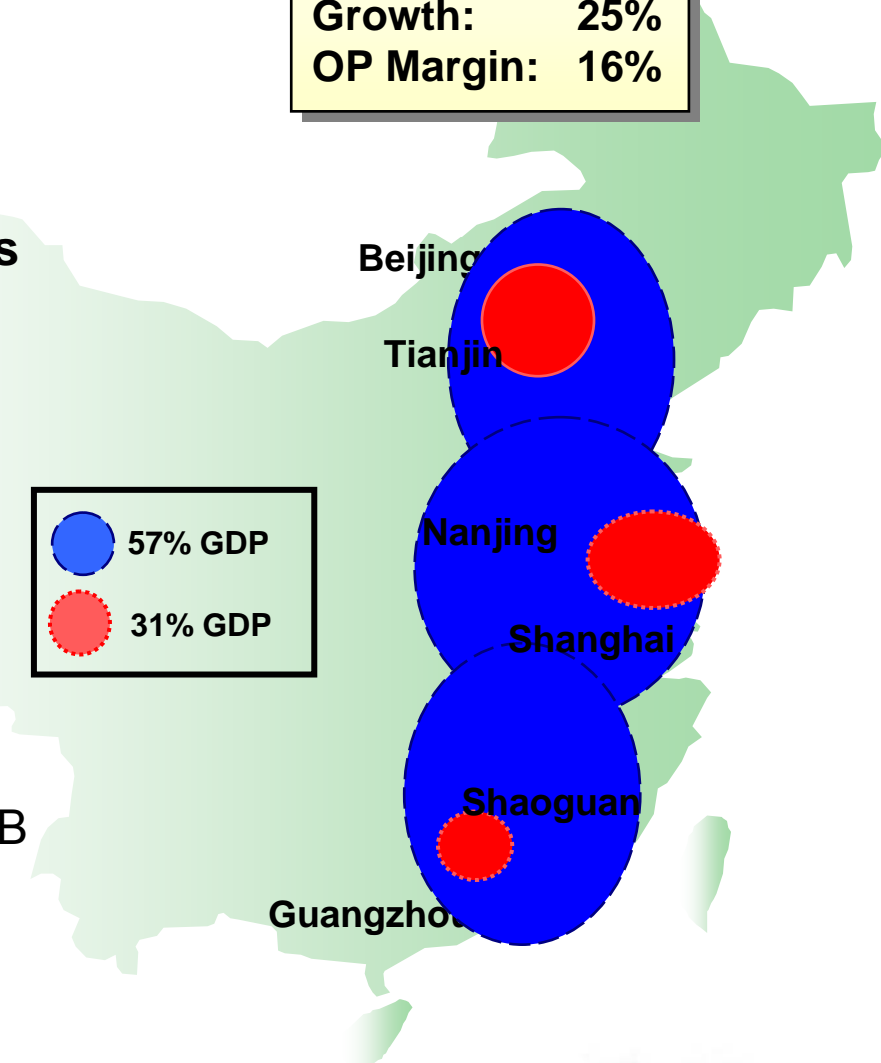
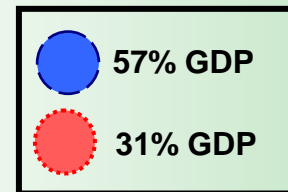
- **Shell Nanhai Complex**

- 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

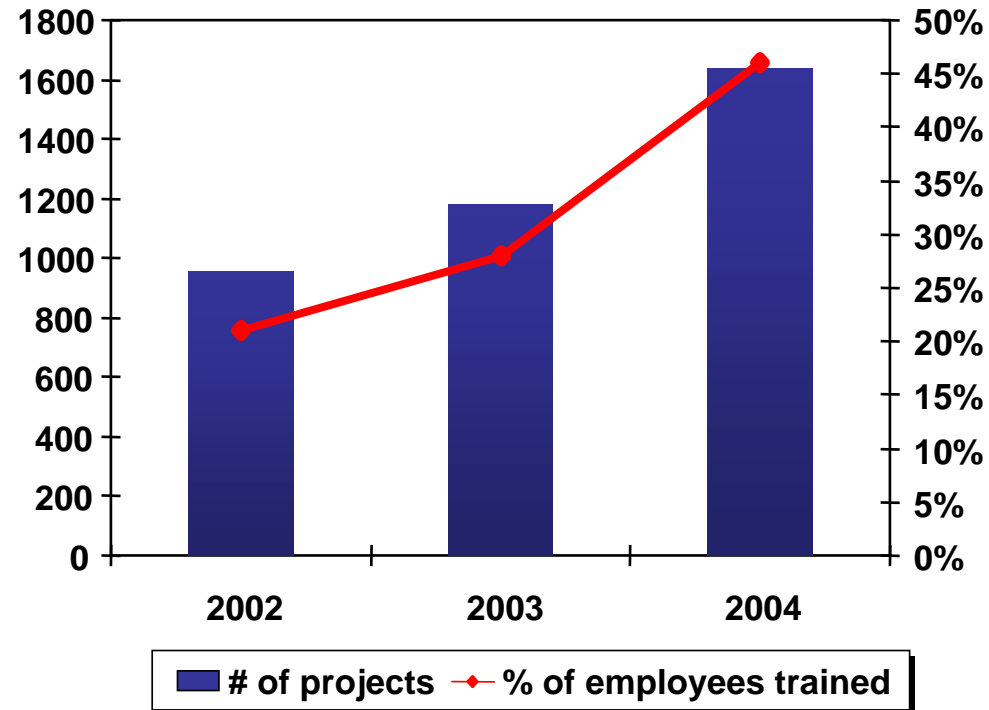
| | |
|--------------------|--------------|
| Asia | 2004 |
| Sales (MM): | \$487 |
| Growth: | 25% |
| OP Margin: | 16% |



Sources of Cost Savings

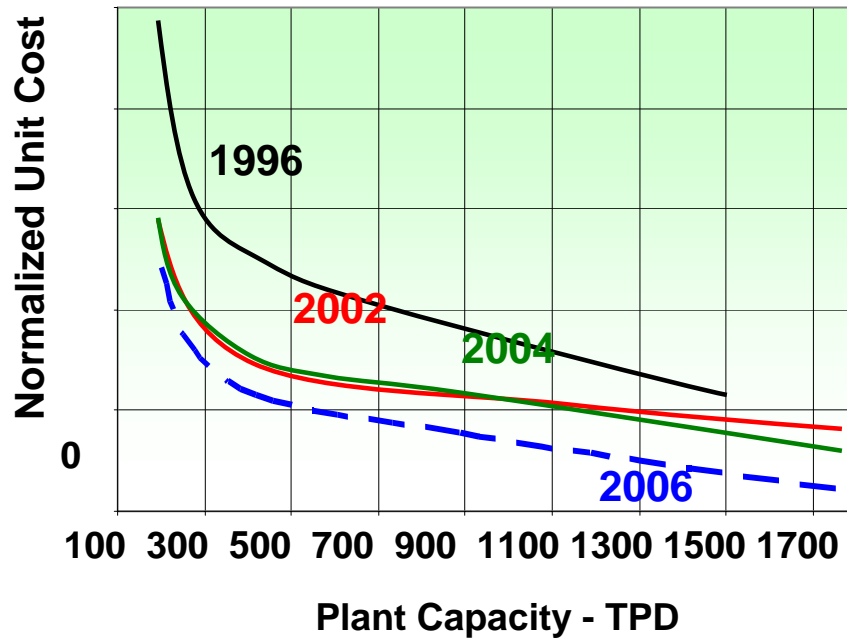
| (\$MM) | <u>2003</u> | <u>2004</u> | <u>2005F</u> |
|------------------|-------------|-------------|--------------|
| Procurement | 25 | 26 | 26 |
| Plant Operations | 58 | 65 | 78 |
| Business Process | <u>27</u> | <u>54</u> | <u>46</u> |
| Total | 110 | 145 | 150 |

Six Sigma # of projects and % of workforce trained



Accelerating productivity initiatives using Six Sigma

Cryogenic High Purity Oxygen



2004 Plant Projects Variance From Budget

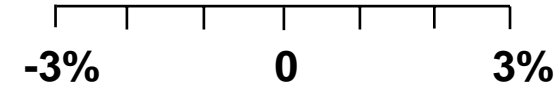
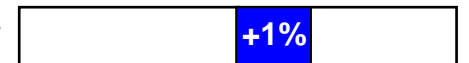
Cost



Schedule



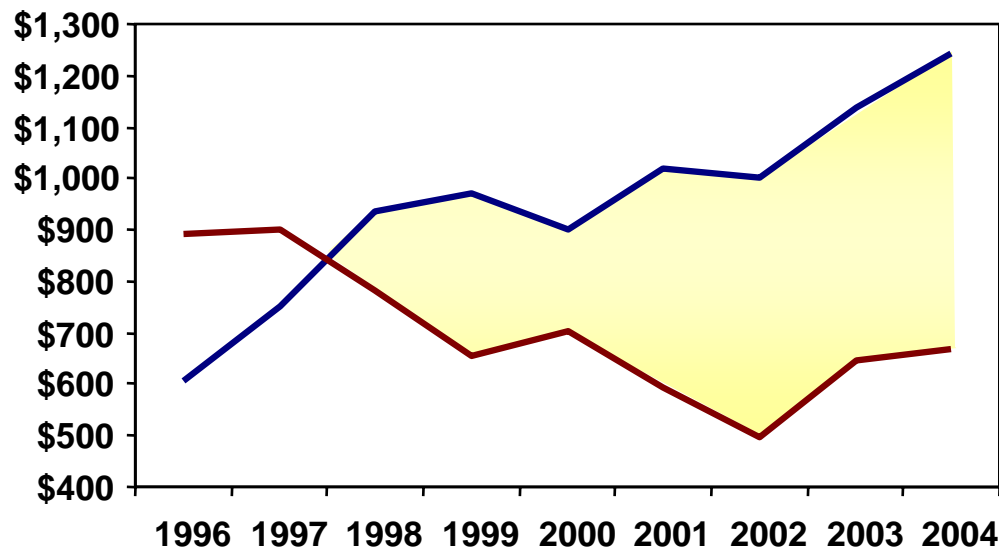
Power Efficiency



Flawless execution assures that expected returns will be achieved

- 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)

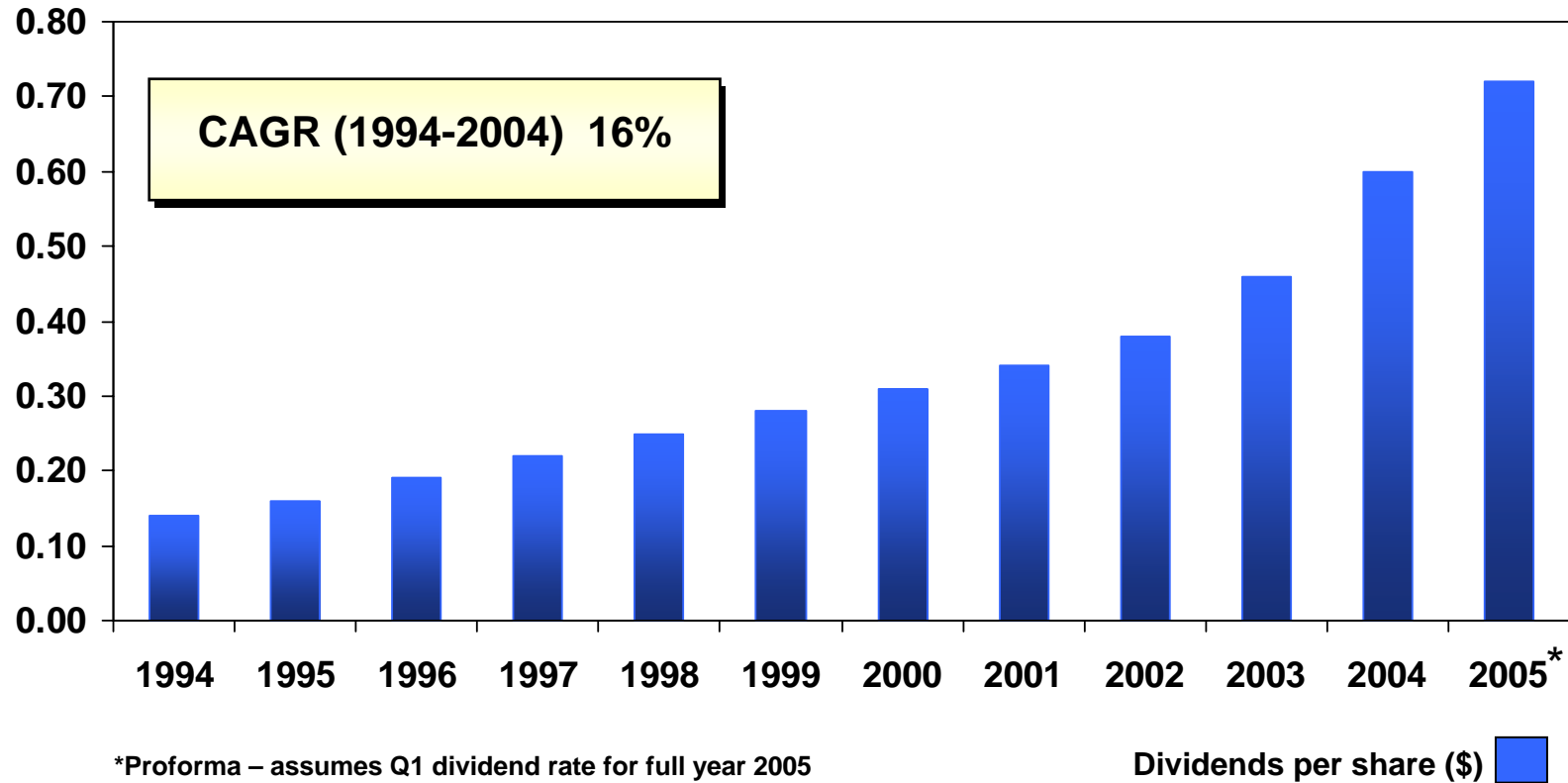


— Operating Cash Flow — CAPEX⁽²⁾
Free Cash Flow⁽¹⁾

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

2) Excludes Leased Asset Purchase in 2003

Increasing Dividends



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 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

