Forward Looking Statement

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 Outperformance

<table>
<thead>
<tr>
<th></th>
<th>1-Year</th>
<th>5-Year CAGR</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Sales</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Praxair</td>
<td>17%</td>
<td>8%</td>
</tr>
<tr>
<td>S&amp;P500</td>
<td>8%</td>
<td>4%</td>
</tr>
<tr>
<td><strong>Earnings</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Praxair</td>
<td>21%</td>
<td>11%</td>
</tr>
<tr>
<td>S&amp;P500</td>
<td>12%</td>
<td>7%</td>
</tr>
<tr>
<td><strong>Total Shareholder Return</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Praxair</td>
<td>22%</td>
<td>21%</td>
</tr>
<tr>
<td>S&amp;P500</td>
<td>5%</td>
<td>1%</td>
</tr>
</tbody>
</table>

Source: Bloomberg – 12/31/00 – 12/31/05 Sales per share, Diluted EPS from Continuing Operations

Praxair continues to outperform the S&P500
High growth without raising our risk profile

- Risk-based return criteria
- Minimum take-or-pay contracts
- Dollar denominated contracts

A Company For All Seasons

1996-2000
10%
5%

2001-2003
3%
0.4%

2004-2006F
13%
4%

Industrial Production Growth
Praxair Sales Growth
Diverse End Markets

End Markets*

- Healthcare: 11%
- Manufacturing: 21%
- Metals: 16%
- Energy: 12%
- Electronics: 7%
- Food & Beverages: 7%
- Aerospace: 3%
- Other: 12%
- Chemicals: 11%

Sales Growth

- Energy: 20%
- Healthcare: 18%
- Metals: 15%
- Other: 12%
- Chemicals: 11%
- Electronics: 7%
- Manufacturing: 3%
- Aerospace: 1%
- Food & Beverages: 1%

*2005 Sales $7,656 MM

Customer diversity delivers growth and stability
Leading Position in China

- **Petrochemical Parks**
  - Shanghai, Caojing
  - Daya Bay, Nanhai

- **Metals**
  - Shanghai
  - Guangzhou

- **Electronics**
  - Beijing
  - Shanghai

2006F Sales $230MM*
2010F Sales $500MM*

*Combined Sales

CO₂ Plant  Other

SMIC (Semiconductor)

Samsung

Shanghai

Chenhan Chemical Park (BP, BASF, Bayer)

Daya Bay (Shell/CSPC)

Citigroup Global Chemical Conference - NYC 12/6/06
$4 B petrochemical investment - Shell and CNOOC

O2 and N2 supply

Expanding infrastructure - N2 to Mitsubishi Petrochemical

CNOOC is building a complex refinery for Phase 2

Site enables capacity expansion

Multiple future opportunities
India - Strong Industrial Growth

- Steel
- Petrochem
- Manufacturing
- Pharma

- MMtpa
- MMtpa
- MM
- Sales $B

2005 2010
35 60
2.4 8.1
1 6.2
8.5 25

Iron ore & labor
Strong domestic demand
Small car & components hub
Competitive generics

Shortage of textile & plastic intermediates
New naphtha crackers
Strong domestic demand
Biotech growth

Drives high demand for industrial gases

Citigroup Global Chemical Conference - NYC 12/6/06
Expanding Presence in India

$350 MM industrial gas market* growing at 20% annually

♦ Domestic demand driving opportunities

♦ Praxair #1 position

♦ Winning projects at good returns
  – 8 plants operating
  – 5 project start-ups in 2007-2008

♦ Expanding engineering capabilities

* Non-captive supply – PX estimated market shares
South America Growth Opportunities

2006F Sales $1,330 MM

**Strong On-site Position**
- 82% market share - 92% win rate
- Recent wins - steel:
  - Gerdau, Arcelor, Techint
- Recent wins - pulp and paper:
  - Suzano, Botnia

**Exploiting Energy Markets**
- Conversions to alternative fuels
- JV with Petrobras for LNG distribution
- Energy is becoming a $150MM business

Sales Forecast
- Double digit sales and OP growth

New capital investment indexed to US Dollars

*Citigroup Global Chemical Conference - NYC 12/6/06*
Praxair Mexico

2006F Sales $400 MM

♦ Strong market position

♦ National coverage with seamless border integration

♦ Growth from energy markets
  - Enhanced Oil Recovery
    • PEMEX Samaria project – 6500 TPD of N2, start Q2 07
  - Oil well services

Sales of $600MM - $700MM by 2010
North American Packaged Gases

2006F Sales $1,260 MM

Sales Trend
- Air Liquide Retrenchment Q4 01
- Air Products Exit Q1 02
- BOC Exit Q3 04

CAGR 7%

Operating Profit Trend
- CAGR 14%

Packaged gases has become a very good business
Refining Demand for Hydrogen

- Low sulfur fuel regulations
- Heavy crude upgrading
- Planned refinery expansions to process heavy crude
- Replacing refineries old reformers

Environmental, economic and capacity additions driving H₂ demand
Hydrogen – Key Growth Areas

Significant growth in short and long term

PX Global Hydrogen Sales
($MM)

Forecast assumes $7.00 natural gas
HYCO

Citigroup Global Chemical Conference - NYC 12/6/06
Canadian Oil Sands

- 175 B barrels of proven reserves
- Current production of 1.1 MM bpd expected to triple by 2015
- Over 2.0 B SCFD of additional H2 for upgrading bitumen
- Bitumen will be increasingly upgraded outside Ft. McMurray
- Large O2 requirements for proposed gasification projects

Praxair well positioned for future H2, O2 and N2 opportunities
Strong Drivers for Fracturing

- More low permeability wells being drilled
  - Tight sands
  - Coal bed methane
  - Gas shale

- Natural gas prices above $4/MMBtu will sustain active drilling

- Praxair best positioned
  - Location
  - Expertise
  - Relationships
  - Supply contracts

North American Wells Drilled

- 2003: 54,650
- 2005: 72,560
- 2006: 88,460
- 2007F: 95,460

Source: Baker Hughes, Spears and Associates

Well completions increasing through 2007 and remaining strong
Enhanced Oil Recovery (EOR)

- 3rd stage of oil production
- Proven techniques
  - N2
  - CO2
- Oil prices above $35 support EOR
- Growing target base as fields mature
- 19 EOR projects
  - PEMEX Samaria

250 Billion barrels of oil
125-150 Billion tons of N2 and CO2

Oil well services revenues growing 20 - 25% per year
Environment Is Positive

- Global economy remains on sound footing
- Praxair benefiting from additional secular trends
- Our backlog has never been as strong

High growth environment for at least 3 to 5 years
# Competitive Advantage - Execution

## Independent Research Study IPA - 2005

<table>
<thead>
<tr>
<th>Cost</th>
<th>Quintiles</th>
<th>Schedule</th>
</tr>
</thead>
<tbody>
<tr>
<td>1st</td>
<td>5th</td>
<td>1st</td>
</tr>
<tr>
<td>2nd</td>
<td>4th</td>
<td>2nd</td>
</tr>
<tr>
<td>3rd</td>
<td>3rd</td>
<td>3rd</td>
</tr>
<tr>
<td>4th</td>
<td>2nd</td>
<td>2nd</td>
</tr>
<tr>
<td>5th</td>
<td>1st</td>
<td>1st</td>
</tr>
</tbody>
</table>

* Chemical Industry

Superior execution ensures expected returns

* Superior execution ensures expected returns

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**Quintiles**

- 1st
- 2nd
- 3rd
- 4th
- 5th

**Chemical Industry**

- Chem A
- Chem B
- Chem C
- Chem D
- Chem E
- Chem F
- Chem G
- Chem H

**Top 20%**
# Productivity - How Much Opportunity Exists?

<table>
<thead>
<tr>
<th>Source</th>
<th>Total Cost Stack ($B)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Air separation</td>
<td>2.3</td>
</tr>
<tr>
<td>CO2 production</td>
<td></td>
</tr>
<tr>
<td>Hydrogen</td>
<td></td>
</tr>
<tr>
<td>Packaged gases</td>
<td>1.8</td>
</tr>
<tr>
<td>Merchant distribution</td>
<td></td>
</tr>
<tr>
<td>Electronics / PST / Healthcare / Other</td>
<td>1.9</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>6.0</strong></td>
</tr>
</tbody>
</table>

**Sources of Savings**
- Procurement
- New technologies
- Logistics optimization
- Six Sigma
- Standardized plants

**Target** – reduce 4% of the cost stack each year
Robust Outlook Through 2010

We are committed to bringing growth to the bottom line!
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