PRAXAIR

Investor Teleconference Presentation Second Quarter 2003

July 23, 2003

Forward Looking Statements

The forward-looking statements contained in this announcement concerning demand for products and services, the expected macroeconomic environment, sales and earnings growth, 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, and the impact of tax and other legislation and regulation in the jurisdictions in which the company operates.

Second Quarter Earnings

	Second Quarter 2003[1]	First Quarter 2003	Second Quarter 2002[2]
Sales	$1,401	$1,337	$1,307
Operating Profit	$ 223	$ 215	$ 244
Net Income	$ 150	$ 130	$ 150
Diluted EPS	$ 0.91	$ 0.79	$ 0.91

Sales Comparison	YOY	Q2 vs Q1
Sales Growth	+7%	+5%
Volume	+1%	+2%
Price	+3%	+1%
Natural Gas	+2%	-1%
Currency	+1%	+3%

Market Trends

Energy/Hydrogen	↑
Healthcare	↑
Electronics	↑
Metals	↑
Food and Beverage	→
Manufacturing	→
Chemicals	↓
Aerospace	↓

1) Operating Profit for 2Q03 includes $5MM currency hedge losses related to the second half of 2003. Net income for 2Q03 includes $4MM ($0.02 EPS) currency hedge losses related to the second half of 2003 and a $10MM ($0.06) income tax benefit.
2) Operating Profit for 2Q02 includes $8MM currency hedge gains related to the second half of 2002 and a $7MM gain from net litigation settlement. Net income for 2Q02 includes $6MM ($0.04 EPS) currency hedge gains related to the second half of 2002 and a $5MM ($0.03 EPS) benefit from net litigation settlement.

North America

	Second Quarter 2003	First Quarter 2003	Second Quarter 2002
Sales	$893	$893	$852
Segment OP	$135	$131	$139
Operating Margin	15.1%	14.7%	16.3%

Sales Comparison	YOY	Q2 vs Q1
Sales Growth	+5%	0%
Volume	-2%	0%
Price	+3%	+1%
Natural Gas	+3%	-2%
Acquisitions	+1%	0%
Currency	0%	+1%

- Significant increases in electric power costs versus prior year
- Price recovery in onsite, but still lagging in merchant

Key Indicators	YOY
On-Site Volume	-2%
Merchant Volume	0%
Lin Lox Price (ex surcharges)	+1%
PDI Same Store Sales	-1%

South America

	Second Quarter 2003	First Quarter 2003	Second Quarter 2002
Sales	$185	$148	$172
Segment OP[1]	$ 26	$ 29	$41
Operating Margin	14.1%	19.6%	23.8%

Sales Comparison	YOY	Q2 vs Q1
Sales Growth	+8%	+25%
Volume	+14%	+7%
Price	+9%	+4%
Currency	-15%	+14%

- Currency appreciation reflects increasing investor confidence in Brazil; however, macroeconomic issues remain to be solved
- Higher on-site volumes from strong Brazilian export market
- Higher liquid and packaged gas volumes to metals and healthcare markets
- Higher services revenue
- Operating margin excluding hedges is 17%

1) Segment OP for 2Q03 includes $2MM of currency hedge losses related to the second half of 2003. Segment OP for 2Q02 includes $8MM in hedge gains related to the second half of 2002.

Europe

	Second Quarter 2003	First Quarter 2003	Second Quarter 2002
Sales	$175	$165	$149
Segment OP	$ 41	$ 38	$34
Operating Margin	23.4%	23.0%	22.8%

Sales Comparison	YOY	Q2 vs Q1
Sales Growth	+17%	+6%
Volume	-2%	+4%
Price	+1%	-1%
Divestiture	-5%	-1%
Currency	+23%	+4%

- Slowing GDP growth across region
- 119 new contracts signed
- Strong YOY liquid and packaged volumes to healthcare and metals markets
- On-site volumes down due to customer outage

Asia

	Second Quarter 2003	First Quarter 2003	Second Quarter 2002
Sales	$ 92	$ 84	$ 79
Segment OP	$ 15	$ 13	$ 13
Operating Margin	16.3%	15.5%	16.5%

Sales Comparison	YOY	Q2 vs Q1
Sales Growth	+16%	+10%
Volume	+13%	+11%
Price	0%	0%
Currency	+3%	-1%

- On-site volume growth from new plant start-ups in China
- Liquid volumes up 24%
- Higher CO_2 volumes from Thai shrimp exports
- New business in chemicals, metals and electronics markets
- Merchant price increase offset by higher mix of new on-site

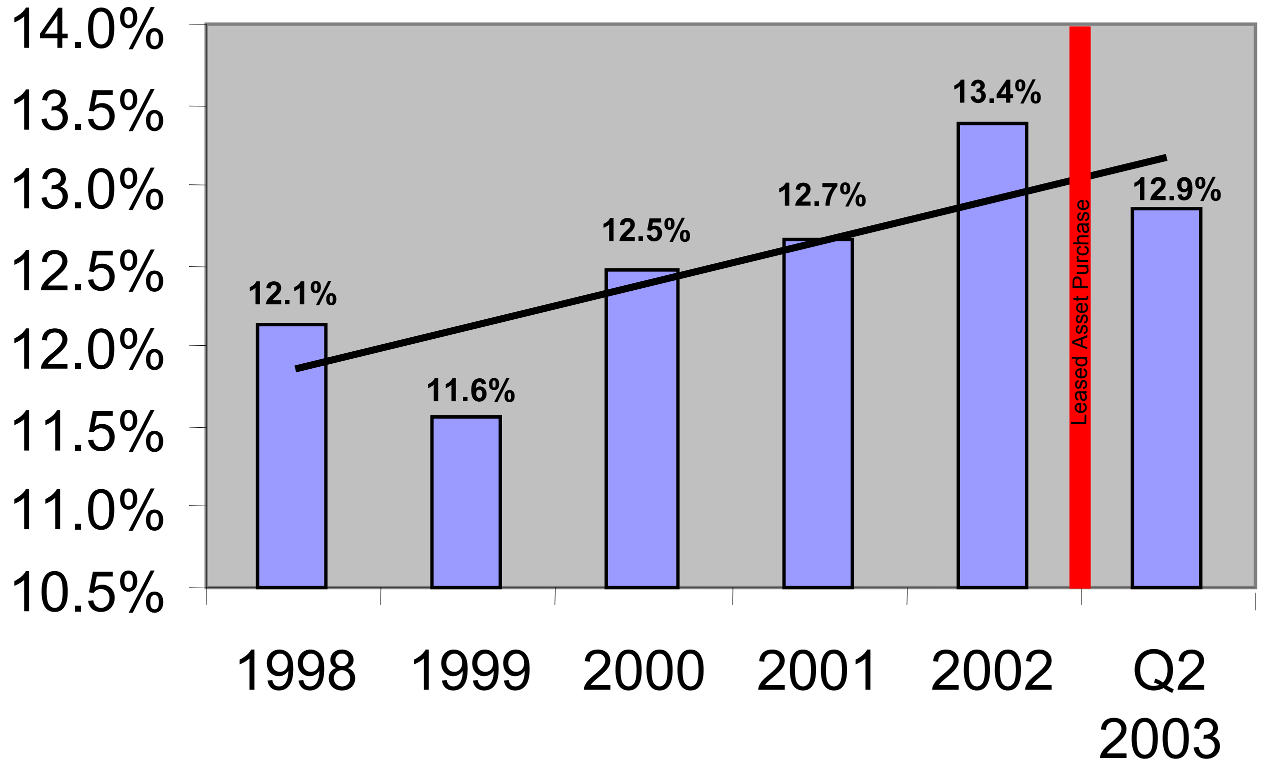
Surface Technologies

	Second Quarter 2003	First Quarter 2003	Second Quarter 2002
Sales	$ 99	$ 98	$ 99
Segment OP	$ 6	$ 4	$ 10
Operating Margin	6.1%	4.1%	10.1%

Second Quarter Segment Sales	YOY	Q2 vs Q1
Aviation Repair	-22%	-5%
Coatings Services	+6%	+2%

- Improvement in European coatings business. US general engineering market stable
- Record coatings volume for OEM engine parts
- Aviation repair business extremely weak
- Cost reductions ongoing. Quarter includes effects of severance

Improving Return on Capital*



2Q 03 ROC Reduced 0.4% due to lease purchase

Future quarters' ROC will be reduced by about 0.8%

*ROC is a Non-GAAP measure. See appendix.

Financial Outlook

Third Quarter 2003

- Sales growth of about 8% YOY
- Diluted EPS 88-92 cents

Full Year 2003

- Sales growth in the area of 7-8%
- Average effective tax rate of 24% for third and fourth quarters
- Diluted EPS $3.45 - $3.60
- Lower interest expense
- Capital expenditures (excluding purchase of leased assets) of about $600M

Growth Initiatives

Hydrogen

- Construction of two new steam methane reformers on US Gulf Coast on schedule. Production expected to come on-stream in mid 2004
- Praxair/Air Liquide joint venture (SCIPIG) in China signed hydrogen supply contract with BASF

Healthcare

- 2 new Hospital to Home accounts signed
- 1 acquisition in the Midwest region , 2 business startups in the Northeast

Electronics

- Announced alliance with HC Starck/Bayer, a manufacturer of colloidal silica, to jointly develop and market CMP polishing slurries

CoJet™

- Usiminas to install technology on additional 2MM ton converter at Ipatinga
- COSIPA to sign 10 year agreement to install technology on 3 converters (5MM tons) in São Paulo, Brazil
- Technology now installed in more than 70 EAFs

APPENDIX

Definition of the following non-GAAP measure may not be comparable to similar definitions used by other companies. The Company believes that its after-tax return on invested capital ratio is an appropriate measure for judging performance as it reflects the approximate after-tax profit earned as a percentage of investments by all parties in the business (debt, minority interest, preferred stock, and shareholders' equity).

AFTER TAX Return on Capital

After-tax return on capital is defined as after-tax operating profit plus income from equity investments, divided by average capital, and excluding special items. Capital is comprised of total debt, minority interests, shareholders' equity and preferred stock.

	December 31, (a)					2003
	1998	1999	2000	2001	2002	Q2
ENDING CAPITAL						
Total debt	$ 3,274	$ 2,995	$ 3,141	$ 2,989	$ 2,748	$ 2,952
Minority interests	487	359	138	141	164	168
Preferred stock	75	75	20	20	-	-
Shareholders' equity	2,332	2,290	2,357	2,477	2,340	2,880
Total Capital	$ 6,168	$ 5,719	$ 5,656	$ 5,627	$ 5,252	$ 6,000
AFTER-TAX RETURN ON CAPITAL (ROC)						
Reported operating profit	$ 856	$ 831	$ 707	$ 800	$ 923	$ 223
Add: goodwill amorization	37	32	33	38	-	-
Add: special items	29	-	159	70	-	-
Less: reported taxes	(127)	(152)	(103)	(135)	(158)	(35)
Less: tax benefit on interest expense	(68)	(49)	(50)	(50)	(46)	(8)
Less: tax benefit on goodwill amortization	(5)	(4)	(4)	(5)	-	-
Less: tax benefit on special items	(11)	-	(44)	(13)	-	-
Add: special tax credits	18	-	-	-	-	-
Add: equity income	11	11	10	9	9	3
Add: special items equity income	-	-	2	-	-	-
Net operating profit after-tax (NOPAT)	$ 740	$ 669	$ 710	$ 714	$ 728	$ 183
Beginning capital, AS ADJUSTED (b)	$ 6,023	$ 5,850	$ 5,719	$ 5,656	$ 5,627	$ 5,379
Ending capital	$ 6,168	$ 5,719	$ 5,656	$ 5,627	$ 5,252	$ 6,000
Average capital	$ 6,096	$ 5,785	$ 5,688	$ 5,642	$ 5,440	$ 5,690
After-tax ROC %	12.1%	11.6%	12.5%	12.7%	13.4%	3.2%
After-tax ROC % (annualized) (a)	12.1%	11.6%	12.5%	12.7%	13.4%	12.9%

(a) Special items and adjustments are defined in the 2002 Annual Report footnote (a) on page 62, and in the Appendix on page 63

(b) 1999 beginning capital has been adjusted for the January devaluation of the Brazilian Real, by $318 million currency movement