



Investor Teleconference Presentation First Quarter 2006

April 26, 2006

Forward Looking Statements

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 and other international events and circumstances; changes in foreign currencies and in interest rates; the cost and availability of electric power, natural gas and other raw materials; the ability to achieve price increases to offset cost increases; catastrophic events; the ability to attract, hire, and retain qualified personnel; 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 and regulatory agency actions; continued timely development and market acceptance of new products and applications; the impact of competitive products and pricing; 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 statement in response to changing circumstances. The above listed risks and uncertainties are further described in Item 1A (Risk Factors) in the company’s latest Annual Report on Form 10-K filed with the SEC which should be reviewed carefully. Please consider the company’s forward-looking statements in light of those risks.

Financial Highlights⁽¹⁾

- ◆ **Strong sales growth +11%**
- ◆ **Significant leverage - operating profit +17%**
 - Price attainment
 - Productivity
- ◆ **Earnings ahead of forecast - net income and EPS +19%**
- ◆ **Raising guidance**
 - Second quarter EPS growth +11-16%
 - Full year EPS growth +13-17%
- ◆ **After-tax return on capital of 13.7%, up + 130 basis points YOY**

(1) 2005 quarters are shown on a comparable basis, adjusted to include stock option expense. Non-GAAP measures, see Appendix.

Global End-Market Trends

Q1 YOY Sales Growth

Energy	0%	Strong oil well services, offset by H ₂ customer outage
Electronics	+35%	Strong growth in Asia
Chemicals	+3%	Modest growth in North America
Metals	+17%	Growth in on-site volumes in Asia
Manufacturing	+16%	Volume growth through applications
Healthcare	+6%	Organic volume growth offset by reimbursement rate cuts
Aerospace	+15%	Strong growth in OEM aviation coatings
Food and Bev.	+7%	Consistent modest growth

First Quarter Results⁽¹⁾

(\$MM)	First Quarter <u>2006</u>	Fourth Quarter <u>2005</u>	First Quarter <u>2005</u>		<u>YOY</u>	<u>Q1 vs. Q4</u>
Sales	2,026	2,020	1,827	Sales Growth	+11%	0%
Operating Profit	352	335	300	Volume	+3%	+1%
Operating Margin	17.4%	16.6%	16.4%	Price	+6%	0%
Net Income	225	208	189	Natural Gas	+1%	-2%
Diluted EPS	\$ 0.68	\$ 0.63	\$ 0.57	Currency	+1%	+1%
After-Tax ROC	13.7%	13.6%	12.4%			

- ◆ Operating profit +17%
- ◆ EPS +19%
- ◆ EPS +25% excluding \$11 MM net benefit in Q1 05

- ◆ Volumes ex-refinery outage +5%

(1) 2005 quarters are shown on a comparable basis, adjusted to include stock option expense. Non-GAAP measures, see Appendix.

North America⁽¹⁾

(\$MM)	First Quarter <u>2006</u>	Fourth Quarter <u>2005</u>	First Quarter <u>2005</u>
Sales	1,169	1,185	1,060
Segment OP	200	187	161
Operating Margin	17.1%	15.8%	15.2%

- ◆ OP +24% YOY and +7% vs. Q4
- ◆ Strong merchant volume and price
- ◆ Strong oil well services activity
- ◆ Canada sales \$210 MM, +15% YOY
- ◆ Mexico sales \$100 MM, +21% YOY
- ◆ PDI sales \$315 MM, +17% YOY

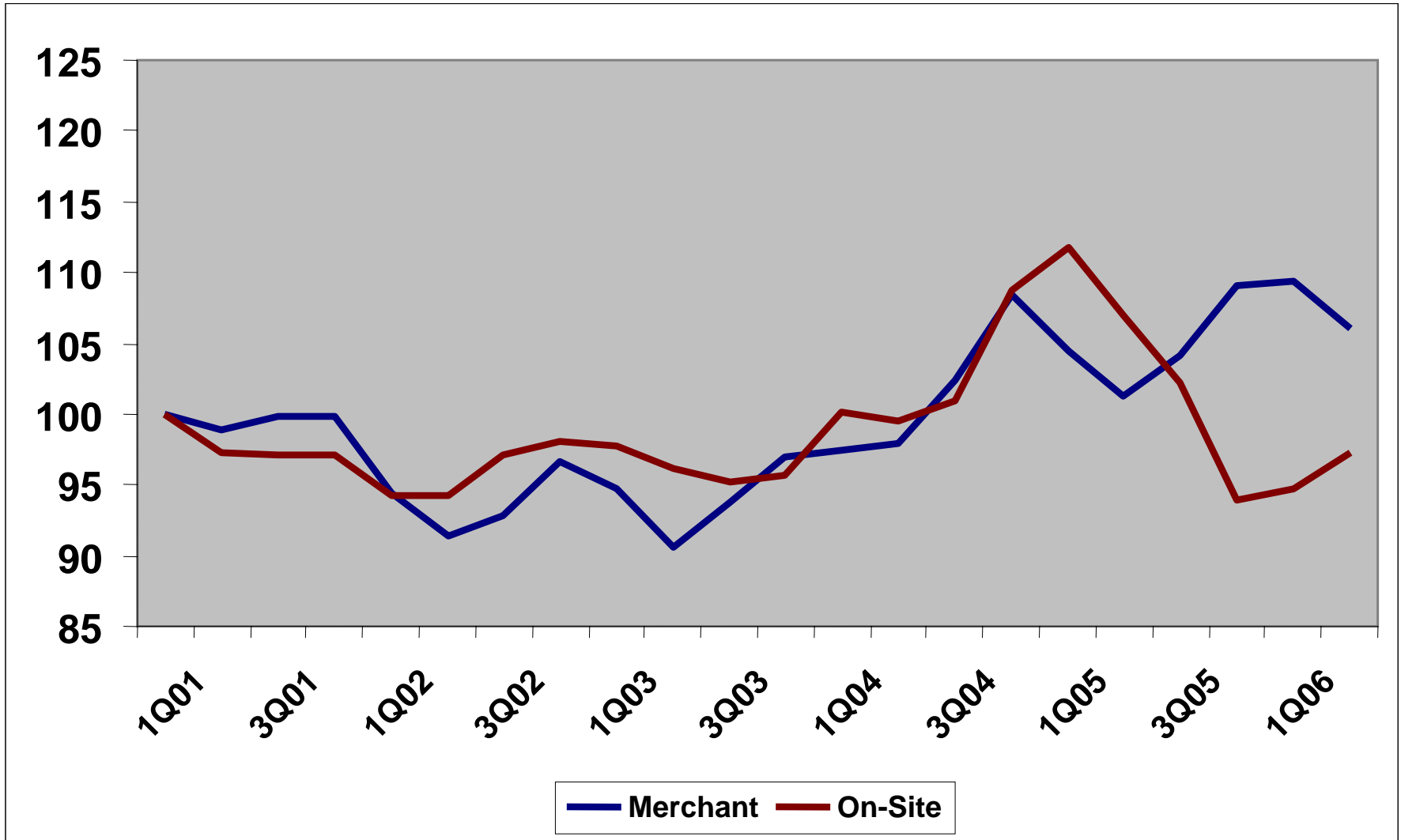
	<u>YOY</u>	<u>Q1 vs. Q4</u>
Sales Growth	+10%	-1%
Volume	+2%	+3%
Price	+6%	0%
Natural Gas	+1%	-4%
Currency	+1%	0%

- ◆ Volumes ex-refinery outage +6%

<u>Key Indicators</u>	<u>YOY</u>
On-site Volume	-9%
ex-HYCO	-2%
Merchant Volume	+5%
LIN/LOX Price Index	+7%

(1) 2005 quarters are shown on a comparable basis, adjusted to include stock option expense. Non-GAAP measures, see Appendix.

North American Volumes



Volumes not days adjusted

Europe⁽¹⁾

	First Quarter <u>2006</u>	Fourth Quarter <u>2005</u>	First Quarter <u>2005</u>
(\$MM)			
Sales	268	258	285
Segment OP	59	60	66
Operating Margin	22.0%	23.3%	23.2%
	<u>YOY</u>	<u>Q1 vs. Q4</u>	
Sales Growth	-6%	+4%	
Volume	+1%	+2%	
Price	+3%	+2%	
Currency	-10%	0%	

- ◆ Sales and operating profit impacted by customer outages and plant maintenance
- ◆ Merchant volumes +3% YOY due to growth in Spain and Italy
- ◆ Packaged gases volumes +8% YOY. Strong homecare sales in Spain
- ◆ Signs of an improving economy in Italy

(1) 2005 quarters are shown on a comparable basis, adjusted to include stock option expense. Non-GAAP measures, see Appendix.

South America⁽¹⁾

(\$MM)	First Quarter <u>2006</u>	Fourth Quarter <u>2005</u>	First Quarter <u>2005</u>
Sales	317	313	244
Segment OP	57	55	42
Operating Margin	18.0%	17.6%	17.2%
	<u>YOY</u>	<u>Q1 vs. Q4</u>	
Sales Growth	+30%	+1%	
Volume	+3%	+1%	
Price	+9%	+1%	
Currency	+18%	+2%	
Equipment sale	0%	-3%	

- ◆ Stable economic outlook with improving domestic demand
- ◆ Sales growth in all end markets except metals
- ◆ Higher YOY volumes of CO₂ and packaged gases
- ◆ Strong sequential growth in LNG
- ◆ Pricing and productivity gains exceed cost inflation
- ◆ New project activity is high

(1) 2005 quarters are shown on a comparable basis, adjusted to include stock option expense. Non-GAAP measures, see Appendix.

Asia⁽¹⁾

(\$MM)	<u>First Quarter 2006</u>	<u>Fourth Quarter 2005</u>	<u>First Quarter 2005</u>	
Sales	147	148	122	◆ On-site volumes +25% YOY. Growth from China, Korea and India
Segment OP	23	24	21	◆ Electronics sales +39% YOY
Operating Margin	15.6%	16.2%	17.2%	◆ Merchant volumes +11% YOY
	<u>YOY</u>	<u>Q1 vs. Q4</u>		◆ Plant start-up – Samsung Hwasung - Korea
Sales Growth	+20%	-1%		◆ Seasonally soft Q1 vs. Q4 due to Chinese New Year
Volume	+19%	-4%		
Price	0%	+1%		
Currency	+1%	+2%		

(1) 2005 quarters are shown on a comparable basis, adjusted to include stock option expense. Non-GAAP measures, see Appendix.

Surface Technologies⁽¹⁾

(\$MM)	First Quarter <u>2006</u>	Fourth Quarter <u>2005</u>	First Quarter <u>2005</u>
Sales	125	116	116
Segment OP	13	9	10
Operating Margin	10.4%	7.8%	8.6%

- ◆ Sales +12% ex-currency
- ◆ Strong demand for OEM aviation coatings. Higher orders for aircraft engines in US and Europe
- ◆ Higher parts coatings for oil well services and power turbines
- ◆ Pricing and volume growth driving margin improvement
- ◆ Aerospace outlook strong

(1) 2005 quarters are shown on a comparable basis, adjusted to include stock option expense. Non-GAAP measures, see Appendix.

Financial Outlook

Second Quarter 2006

- ◆ Diluted EPS in the range of \$0.68 to \$0.71
 - Includes **(\$0.02)** stock option expense impact

Full Year 2006

- ◆ YOY sales growth in the area of 10%
- ◆ Diluted EPS in the range of \$2.74 to \$2.82
 - Includes **(\$0.08)** stock option expense impact
- ◆ Tax rate about 26-27%
- ◆ CAPEX in the area of \$900 to \$950 million

APPENDIX

Non-GAAP Measures (\$MM)

Definitions of the following non-GAAP measures may not be comparable to similar definitions used by other companies. Praxair believes that (i) its debt-to-capital ratio is appropriate for measuring its financial leverage; (ii) 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 interests and shareholders' equity) and the adjusted ROC amount will help investors understand underlying performance on a comparable basis; and (iii) operating profit, net income and diluted EPS amounts that include pro-forma stock option expense in 2005 periods, help investors understand underlying performance on a comparable basis.

	2006		2005							
	Q1		Q4	Q3	Q2	Q1				
Total Capital										
Total debt	\$	3,408	\$	3,447	\$	3,272	\$	3,327	\$	3,449
Minority interests		207		202		225		225		221
Shareholders' equity		4,125		3,902		3,873		3,821		3,651
Total Capital	\$	7,740	\$	7,551	\$	7,370	\$	7,373	\$	7,321
Debt-to-Capital Ratio										
		44.0%		45.6%		44.4%		45.1%		47.1%
After-Tax Return on Capital (ROC)										
Adjusted operating profit (a)	\$	352	\$	335	\$	307	\$	311	\$	300
Less: adjusted taxes (b)		(83)		(76)		(68)		(60)		(66)
Less: tax benefit on interest expense		(10)		(10)		(10)		(11)		(11)
Add: income from equity investments		2		4		2		5		4
Net operating profit after-tax (NOPAT)	\$	261	\$	253	\$	231	\$	245	\$	227
Beginning capital	\$	7,551	\$	7,370	\$	7,373	\$	7,321	\$	7,358
Ending capital	\$	7,740	\$	7,551	\$	7,370	\$	7,373	\$	7,321
Average capital	\$	7,646	\$	7,461	\$	7,372	\$	7,347	\$	7,340
ROC %		3.4%		3.4%		3.1%		3.3%		3.1%
ROC % (annualized)		13.7%		13.6%		12.5%		13.4%		12.4%

(a) 2006 operating profit includes the effect of expensing stock options while 2005 reported amounts do not. The 2005 operating profit amounts have been adjusted to include the pro-forma impact of expensing stock options and are comparable to the 2006 presentation. See the following section "2005 FAS 123R Revised," for the calculation of these non-GAAP measures.

(b) The third quarter 2005 excludes the impact of a \$92 million income tax charge for the repatriation of foreign earnings and other tax adjustments.

Non-GAAP Measures, cont. (\$MM, except per share data)

2005 SFAS 123R Revised Income Statement Amounts ("Revised")

	First Quarter 2005			Second Quarter 2005			Third Quarter 2005			Fourth Quarter 2005		
	Reported	Adj. (a)	Revised	Reported	Adj. (a)	Revised	Reported	Adj. (a)	Revised	Reported	Adj. (a)	Revised
Praxair Consolidated:												
Sales	\$ 1,827	\$ -	\$ 1,827	\$ 1,919	\$ -	\$ 1,919	\$ 1,890	\$ -	\$ 1,890	\$ 2,020	\$ -	\$ 2,020
Cost of sales	1,109	-	1,109	1,167	-	1,167	1,144	(1)	1,145	1,221	-	1,221
Selling, general and administrative	245	(9)	254	247	(10)	257	243	(9)	252	252	(9)	261
Depreciation and amortization	162	-	162	163	-	163	165	-	165	175	-	175
Research and development	20	-	20	19	(1)	20	19	-	19	22	(1)	23
Other income (expense) - net	18	-	18	(1)	-	(1)	(2)	-	(2)	(5)	-	(5)
Operating profit	309	(9)	300	322	(11)	311	317	(10)	307	345	(10)	335
Interest expense - net	42	-	42	41	-	41	40	-	40	40	-	40
Income before income taxes	267	(9)	258	281	(11)	270	277	(10)	267	305	(10)	295
Income taxes	69	(3)	66	64	(4)	60	163	(3)	160	80	(4)	76
	198	(6)	192	217	(7)	210	114	(7)	107	225	(6)	219
Minority interests	(7)	-	(7)	(13)	-	(13)	(8)	-	(8)	(9)	-	(9)
Income from equity investments	4	-	4	5	-	5	2	-	2	4	-	4
Income before accounting change	195	(6)	189	209	(7)	202	108	(7)	101	220	(6)	214
Cumulative effect of accounting change	-	-	-	-	-	-	-	-	-	(6)	-	(6)
Net Income	\$ 195	\$ (6)	\$ 189	\$ 209	\$ (7)	\$ 202	\$ 108	\$ (7)	\$ 101	\$ 214	\$ (6)	\$ 208
Per share data												
Basic earnings per share	\$ 0.60	(0.02)	\$ 0.58	\$ 0.65	(0.02)	\$ 0.63	\$ 0.33	(0.02)	\$ 0.31	\$ 0.66	(0.02)	\$ 0.64
Diluted earnings per share	\$ 0.59	(0.02)	\$ 0.57	\$ 0.63	(0.02)	\$ 0.61	\$ 0.33	(0.02)	\$ 0.31	\$ 0.65	(0.02)	\$ 0.63
Segment Operating Profit:												
North America	\$ 166	(5)	\$ 161	\$ 161	(6)	\$ 155	\$ 165	(6)	\$ 159	\$ 193	(6)	\$ 187
Europe	67	(1)	66	72	(1)	71	63	(1)	62	61	(1)	60
South America	43	(1)	42	51	(2)	49	52	(1)	51	56	(1)	55
Asia	22	(1)	21	24	(1)	23	24	(1)	23	25	(1)	24
Surface Technologies	11	(1)	10	14	(1)	13	13	(1)	12	10	(1)	9
Total	\$ 309	(9)	\$ 300	\$ 322	(11)	\$ 311	\$ 317	(10)	\$ 307	\$ 345	(10)	\$ 335

(a) Pro-forma adjustments reflect the impact of expensing stock options and include a change in expense recognition related to full-retirement eligible employees (see Note 1 on page 47 of the 2005 Annual Report.)