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.
**Financial Outperformance**

<table>
<thead>
<tr>
<th></th>
<th>Praxair</th>
<th>S&amp;P 500</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Sales</strong></td>
<td><img src="image" alt="9%" /></td>
<td><img src="image" alt="7%" /></td>
</tr>
<tr>
<td>(10-year compound annual growth rate)</td>
<td><img src="image" alt="9%" /></td>
<td><img src="image" alt="7%" /></td>
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<tr>
<td><strong>Earnings</strong></td>
<td><img src="image" alt="13%" /></td>
<td><img src="image" alt="11%" /></td>
</tr>
<tr>
<td>(10-year compound annual growth rate)</td>
<td><img src="image" alt="13%" /></td>
<td><img src="image" alt="11%" /></td>
</tr>
<tr>
<td><strong>Return on Equity</strong></td>
<td><img src="image" alt="21%" /></td>
<td><img src="image" alt="14%" /></td>
</tr>
<tr>
<td>(10-year average)</td>
<td><img src="image" alt="21%" /></td>
<td><img src="image" alt="14%" /></td>
</tr>
<tr>
<td><strong>Total Shareholder Return</strong></td>
<td><img src="image" alt="17%" /></td>
<td><img src="image" alt="12%" /></td>
</tr>
<tr>
<td>(10-year compound annual growth rate)</td>
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<td><img src="image" alt="12%" /></td>
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</tbody>
</table>

*Source: Based on Standard & Poor’s Investment Services information and company data.*

**Praxair has outperformed the S&P 500 over a 10 year period**
### 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

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**Pricing leverage – small fraction of customers’ costs, but critical to their operations**
Diverse End Markets

2004 Sales $6.6 Billion

End Markets

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

Sales Growth

- Energy: 20%
- Healthcare: 18%
- Metals: 16%
- Other: 13%
- Chemicals: 11%
- Manufacture: 9%
- Electronics: 8%
- Aerospace: 4%
- Food & Bever.: 3%

Customer diversity delivers growth and stability
Applications Technology Drives Growth

Market Drivers
- ENVIRONMENTAL
- ENERGY SAVINGS
- PRODUCTIVITY

Growing at an increasing multiple of IP
Business Strategy

♦ Focus on 11 core geographies
  – Optimize co-product economics
  – Build to leverage regional density

♦ Fuel growth platforms
  – Refinery hydrogen
  – Healthcare
  – China, India
  – EOR, Frac-ing

♦ Drive operational excellence
  – Applications growth
  – Pricing, contracting
  – Six Sigma, productivity

Source: Bloomberg and company reports

2004 ROC %

Praxair Average of Industrial Gas Peers

Praxair

Average of Industrial Gas Peers

ROC=Net Operating Profit After Tax/Average Capital

Source: Bloomberg and company reports
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
Hydrogen

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

Expect 20% p.a. growth through 2010

Source: EIA and PX estimates
Gulf Coast Hydrogen System

- 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
US Rockies rig count has increased 75% since 2002.

- CO₂ and N₂ widely used to fracture low permeability formations.

- 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**: 
  - Recovery % of Original Oil in Place: ~10%

- **Secondary Stage - Water Flooding**: 
  - Recovery % of Original Oil in Place: >20%

- **EOR**: 
  - Recovery % of Original Oil in Place: ~15-20%

Sources: Falcon Environmental

**Long term potential to recover 120 B barrels of oil in NA**
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
- N₂ injection and new wells expected to recover additional 470 MM barrels of oil and 540 BCF of natural gas through 2018

Praxair

- >6500 TPD of nitrogen production
- Delivered via pipeline to multiple injection wells
- Start-up Q1 2007

$30MM OP per year under 100% 15 yr take or pay contract
Healthcare

2004 Global Sales - $740 MM*

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

Service Offerings

- Homecare – 60%
  - Home oxygen
  - Sleep therapy
- Hospital – 40%
  - Oxygen supply systems
  - Analytical gases

Industry Outlook

- Organic growth of 6-8%
- Industry consolidation
  - US Homecare

Strong non-cyclical organic growth and low capital intensity

*includes 6 mos. HCS acquisition
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
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%**
Asia

2004 Sales - $487 MM

- Four country focus – China, India, S. Korea, Thailand

China – 2004 Sales $125MM

- Leading position in steel, semiconductors and petrochemicals
- Positioned with leading producers

India – 2004 Sales $110MM

- Economy gaining momentum
- Gas industry growing double-digits
- Praxair #1 position – strong relationships

Expected sales growth of 15 - 20% p.a.
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>41</td>
</tr>
<tr>
<td>Plant Operations</td>
<td>58</td>
<td>65</td>
<td>58</td>
</tr>
<tr>
<td>Business Process</td>
<td>27</td>
<td>54</td>
<td>61</td>
</tr>
<tr>
<td>Total</td>
<td>110</td>
<td>145</td>
<td>160</td>
</tr>
</tbody>
</table>

Six Sigma # of projects and % of workforce trained

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
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
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.
PRAXAIR, INC.

Stephen F. Angel
Executive Vice President

September 22, 2005