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.
Driving Growth & Profitability

Step Change in Revenue Growth

2%  9%  17%  16%
2001  2002  2003  2004  2005

Maintaining Discipline

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

High growth without raising our risk profile
What We Are Doing

- Taking advantage of explosive growth in developing economies
- Moving fast to capture opportunities
- Managing existing business better than anyone else
- Creating new markets based on industrial gases competencies
- China
- India
- Brazil
- Oil & gas services
- Canadian oil sands
- Continuous pricing efforts
- Keen focus on productivity
- Application development
- On demand H₂
- LNG distribution
- Capturing CO₂ for EOR

Providing double digit earnings growth
What We Are **NOT** Doing

- Approaching plant sales as a business
- Adding speculative liquid capacity
- Losing cost discipline
- Relying on cycles for growth

**Praxair EPS and Industrial Production Growth**

Source: Bloomberg diluted EPS from continuing operations; Global Insight US IP

**Carefully managing our business to maximize shareholder value**
China Industrial Gases Market

Total Gases Market: $2+ Billion

- Local 19%
- Captive 52%
- Global Players 29%
  - Comp 1: 8%
  - Praxair: 7%
  - Comp 3: 6%
  - Comp 4: 5%
  - Comp 5: 2%
  - Comp 2: 1%

Market Growth Rate 2005-10

- On site: 20%
- Liquid: 15%
- Total: 18%

Praxair is a leader in a high growth market
Develop Key Pipeline Complexes - Daya Bay, China

- $4 B petrochemical investment - Shell and CNOOC
- $O_2$ and $N_2$ supply
- Expanding infrastructure - $N_2$ to Mitsubishi Petrochemical
- CNOOC is building a complex refinery for Phase 2
- Site enables capacity expansion

Multiple future opportunities
India Industrial Gases Market

2005: $896 MM (1/3rd of China)

Few Global Players

- Praxair
- BOC
- Air Products
- JV
- Other

40% 60%

♦ Demand growing 15% annually
♦ Captive users moving to purchased product
♦ Purchased product market growing 20%

* Non-captive supply – PX estimated market shares

Well positioned in a high growth market
Expanding Presence in India

<table>
<thead>
<tr>
<th>Project</th>
<th>Start-up Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tata Steel II</td>
<td>April 2008</td>
</tr>
<tr>
<td>SAIL Durgapur</td>
<td>April 2008</td>
</tr>
<tr>
<td>SAIL Rourkela</td>
<td>April 2008</td>
</tr>
<tr>
<td>Owens Corning</td>
<td>July 2007</td>
</tr>
<tr>
<td>Hospet Steel</td>
<td>Aug 2006</td>
</tr>
<tr>
<td>St Gobain II</td>
<td>Nov 2005</td>
</tr>
<tr>
<td>Tata Steel I</td>
<td>Oct 2005</td>
</tr>
</tbody>
</table>

The future is now
South America – A Pre-eminent Position

Growth looks like China

Sales Growth (ex-currency)
- 2001: 16%
- 2002: 19%
- 2003: 18%
- 2004: 13%
- 2005: $1,126

Market Share
- Praxair
- Air Liquide
- Linde
- Other
South America Growth Opportunities

**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 from alternative fuels
- JV with Petrobras for LNG distribution - start-up Q2 06
- Energy is becoming a $150MM business

**Sales Forecast**
- Double digit sales and OP growth

**New capital investment indexed to US Dollars**
Praxair Mexico

2005 Sales $347 MM

♦ Strong market position

♦ Leading position in merchant and specialty gases

♦ Growth from energy markets
  - Enhanced Oil Recovery
  - PEMEX Samaria
  - Oil well services

♦ Return on capital above 20%

Sales of $600MM - $700MM by 2010
Only North American Integrated Supplier

- Packaged gas customers become bulk gas customers
- 95% of bulk gas customers use packaged gases
- More value to the customer; more “wallet-share” for PX
- Recent Wins
  - Dupont
  - Chevron Phillips
  - Lyondell
  - Dynegy
  - Valero
  - US Welding

Optimizing co-product economics and return on capital
PDI Business Trends

**Sales Trend**

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

**Operating Profit Trend**

CAGR 14%

“The secret is being big while acting small”

Packaged gases has become a very good business
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 Rig Count

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

Source: DOE Basin Studies, UT BEG, AE & UB, Pemex

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

Oil well services revenues growing 20 - 25% per year
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

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Source: EIA and PX estimates

### US Refinery Input Quality

<table>
<thead>
<tr>
<th>Year</th>
<th>API Gravity</th>
<th>Sulfur Content, Wt %</th>
</tr>
</thead>
<tbody>
<tr>
<td>1981</td>
<td>35.0</td>
<td>0.85</td>
</tr>
<tr>
<td>1983</td>
<td>34.5</td>
<td>0.97</td>
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<tr>
<td>1985</td>
<td>34.0</td>
<td>1.09</td>
</tr>
<tr>
<td>1987</td>
<td>33.5</td>
<td>1.21</td>
</tr>
<tr>
<td>1989</td>
<td>33.0</td>
<td>1.33</td>
</tr>
<tr>
<td>1991</td>
<td>32.5</td>
<td>1.45</td>
</tr>
<tr>
<td>1993</td>
<td>32.0</td>
<td>1.50</td>
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<tr>
<td>1995</td>
<td>31.5</td>
<td>1.57</td>
</tr>
<tr>
<td>1997</td>
<td>31.0</td>
<td>1.65</td>
</tr>
<tr>
<td>1999</td>
<td>30.5</td>
<td>1.73</td>
</tr>
<tr>
<td>2001</td>
<td>30.0</td>
<td>1.81</td>
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<tr>
<td>2003</td>
<td>30.0</td>
<td>1.85</td>
</tr>
<tr>
<td>2005F</td>
<td>30.0</td>
<td>1.90</td>
</tr>
</tbody>
</table>

### Sulfur Fuel Specifications

<table>
<thead>
<tr>
<th>Year</th>
<th>Gasoline</th>
<th>On-Road Diesel</th>
<th>Off-Road Diesel</th>
<th>Locomotive &amp; Marine</th>
</tr>
</thead>
<tbody>
<tr>
<td>2004</td>
<td>120ppm</td>
<td>30ppm</td>
<td>500ppm</td>
<td>500ppm</td>
</tr>
<tr>
<td>2005</td>
<td></td>
<td>15ppm</td>
<td>500ppm</td>
<td></td>
</tr>
<tr>
<td>2006</td>
<td></td>
<td>15ppm</td>
<td>500ppm</td>
<td></td>
</tr>
<tr>
<td>2007</td>
<td></td>
<td>15ppm</td>
<td>500ppm</td>
<td></td>
</tr>
<tr>
<td>2008</td>
<td></td>
<td>15ppm</td>
<td>500ppm</td>
<td></td>
</tr>
<tr>
<td>2009</td>
<td></td>
<td>15ppm</td>
<td>500ppm</td>
<td></td>
</tr>
<tr>
<td>2010</td>
<td>15ppm</td>
<td>500ppm</td>
<td>500ppm</td>
<td></td>
</tr>
<tr>
<td>2011</td>
<td></td>
<td>15ppm</td>
<td>500ppm</td>
<td></td>
</tr>
<tr>
<td>2012</td>
<td></td>
<td>15ppm</td>
<td>500ppm</td>
<td></td>
</tr>
</tbody>
</table>

### North American Refining Capacity Forecast

<table>
<thead>
<tr>
<th>Year</th>
<th>BPD (MM)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2005</td>
<td>15</td>
</tr>
<tr>
<td>2010</td>
<td>21</td>
</tr>
<tr>
<td>2015</td>
<td>25</td>
</tr>
</tbody>
</table>
North American H₂ Refining Segment

<table>
<thead>
<tr>
<th></th>
<th>2005</th>
<th>2010</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Crude Oil Refined (MM bbls per day)</td>
<td>18</td>
<td>19</td>
<td>20</td>
</tr>
<tr>
<td>H₂ per bbl (scf)</td>
<td>490</td>
<td>710</td>
<td>750</td>
</tr>
<tr>
<td>Required H₂ for Refining (MMSCFD)</td>
<td>8,800</td>
<td>13,400</td>
<td>15,000</td>
</tr>
<tr>
<td>Purchased H₂ Market (MMSCFD)</td>
<td>2,200</td>
<td>5,000</td>
<td>6,000</td>
</tr>
</tbody>
</table>

Outsourcing trend continues

Additional H₂ Required (per bbl)

Purchased H₂ market growing 3X over the next 10 years
Hydrogen – Key Growth Areas

PX Global Hydrogen Sales
($MM)

15-20% CAGR

3,000

790

2005

2014F

Significant growth in short and long term

Forecast assumes $7.00 natural gas HYCO
### 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>2.3</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></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
Growth Outlook

PX Organic Sales ($B)

<table>
<thead>
<tr>
<th>Year</th>
<th>Sales ($B)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2005</td>
<td>7.7</td>
</tr>
<tr>
<td>2010F</td>
<td>11 - 12</td>
</tr>
</tbody>
</table>

Drivers
- Application technologies
- Energy production
- Emerging economies
- Record backlog
- Industry consolidation

High growth environment for at least 3 to 5 years
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