Sanford C. Bernstein & Co.
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Steve Angel
Chairman, President & Chief Executive Officer

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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 including natural disasters, epidemics and acts of war and terrorism; the ability to attract, hire, and retain qualified personnel; the impact of changes in financial accounting standards; the impact of tax, environmental, home healthcare 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.
Why Praxair?

Key Growth Drivers
- Energy
- Environment
- Emerging economies

Unique Business Model
- Dedicated supply systems
- Long term contracts
- Historically recession resistant

Superior Execution
- Capital discipline
- Focused growth programs
- Six Sigma productivity
- Hands on leadership

2001-2006 CAGR
- Sales +10%
- Operating Profit +15%
- Net Income +20%
- Return on Capital 15%
Hydrogen Pipeline Enclaves

- Refining H₂ demand doubling next 5 years
  - Low sulfur fuel regulations
  - Heavy crude upgrading
  - Refining expansions
  - Replacing old reformers

- Pipeline system value
  - Lower cost
  - Higher reliability

- Peak shaving hydrogen storage cavern on-stream in 2007

Enclaves deliver superior growth at higher returns
Enhanced Oil Recovery (EOR)

Mexico
- PEMEX Project - 6,500 TPD N\textsubscript{2} plant
  - Second largest N\textsubscript{2} plant in the world
  - Start-up Q3 2007

North Sea
- JV with Yara Industrial Gases in Norway
- Nitrogen and CO\textsubscript{2} injection opportunities for EOR

EOR projects supportable above $35 oil

### Oxygen Supply for Energy Projects

<table>
<thead>
<tr>
<th>Process</th>
<th>End Products</th>
<th>Drivers</th>
<th>Time Horizon</th>
</tr>
</thead>
<tbody>
<tr>
<td>Petroleum coke gasification</td>
<td>( \text{H}_2 ) for refining</td>
<td>High NG prices</td>
<td>2012</td>
</tr>
<tr>
<td></td>
<td></td>
<td>High sulfur pet-coke</td>
<td></td>
</tr>
<tr>
<td>Coal gasification</td>
<td>Chemical feed-stocks</td>
<td>Only alternative</td>
<td>China: NOW</td>
</tr>
<tr>
<td>Integrated Gasification Combined Cycle (IGCC)</td>
<td>Power</td>
<td>GHG legislation CO(_2) capture-ready</td>
<td>2013?</td>
</tr>
<tr>
<td>Oxy-coal combustion</td>
<td>Power</td>
<td>GHG legislation CO(_2) capture-ready</td>
<td>2013</td>
</tr>
</tbody>
</table>

Massive O\(_2\) requirements: 3000 – 12,000+ TPD plants

Next decade opportunities in NA
CO₂ Capture and Sequestration

Praxair Strengths

♦ Oxy-coal combustion technology

♦ Global leader in CO₂
  – 90 plants worldwide

♦ CO₂ capture technologies
  – Separation, purification

♦ Enhanced Oil Recovery
  – Gulf Coast Carbon Center

♦ 4 DOE regional partnerships

♦ Praxair Seeper Trace™
  – CO₂ monitoring/detection services

Praxair is uniquely positioned to provide enabling technologies
## Emerging Economies

<table>
<thead>
<tr>
<th></th>
<th>Mexico</th>
<th>Brazil</th>
<th>China</th>
<th>India</th>
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</thead>
<tbody>
<tr>
<td>Praxair Leading Position</td>
<td>✔️</td>
<td>✔️</td>
<td>✔️</td>
<td>✔️</td>
</tr>
<tr>
<td>Population</td>
<td>100MM</td>
<td>180MM</td>
<td>1.3B</td>
<td>1.1B</td>
</tr>
<tr>
<td>Industrial Production Growth</td>
<td>5.2%</td>
<td>3.2%</td>
<td>16.3%</td>
<td>9.4%</td>
</tr>
<tr>
<td>Per Capita Gas Consumption</td>
<td>20%</td>
<td>15%</td>
<td>2%</td>
<td>1%</td>
</tr>
</tbody>
</table>

Well positioned to capture emerging world growth
Praxair Mexico – Strong Growth Profile

- Efficient production/distribution network
- Export manufacturing economy, strong domestic demand growth
- Energy markets
  - Enhanced Oil Recovery – PEMEX
  - Oil well services
- Acquisition of Linde Mexico
  - $75MM sales
  - Significant revenue and cost synergies

Sales of $500 MM growing 15% per year
South America Growth Platforms

**On-site business**
- Leading position
- Strongest markets
  - Steel/Metals
  - Paper/Petrochemicals

**Energy markets**
- Conversions from alternative fuels
  - Market growing 10%-12%
- JV with Petrobras for LNG distribution
  - Areas not served by pipeline
  - First LNG plant for Brazil and Praxair

**Brazil Steel Production**
$12.8 B Investment  
(2004 – 2010)

**Brazil PetroChem. Industry**
$14.1 B Investment  
(2006 – 2011)

Sales of $1.3 billion growing double digits
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
  - 9 plants operating
  - 4 project start-ups in 2007-2008
- Praxair global engineering center

* Non-captive supply – PX estimated market shares

Many large projects on the horizon
Growing in China

2006 Sales of $230MM*

- Leading position in China
- Building density along the coast
- Major Petrochemical Parks
  - Caojing, Shanghai
  - Daya Bay, Nanhai
- Metals
  - World-class steel companies
- Electronics
  - Leading foundries

Recent Wins

- SOPO - Gasification
- Bayer - Chemicals
- SMIC - Electronics

2010 forecasted sales of $500 MM

*Combined Sales
Strong Cash Flow Generation

Cash Flow 2000-2006 ($MM)

<table>
<thead>
<tr>
<th>Year</th>
<th>Operating Cash Flow</th>
<th>Capital Reinvestment</th>
<th>Stock Dividends and Purchases (net)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2006</td>
<td>$1,752</td>
<td>$1,100</td>
<td>$543</td>
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</table>

%Sales:
- Operating Cash Flow: 20%
- Capital Reinvestment: 13%
- Stock Dividends and Purchases (net): 7%

1) Non-GAAP measure. Free cash flow equals operating cash flow minus capital expenditures.
2) Excludes Leased Asset Purchase in 2003

Return on capital of 15% after tax generates cash flow for growth and shareholder return.
### What We Are Doing

<table>
<thead>
<tr>
<th>Capitalizing on leading positions in developing economies</th>
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<tbody>
<tr>
<td>Moving fast to capture new opportunities</td>
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<tr>
<td>Creating new markets based on industrial gases competencies</td>
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<td>Positioning for the future</td>
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<td>Staying focused on the base business</td>
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<table>
<thead>
<tr>
<th>China</th>
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<table>
<thead>
<tr>
<th>Mexico</th>
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<th>Oil &amp; gas services</th>
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<td>Oxy-fuel combustion</td>
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<th>On demand hydrogen</th>
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<td>LNG distribution</td>
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<th>Canadian oil sands</th>
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<td>U.S. coal gasification</td>
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<td>CO₂ capture and sequestration</td>
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<th>Continuous pricing efforts</th>
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<td>Keen focus on productivity</td>
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<td>Project execution</td>
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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