



Goldman Sachs Basic Materials Conference

Stephen F. Angel
Chairman, President & Chief
Executive Officer

May 16, 2007



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

2001-2006 CAGR

Sales	+10%
Operating Profit	+15%
Net Income	+20%
Return on Capital	15%

Superior Execution

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

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

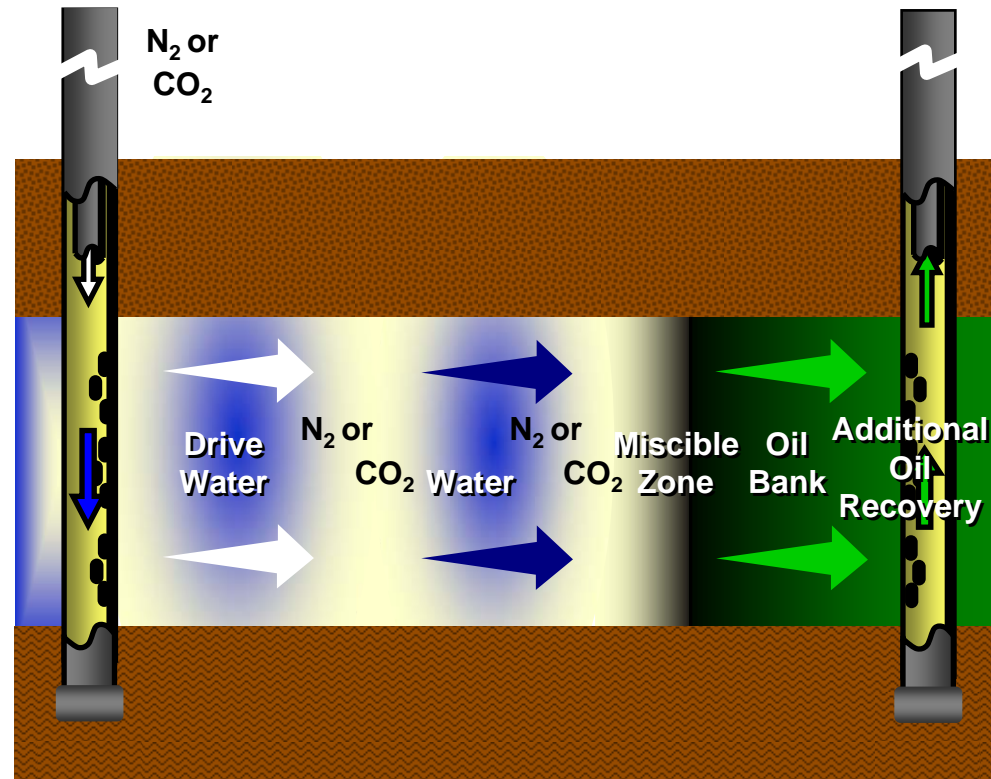
- Lower cost
- Higher reliability

- ◆ Peak shaving hydrogen storage cavern on-stream in 2007

Enclaves deliver superior growth at higher returns

Enhanced Oil Recovery (EOR)

- ◆ N_2 or CO_2 injection in large quantities at high pressure
- ◆ Incremental production of 10%-30%
- ◆ Supportable above \$35 oil
- ◆ 430 billion barrels technically recoverable in the U.S.
- ◆ Praxair - 19 EOR projects



* DOE estimate

Enhanced Oil Recovery (EOR)

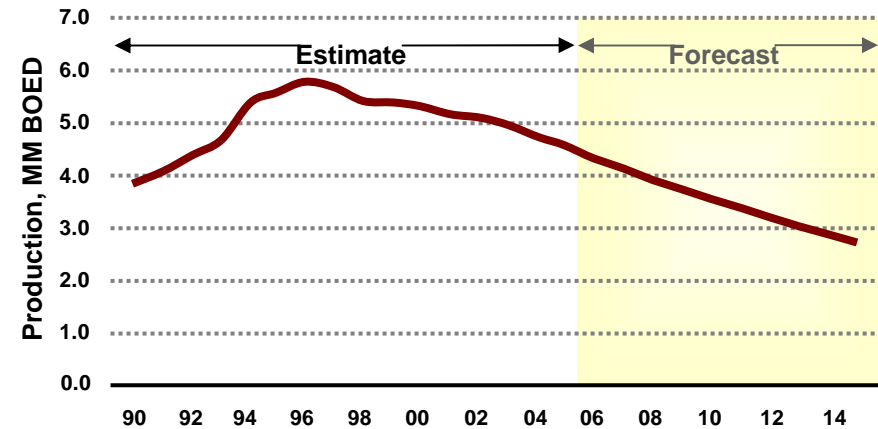
Mexico

- ◆ PEMEX Samaria Project - 6,500 TPD N₂ plant
- ◆ Second largest N₂ plant in the world for EOR
- ◆ Start- up Q3 2007



North Sea

- ◆ JV with Yara Industrial Gases in Norway
- ◆ Nitrogen and CO₂ injection opportunities for EOR



Source: World Offshore Oil & Gas Forecast 2005-15
(Douglas Westwood)

Natural Gas Well Fracturing

- ◆ **Low permeability wells**
 - Tight sands
 - Coal bed methane
 - Gas shale
- ◆ **NG above \$5/MMBtu**
- ◆ **Praxair best positioned**
 - Location
 - Expertise and capability
 - Relationships
 - Supply contracts



CO₂ frac job at a well in Colorado

Highly profitable business

Oxygen Supply for Energy Projects

<u>Process</u>	<u>End Products</u>	<u>Drivers</u>	<u>Time Horizon</u>
Petroleum coke gasification	H ₂ for refining	High NG prices High sulfur petcoke	2012 →
Coal gasification	Chemical feedstocks Diesel fuel	Only alternative Energy costs/security	China : <i>NOW</i> U.S. : 2013 →
Integrated Gasification Combined Cycle (IGCC)	Power	GHG legislation CO ₂ capturability	2013? →
Oxy-coal combustion	Power	GHG legislation CO ₂ capturability	2013 →

**Massive O₂ requirements: 3000 – 12,000+ TPD plants
Next decade opportunities in NA**

Oxygen Fuel Combustion

	<u>Fuel Savings</u>	<u>Capacity</u>	<u>Raw Materials</u>	<u>NOx and CO₂ Emissions</u>
Aluminum	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Steel	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Cement	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Glass	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

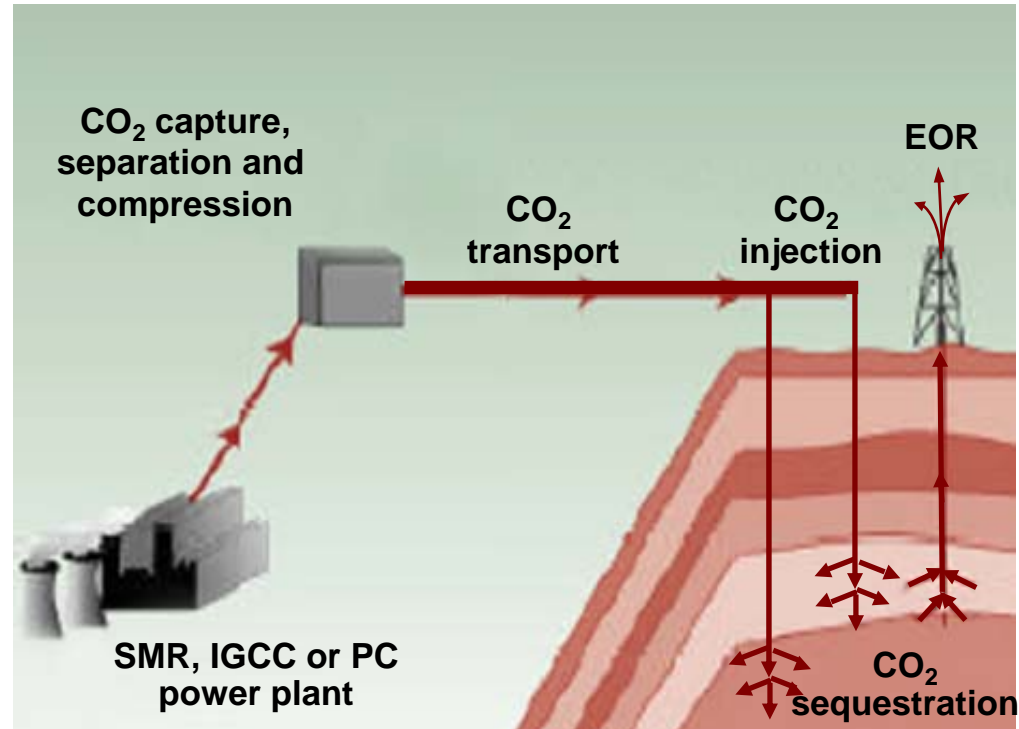
- ◆ Oxygen is attractive based on any of these benefits
- ◆ 1 Ton of oxygen can remove up to 1.25 tons of CO₂

Combustion applications growing

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



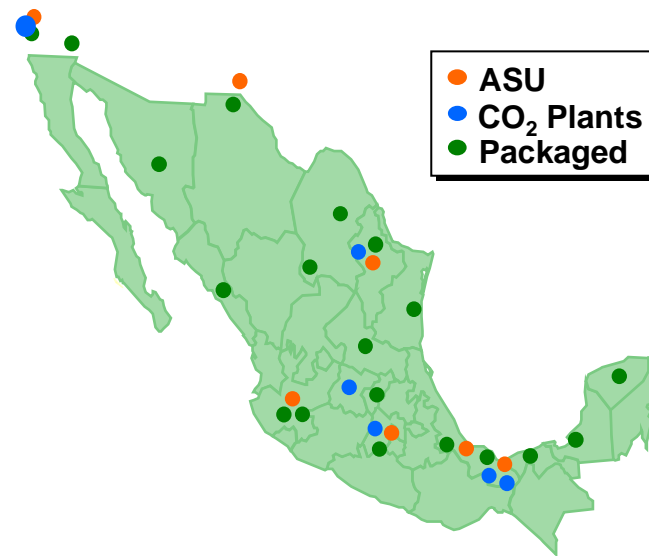
Praxair is uniquely positioned to provide enabling technologies

	<u>Mexico</u>	<u>Brazil</u>	<u>China</u>	<u>India</u>
Praxair Leading Position	✓	✓	✓	✓
Population	100MM	180MM	1.3B	1.1B
Industrial Production Growth	5.2%	3.2%	16.3%	9.4%
Per Capita Gas Consumption % of United States	20%	15%	2%	1%

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)

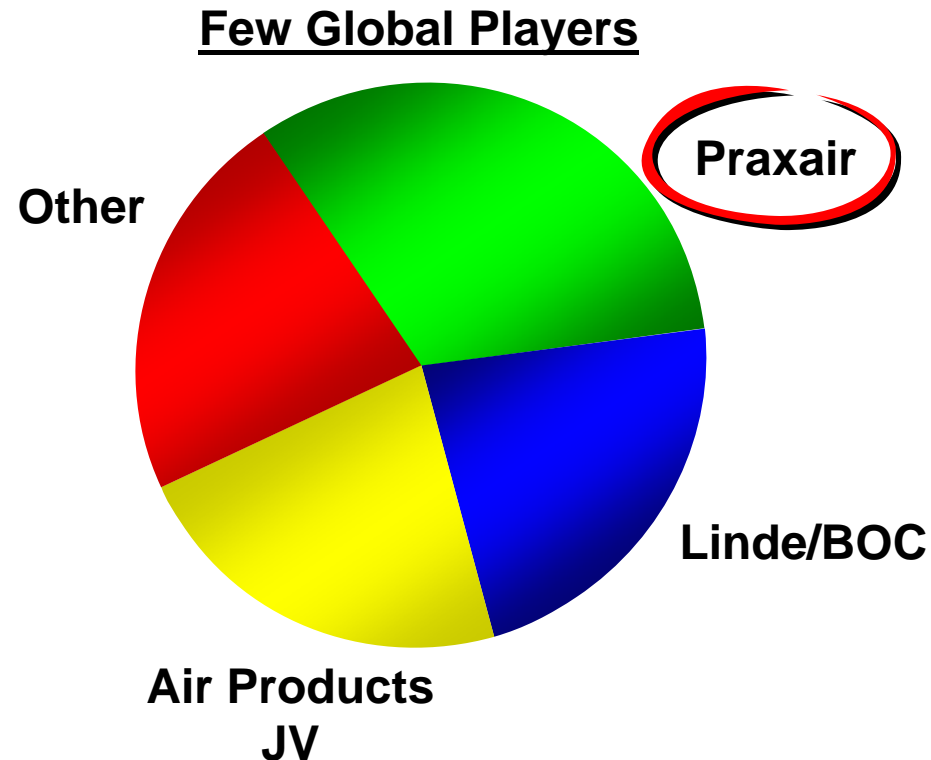


Sales of \$1.3 billion growing double digits

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**
 - Shanghai, Caojing
 - Daya Bay, Nanhai
- ◆ **Metals**
 - World-class steel companies
- ◆ **Electronics**
 - Leading foundries

Recent Wins

SOPO - Gasification

Bayer - Chemicals

SMIC - Electronics

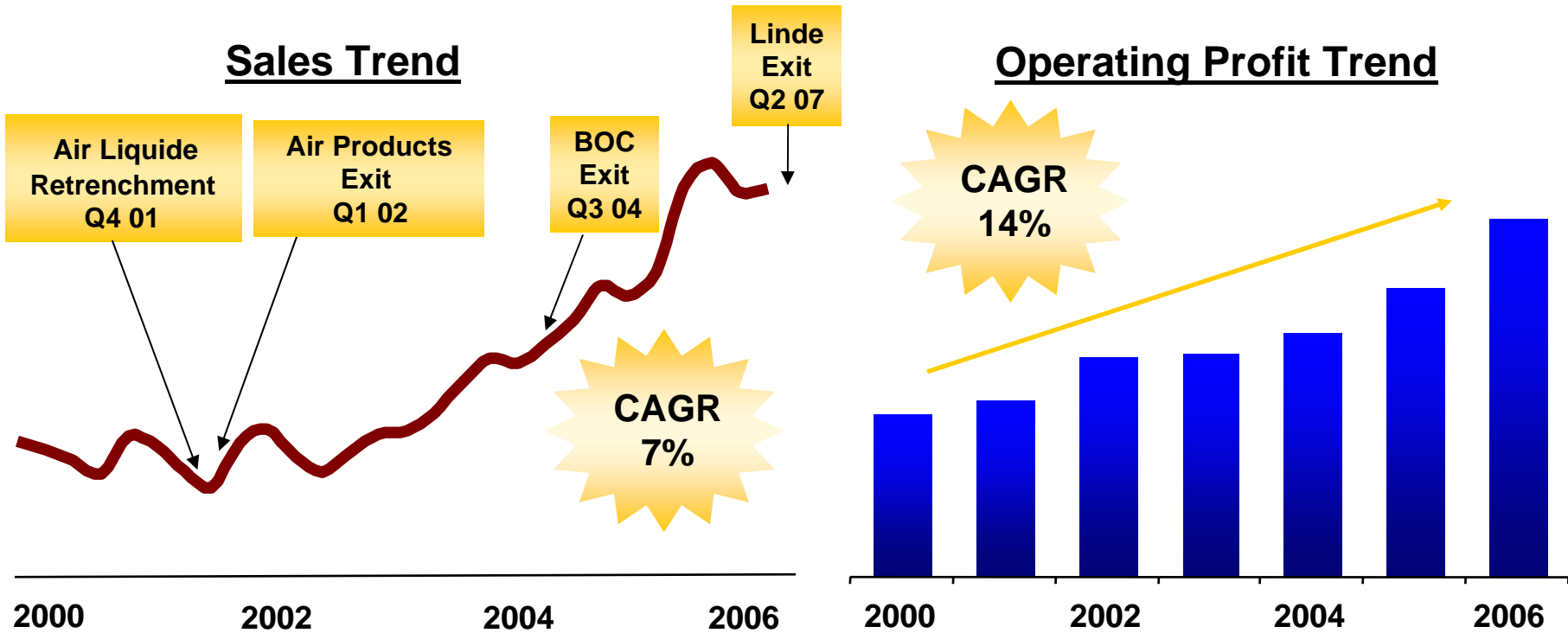
*Opportunity
pipeline strong*

2010 Forecasted Sales of \$500 MM

* Combined Sales

North American Packaged Gases

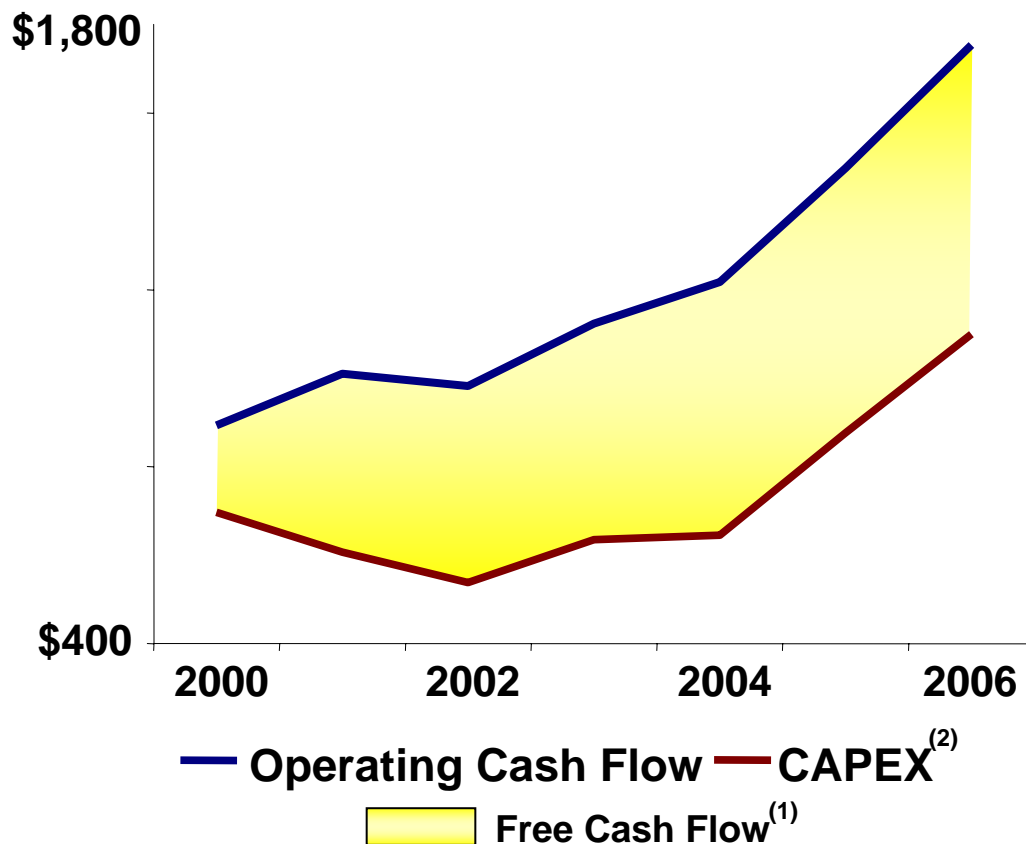
2006 Sales \$1,263 MM



Praxair: only major fully integrated gas company

Strong Cash Flow Generation

Cash Flow 2000-2006 (\$MM)



<u>2006</u>	<u>\$MM</u>	<u>%Sales</u>
Operating Cash Flow	\$1,752	20%
Capital Reinvestment	\$1,100	13%
Stock Dividends and Purchases (net)	\$543	7%

1) Non-GAAP measure. Free cash flow equals operating cash flow minus capital expenditures.

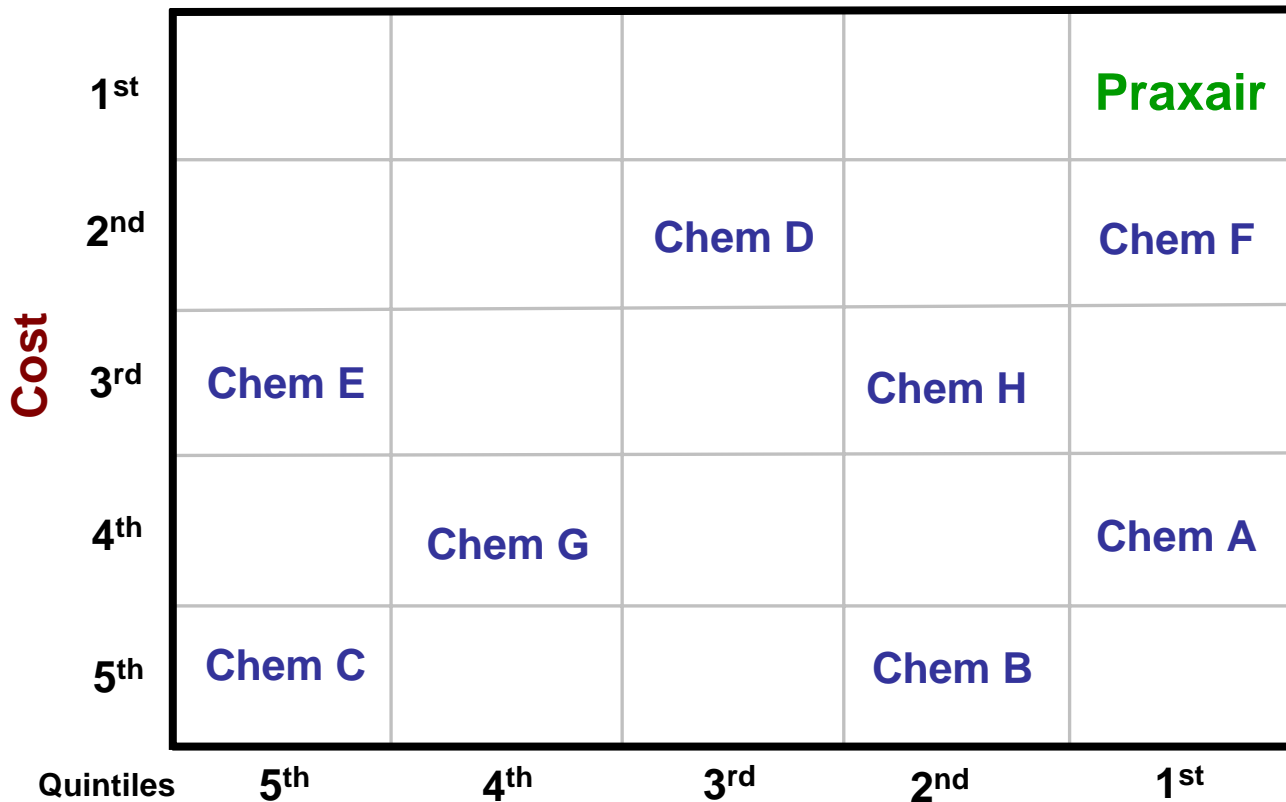
2) Excludes Leased Asset Purchase in 2003

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

Competitive Advantage - Execution

Independent Research Study IPA - 2005

Cost and Schedule Predictability*



Top 20%

2006 project cost performance <3% vs budget

* Chemical Industry

Schedule

Superior execution ensures expected returns

What We Are NOT Doing

- ◆ Chasing growth with lower project returns
- ◆ Approaching plant sales as a business
- ◆ Adding speculative liquid capacity
- ◆ Losing cost discipline
- ◆ Relying on cycles for growth

Carefully managing our business to maximize shareholder value

What We Are Doing

- ◆ Capitalizing on leading positions in developing economies
 - ◆ China
 - ◆ India
 - ◆ Brazil
 - ◆ Mexico
- ◆ Moving fast to capture new opportunities
 - ◆ Oil & gas services
 - ◆ Oxy-fuel combustion
- ◆ Creating new markets based on industrial gases competencies
 - ◆ On demand Hydrogen
 - ◆ LNG distribution
- ◆ Positioning for the future
 - ◆ Canadian oil sands
 - ◆ U.S. coal gasification
 - ◆ CO₂ capture and sequestration
- ◆ Staying focused on the base business
 - ◆ Continuous pricing efforts
 - ◆ Keen focus on productivity
 - ◆ Application development

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 intensity¹ 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.

¹Intensity is per-unit-of-production measure



CARBON DISCLOSURE PROJECT

2006 CLIMATE LEADERSHIP INDEX

