Praxair, Inc.

James S. Sawyer
Executive Vice President and CFO

CIBC World Markets 2nd Annual Industrials Conference
October 2, 2007
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.
Secular Growth Drivers
- Energy
- Environment
- Emerging economies

Unique Revenue Model
- Dedicated supply systems
- Long term contracts
- High ROC and cash flow

Indexed EPS


Praxair
S&P 500

17% CAGR
11% CAGR

Recession

Steady and non-cyclical earnings growth
Praxair Growth Outlook through 2010

Annual Sales Growth

8-12%

New Projects

4-6%

Applications Technology

2-3%

Base Business

2-3%

New uses in all markets

Existing customers, contracts, and facilities

By Region*

Europe

Asia

NA

By Market*

Elec

Basic Mat

Energy

Mfr/ Other

SA

*2007F Growth Capex

Highly visible top-line growth!
## Second Quarter Sales Growth

<table>
<thead>
<tr>
<th>Industry</th>
<th>Q2 YOY</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Energy</td>
<td>+32%</td>
<td>Higher HYCO volumes, LNG in Brazil</td>
</tr>
<tr>
<td>Electronics</td>
<td>+10%</td>
<td>Strong volume growth offset by lower pricing</td>
</tr>
<tr>
<td>Chemicals</td>
<td>+8%</td>
<td>Strong growth in Europe and South America</td>
</tr>
<tr>
<td>Metals</td>
<td>+4%</td>
<td>Strong growth in South America and Asia, partially offset by lower volumes in North America</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>+16%</td>
<td>Strong global demand driving growth in all regions</td>
</tr>
<tr>
<td>Healthcare</td>
<td>+9%</td>
<td>Growth in hospital services, Canada, Spain and Brazil</td>
</tr>
<tr>
<td>Aerospace</td>
<td>+9%</td>
<td>Strength in OEM aviation coatings</td>
</tr>
<tr>
<td>Food and Bev.</td>
<td>+14%</td>
<td>Strong seasonal beverage demand, growth in food applications</td>
</tr>
</tbody>
</table>

(1) Excluding natural gas pass-through  
(2) Excluding effect of divestiture
Growth from New Applications Technologies

- 20-30 new applications commercialized each year

- Revenues from new applications have 2X average OP margin

- Combustion Efficiency-Aluminum
- Biopharma - Fermentation
- Wastewater - Ozone
- Food Safety

Revenues from new applications have 2X average OP margin
Specialty and Rare Gases

Helium
- Scarce resource
- Growing demand for solar, MRI, electronics, and optical fiber

Rare Gases
- Xenon, krypton, neon, halogens
- Strong demand for healthcare, plasma TV, lighting, and lasers

Specialty Gases
- Mixtures, blends, ultra-high purities
- Growing applications in lighting, electronics, auto, and research
- Adding new facility in China

Sales growing at ~12% p.a.

2006
$615MM

Strong demand growth exceeding available supply
Record Project Activity

- Robust activity for global supply systems
- Steadily increasing backlog supports future revenue growth

<table>
<thead>
<tr>
<th>Year</th>
<th>Backlog</th>
<th>Proposals</th>
</tr>
</thead>
<tbody>
<tr>
<td>2001</td>
<td>24</td>
<td>26</td>
</tr>
<tr>
<td>2006</td>
<td>35</td>
<td>63</td>
</tr>
<tr>
<td>2007</td>
<td>40</td>
<td>72</td>
</tr>
</tbody>
</table>

Number of projects coming on stream is increasing
Enhanced Oil Recovery (EOR)

- N\textsubscript{2} or CO\textsubscript{2} injection in large quantities at high pressure
- Tertiary recovery can enable incremental production of 10% to 30%
- Oil prices above $35 support EOR – price expected to remain elevated
- Huge global market potential
- PEMEX 6500 TPD N\textsubscript{2} plant coming on-stream

Interest in EOR is increasing globally

296 Prospective Fields

North America 140

Middle East 48

Asia 43

Europe 13

South America 52

PX estimates
Hydrogen for Refining

- Environmental regulations, crude quality, and product slate driving higher demand
- Purchased hydrogen market in North America expected to increase by 3,200 MMSCFD by 2015

Environmental regulations, crude quality, and product slate driving higher demand

Purchased hydrogen market in North America expected to increase by 3,200 MMSCFD by 2015

Strong demand for hydrogen expected to continue
Gasification – Coal to Chemicals

♦ Economic drivers:
  − Lower cost chemical feedstocks
  − Nat gas price and availability
  − Energy independence (China)

♦ Currently viable in China
  − SOPO 3000 TPD O₂ plant on-stream in 2009 for acetic acid

♦ Multiple projects under consideration

Viability is a function of scarce natural gas
Integrated Gasification Combined Cycle (IGCC)

- Capital cost > $2 Billion
- Praxair scope potential:
  - Large ASU
  - CO₂ separation technology
  - Capture compression and underground injection

Viability contingent on tough CO₂ legislation
Oxy-Coal CO₂ Capture and Sequestration

Flue Gas

Coal

Air Separation Unit

Air

(12,000 TPD)

O₂

85% pure CO₂ Capture, compression and sequestration

Power, 600 MW

Power Plant

♦ 90% reduction in CO₂ emissions vs. traditional coal combustion
♦ Alliance with Foster Wheeler for clean-coal technologies
♦ Praxair demonstration projects
  – Jamestown, NY
  – El Bierzo, Spain

Oxy-coal emerging as a favored technology for CO₂ capture
South America

2007F Sales $1.6 B

Brazil Market Segments

- Merchant 33%
- On-Site 24%
- Packaged 24%
- Other 10%
- Nat Gas 9%

Brazil Market Share

- Praxair
- Linde
- Air Liquide
- Air Products
- Others

Forecasting strong profitable growth

Source: Company reports
Praxair operates most 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
Growing in China

$230 MM* sales growing to ~ $550 MM by 2010

♦ Petrochemical parks
  – Caojing, Shanghai
  – Daya Bay, Nanhai

♦ Metals
  – Shanghai
  – Guangzhou

♦ Gasification
  – Shanghai region

♦ Electronics
  – Beijing
  – Shanghai
  – Taiwan

*2007F Combined sales
$430 MM industrial gas market

- Domestic demand driving opportunities
  - metals, petrochem, pharma, auto

- Praxair #1 position

- Winning projects at good returns

- Strong project pipeline

- Praxair global engineering center

Sales of $150 MM growing 20% per year
The Productivity Pipeline of Projects Underway

- **ASU/SMR Production Efficiency**
  - Turbo-machinery – 400 plants
  - Advanced control Systems
  - O2 enhanced reforming
  - Automated fill stations
  - Cost savings: 200-250 ($MM)

- **Product Distribution**
  - Routing optimization
  - Equipment
  - Advanced technology
  - Cost savings: 200-250

- **Lean Manufacturing**
  - Cost of poor quality
  - Labor savings
  - Transaction processing
  - Cost savings: 150-200

- **Business Processes**
  - Shared services center
  - ERP systems
  - Cost savings: 200-300
  - Total: 750-1,000

**$750-1,000 MM of cost savings over 5 years**
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>2000</td>
<td>$400</td>
<td>$1,800</td>
<td>$1,100</td>
</tr>
<tr>
<td>2002</td>
<td>$1,752</td>
<td>$1,100</td>
<td>$543</td>
</tr>
<tr>
<td>2004</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2006</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Return on capital of 15% after tax generates cash flow for growth and shareholder return

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