Morgan Stanley Basic Materials Conference

Domingos Bulus
President, White Martins

December 5, 2005
São Paulo, Brazil
This document contains “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. These statements are based on management’s reasonable expectations and assumptions as of the date the statements are made, but involve risks and uncertainties. These risks and uncertainties include, without limitation: the performance of stock markets generally; developments in worldwide and national economies; the cost and availability of electric power, natural gas and other raw materials; the ability to achieve price increases to offset cost increases; the degree of inflation in wages and other compensation; the ability to attain expected operational efficiencies; changes in foreign currencies and interest rates; continued timely development and market acceptance of new products and applications; the impact of competitive products and pricing; the impact of changes in financial accounting standards; the impact of tax and other legislation and government regulation in jurisdictions in which the company operates; the cost and outcomes of litigation; future financial and operating performance of major customers and industries served; and the effectiveness and speed of integrating new acquisitions into the business. These risks and uncertainties may cause actual future results or circumstances to differ materially from the projections or estimates contained in the forward looking statements. The Company assumes no obligation to update or provide revisions to any forward-looking statements in response to changing circumstances.
Praxair, Inc - 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: 15%
- Other: 11%
- Chemicals: 10%
- Manufacturing: 9%
- Electronics: 7%
- Aerospace: 6%
- Food & Beverages: 5%

Customer diversity delivers growth and stability
Why Gases Are Not Commodities!

**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

“Terms of Trade” drive return on capital
Operating Philosophy

- Focus on 11 core geographies
- Leverage regional density
  - Focus where we have an advantage
- Optimized co-product economics
- Best local supplier gets growth
- Incremental growth synergy

ROC = Net Operating Profit After Tax/Average Capital

Source: Bloomberg and company reports
South America

2004 Sales - $866MM

- Healthcare 17%
- Metals 24%
- Manufacturing 19%
- Energy 5%
- Food and Beverage 11%
- Other 17%
- Chemicals 7%

#1 position – 60% market share

Venezuela
Brazil
Colombia
Peru
Bolivia
Uruguay
Argentina
Chile
Paraguay

Morgan Stanley Basic Materials Conference - Brazil – 12/05/05
Unrivalled South American Network

- 132 production units
- 196 branches and filling stations
- 1,250 distribution vehicles
- 129,425 product deliveries / month
- 150,000 customers
**South America Growth Trend**

### Net Sales - $MM

<table>
<thead>
<tr>
<th>Year</th>
<th>2001</th>
<th>2002</th>
<th>2003</th>
<th>2004</th>
<th>2005F</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales Growth (ex-currency)</td>
<td>16%</td>
<td>19%</td>
<td>18%</td>
<td>13%</td>
<td></td>
</tr>
<tr>
<td>Operating Profit Margin</td>
<td>21%</td>
<td>16%</td>
<td>18%</td>
<td>21%</td>
<td></td>
</tr>
</tbody>
</table>

**Strong growth and cash flow generation**
South America Growth Platforms

- On-Site Business
- Energy
- Healthcare
- Applications Technologies and Services

Leveraging high growth, high return segments
On-Site - Entrenched Position Driving Growth

- Praxair supplies leading players in steel and petrochemical industries
- New projects – Arcelor (CST), Gerdau and Techint
- Growth opportunities from outsourcing
- Liquid by-product supports merchant markets

Brazil Installed Capacity
Steel Production (MM tons)
$12.8 billion investment

New capital investment indexed to US Dollars
Global Steel Industry

Flat Rolled Steel Producers

PX customers in Brazil are low cost producers

* Source – Metal Bulletin Research – July 2005
**Energy Markets Driving Growth**

- Government targets
  - Increase natural gas share in energy matrix
  - Replace LPG to offset trade imbalance

- Conversions in transportation and industrial applications
  - Car conversion kits
  - Automotive cylinders
  - Natural gas liquefaction
  - JV with Petrobras for LNG distribution – “virtual pipeline”

- Leveraging Praxair’s production and distribution capabilities

---

*Energy is becoming a $100MM business*
Healthcare

2004 Sales $144MM

◆ Homecare 2005F - $32MM
◆ Homecare component growing rapidly
  - Respiratory oxygen therapy
  - Home ventilation
  - Sleep therapy
  - Distribution and service
  - Gas and equipment sales and rental
◆ Adjacent markets
  - Dental and physician offices
  - Biomedical equipment rental to hospitals and clinics

Homecare growing at 20% p.a.
Applications Technologies and Services

◆ Strong pipeline of new applications technologies
  - Laser cutting
  - Slag free welds
  - Shielding gas for stainless steel
  - Modified-atmosphere packaging
  - Wastewater treatment
  - Furnace aluminum remelting
  - pH control

◆ Creating value for customers
  - Improve product quality, increase productivity, lower operating costs and environmental compliance/remediation

New applications add 2% p.a. to sales growth
Strong Productivity Culture

Six Sigma and Operational Excellence

<table>
<thead>
<tr>
<th>Year</th>
<th>Business Process</th>
<th>Production</th>
<th>Procurement</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2002</td>
<td>1,4 USD $MM</td>
<td>10,9</td>
<td>2,9</td>
<td>14,2</td>
</tr>
<tr>
<td>2003</td>
<td>1,8 USD $MM</td>
<td>11,1</td>
<td>3,7</td>
<td>16,6</td>
</tr>
<tr>
<td>2004</td>
<td></td>
<td>13,2</td>
<td>4,4</td>
<td>17,6</td>
</tr>
<tr>
<td>2005F</td>
<td></td>
<td>15,6</td>
<td>5,4</td>
<td>21,0</td>
</tr>
</tbody>
</table>

% Six Sigma / Total

- 2002: 46%
- 2003: 54%
- 2004: 45%
- 2005F: 59%

Sustainable cost savings
Brazilian Economy

Currency and inflation in line with risk reduction
Increasing Dollar Denominated * Sales

South America - Percent of Total Sales

Growing the business while reducing currency risks

(*) dollar denominated = contracts that are denominated in dollars or indexed to energy prices

2001 2002 2003 2004 2005

26 27 31 35 39
## Brazilian Economy – Strong Outlook

<table>
<thead>
<tr>
<th></th>
<th>2005</th>
<th>2006</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Inflation</strong></td>
<td>5.3%</td>
<td>4.6%</td>
</tr>
<tr>
<td><strong>GDP Growth</strong></td>
<td>3.3%</td>
<td>3.5%</td>
</tr>
<tr>
<td><strong>Industrial Production - %</strong></td>
<td>4.2%</td>
<td>4.5%</td>
</tr>
<tr>
<td><strong>Trade Balance (US$ bi)</strong></td>
<td>42.0</td>
<td>35.2</td>
</tr>
<tr>
<td><strong>Interest Rate (% eop)</strong></td>
<td>18.0%</td>
<td>15.5%</td>
</tr>
<tr>
<td><strong>Foreign Investment (US$ bi)</strong></td>
<td>16.0</td>
<td>16.0</td>
</tr>
<tr>
<td><strong>Currency Rate (R$/US$ avg)</strong></td>
<td>2.30</td>
<td>2.50</td>
</tr>
</tbody>
</table>

Source: Brazilian Central Bank
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