



**Praxair, Inc.**  
**James S. Sawyer**  
**Executive Vice President and CFO**

**Lehman Brothers**  
**Global Chemical Conference**  
**March 29, 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.**

# Why Praxair?

## Secular 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

# Energy Technologies

- ◆ Refining → H<sub>2</sub>
- ◆ Enhanced Oil Recovery → CO<sub>2</sub>, N<sub>2</sub>
- ◆ Natural Gas Well Fracturing → CO<sub>2</sub>, N<sub>2</sub>
- ◆ Gasification → O<sub>2</sub>, H<sub>2</sub>, syngas
- ◆ Oxy-fuel Combustion → O<sub>2</sub>
- ◆ Transportation → LNG/CNG

# Hydrogen Pipeline Enclaves

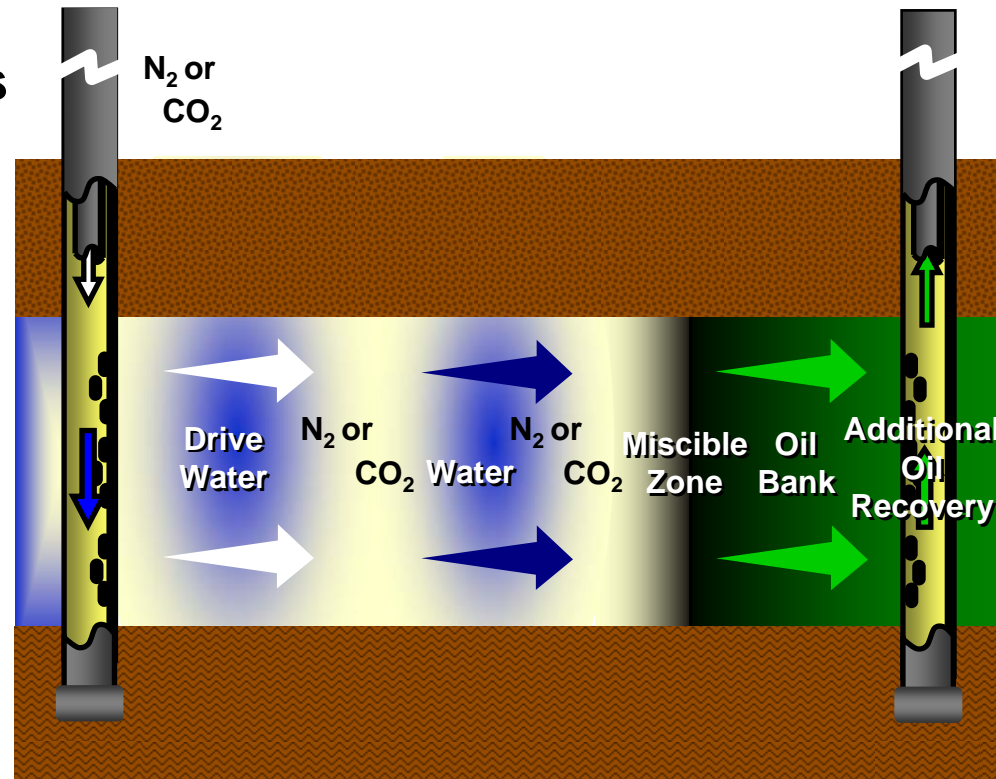


- ◆ Refining industry hydrogen needs to double in next 5 years
- ◆ Heavy/high sulfur crude
  - Oil sands
  - Mayan
  - Venezuelan
- ◆ Pipeline enclave supply systems – lower cost and increased reliability
- ◆ Peak shaving hydrogen storage cavern on-stream in 2007

**Enclaves deliver superior growth at higher returns**

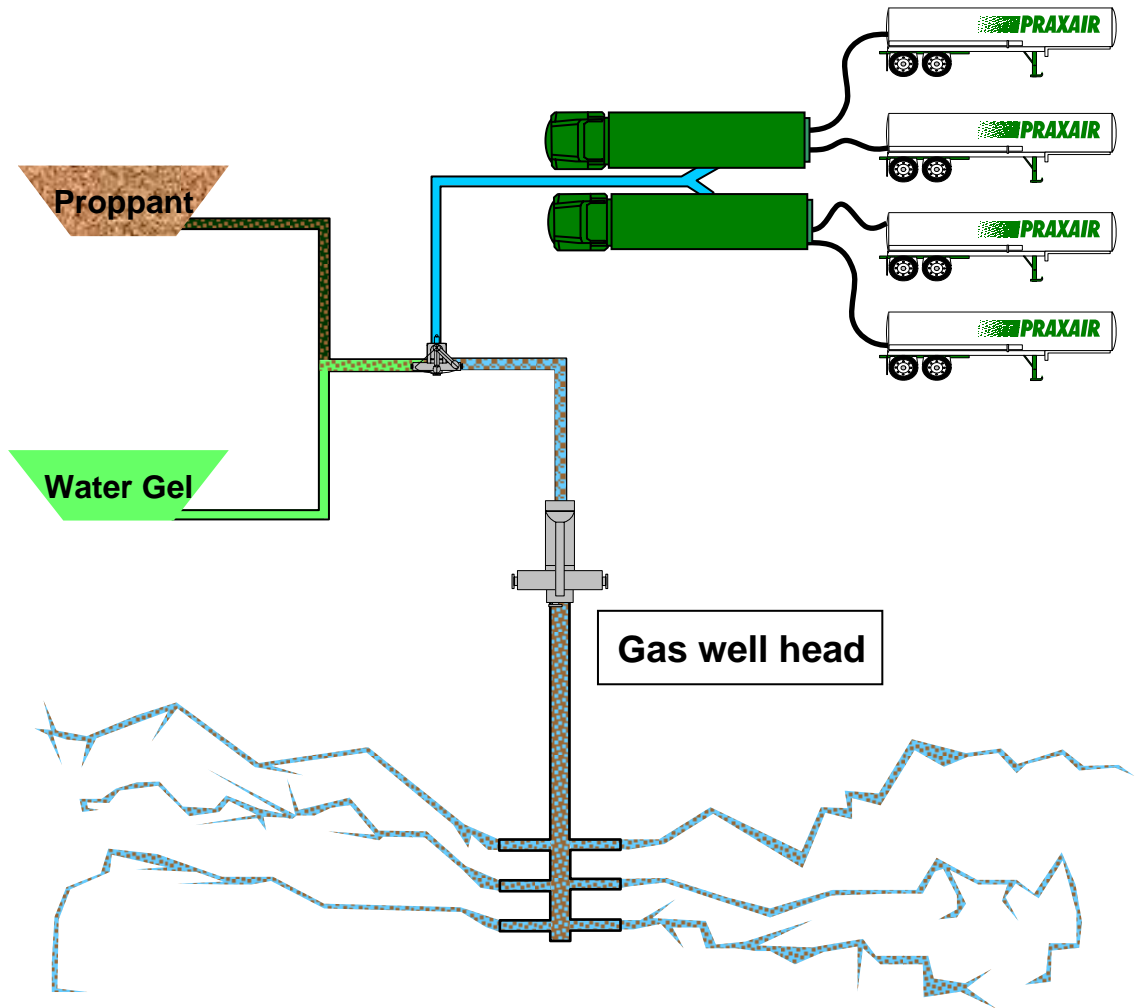
# Enhanced Oil Recovery (EOR)

- ◆ Re-pressurize declining oil fields
- ◆  $N_2$  or  $CO_2$  injection in large quantities at high pressures
- ◆ Oil prices above \$35 support EOR
- ◆ 19 EOR projects
- ◆ PEMEX Samaria



# Natural Gas Well Fracturing

- ◆ Low permeability wells
  - Tight sands
  - Coal bed methane
  - Gas shale
- ◆ NG above \$4/MMBtu
- ◆ Praxair best positioned
  - Location
  - Expertise
  - Relationships
  - Supply contracts





# Gasification – Becoming a Reality

Now  
→

## ◆ Coal gasification in China

- Power
- Chemical feedstock
  - SOPO: 3000TPD O<sub>2</sub> plant



3-5 years  
→

## ◆ Refining pet-coke gasification

- Low-value fuel source
- Poly-generation – hydrogen, power

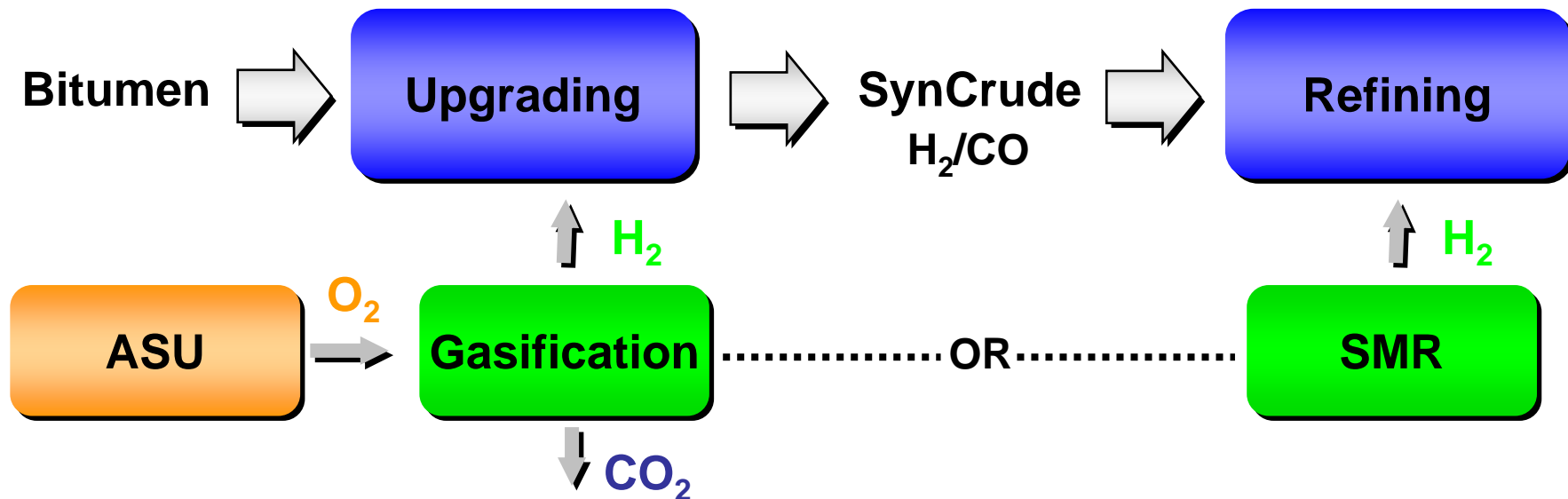
5 years +  
→

## ◆ Integrated Gasification Combined Cycle (IGCC)

- CO<sub>2</sub> capture-ready power production

**Opportunities for large ASU's and H2 supply**





- ◆ Over 2.0B SCFD of additional H<sub>2</sub> for upgrading bitumen
- ◆ Large O<sub>2</sub> requirements for proposed gasification projects
- ◆ Economically competitive at \$40/bbl oil

- ◆ **Higher energy efficiency**

  - 10-15% fuel savings

- ◆ **Higher throughput**

  - 10-20% increase

- ◆ **Less emissions**

  - 80-90% NO<sub>x</sub> reduction

*Steel*



**Blast furnace coal injection**

*Glass*



**New oxyfuel burner**

*Refining*



**Process heaters**

*Aluminum*



**Remelting furnaces**

*Cement*



**Reduced NO<sub>x</sub> emissions**

**PX commercializes 20+ new application technologies per year**

## ◆ Air emissions/GHG

- CO<sub>2</sub> capture and sequestration
- Clean-coal combustion for power generation
- VOC abatement
- Mercury emissions capture



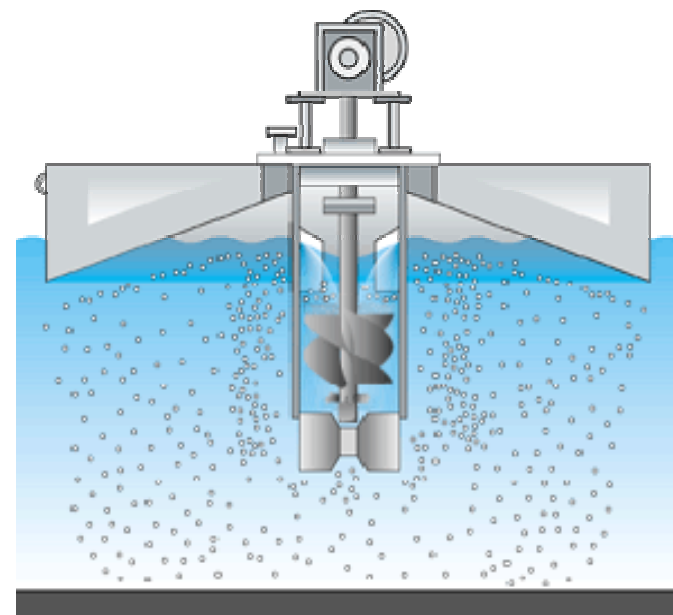
Coal fired power plant

## ◆ Waste management

- Sludge reduction in wastewater

## ◆ Water treatment

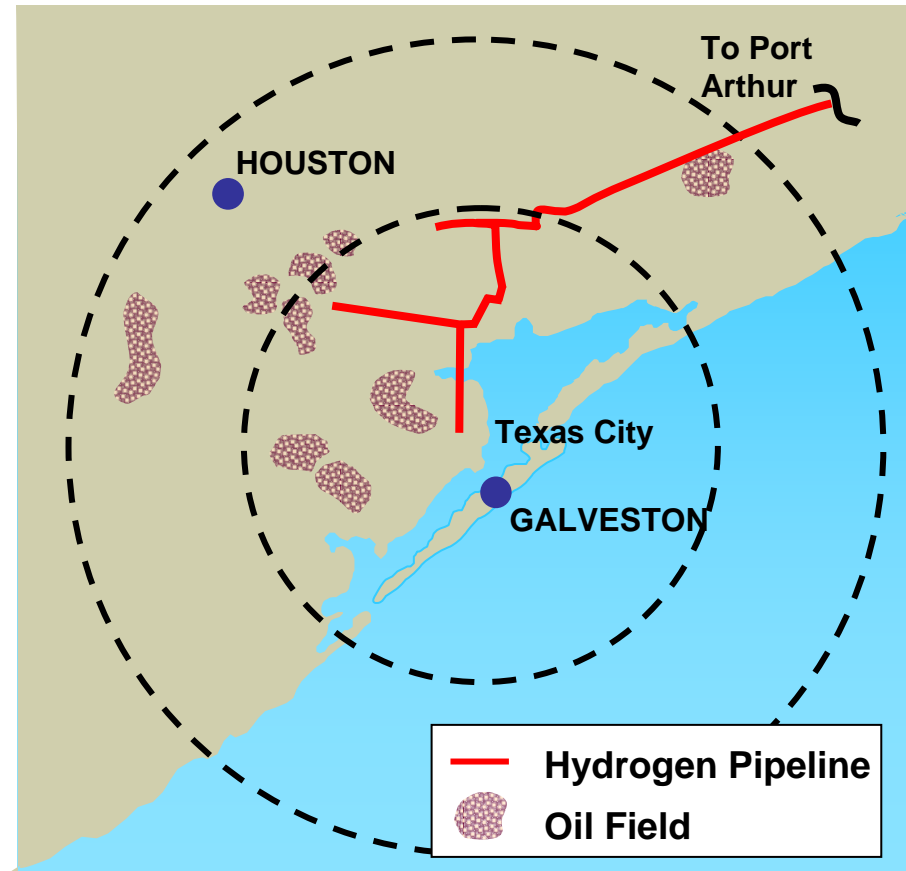
- In-situ oxygenation
- Oxygen in paper production
- pH adjustment of drinking water



In-Situ Oxygenation System

# CO<sub>2</sub> Capture and Sequestration Technology

- ◆ **Developing cost effective CO<sub>2</sub> capture technology**
  - Strengths in capture, purification, and distribution
  - Founding member of Gulf Coast Carbon Center
- ◆ **Creating CO<sub>2</sub> sources near applicable oil fields**
  - Increasing oil production while reducing greenhouse gases



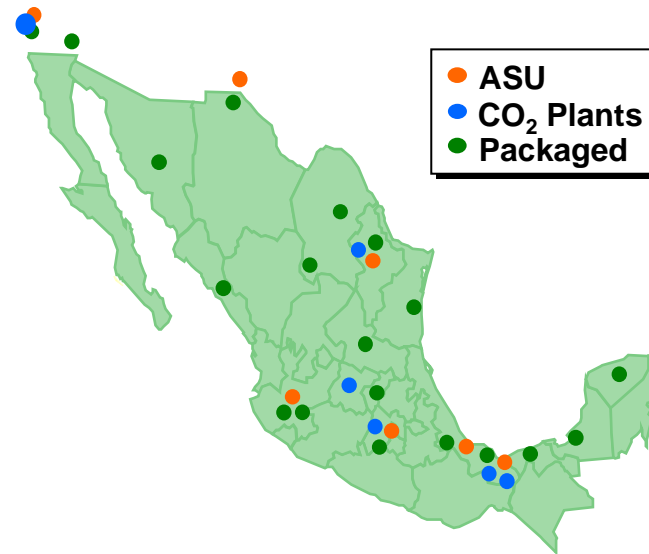
**Improving the environment while making money**

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

**Well positioned to capture emerging world growth**

# Praxair Mexico – Strong Growth Profile

- ◆ 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**

# South America Growth Platforms

## On-site business

- ◆ Leading position
- ◆ Recent wins - steel:
  - Gerdau, Arcelor, Thyssen
- ◆ Recent wins – paper/chem/metals
  - Suzano, Botnia

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

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

## 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

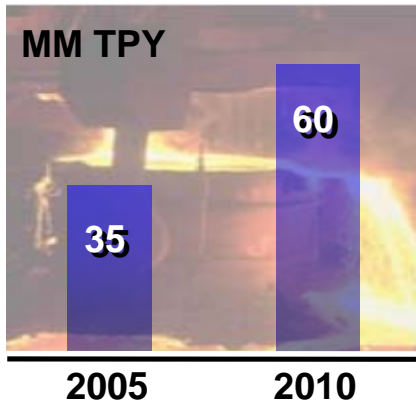


**Sales of \$1.3 billion growing double digits**

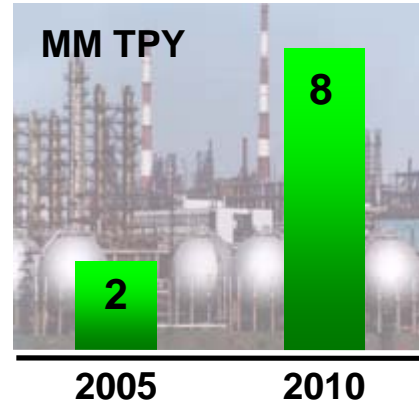


# Opportunities in India

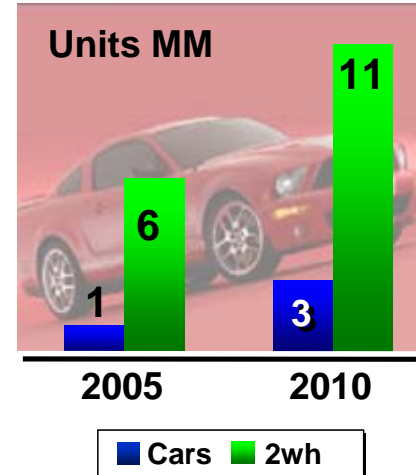
## Steel



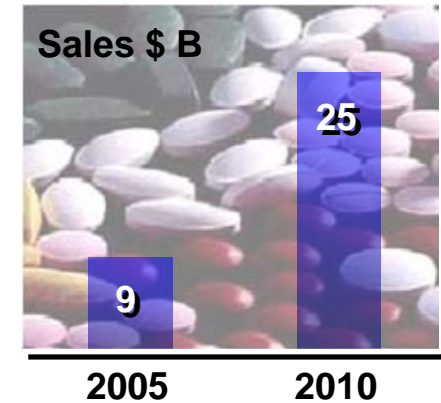
## Petrochem



## Manufacturing



## Pharma



- ◆ Construction
- ◆ Auto
- ◆ Met fab

- ◆ Shortage of textiles & plastics
- ◆ New naphtha crackers

- ◆ Strong domestic demand
- ◆ Small car & components hub

- ◆ Fermentation
- ◆ Reactor cooling

**Rapid infrastructure development**

# Growing in China

- ◆ **Leading position in China**
  - 11 JV's and 13 subsidiaries

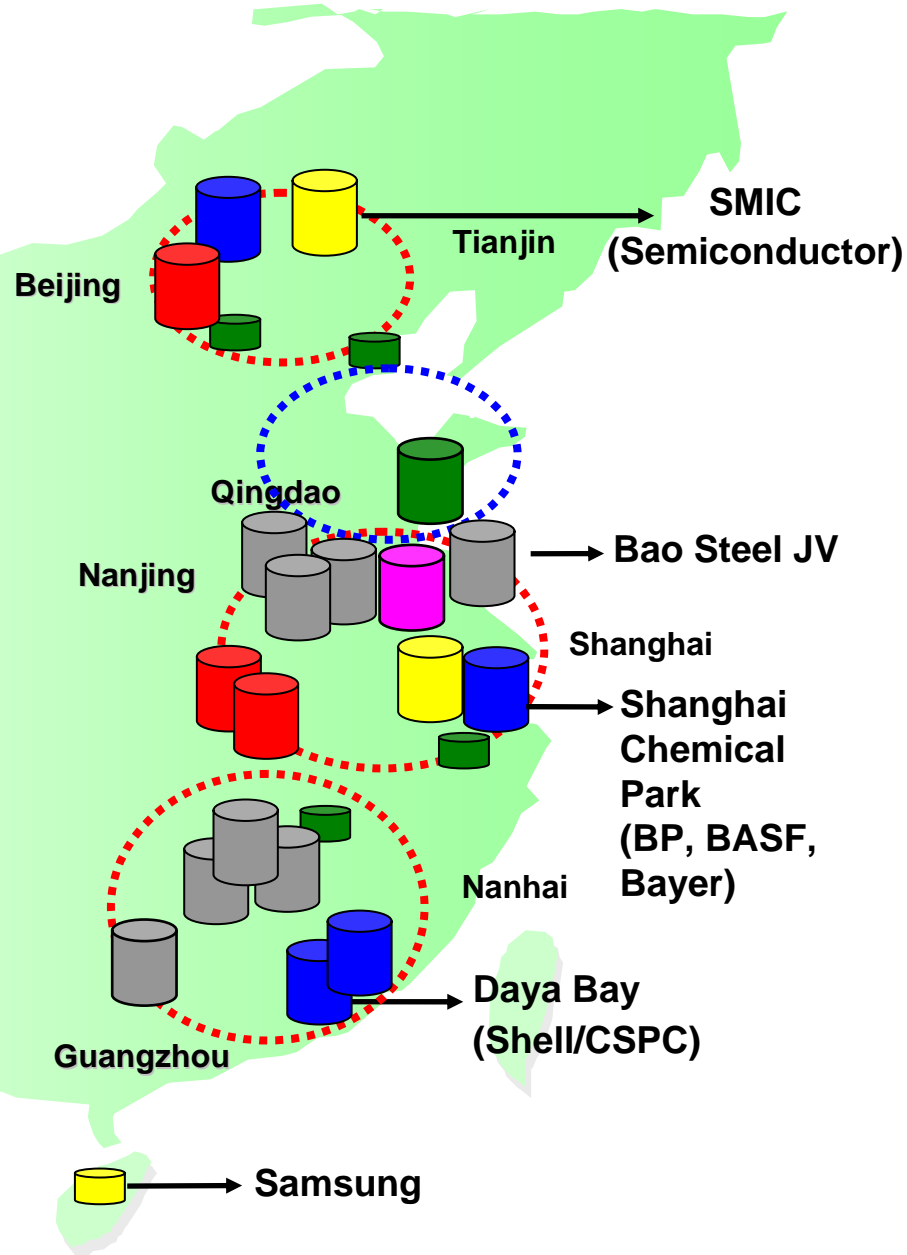
- ◆ **Petrochemical parks**
  - Shanghai, Caojing
  - Daya Bay, Nanhai

- ◆ **Metals**
  - Shanghai
  - Guangzhou

- ◆ **Electronics**
  - Beijing
  - Shanghai
  - Taiwan

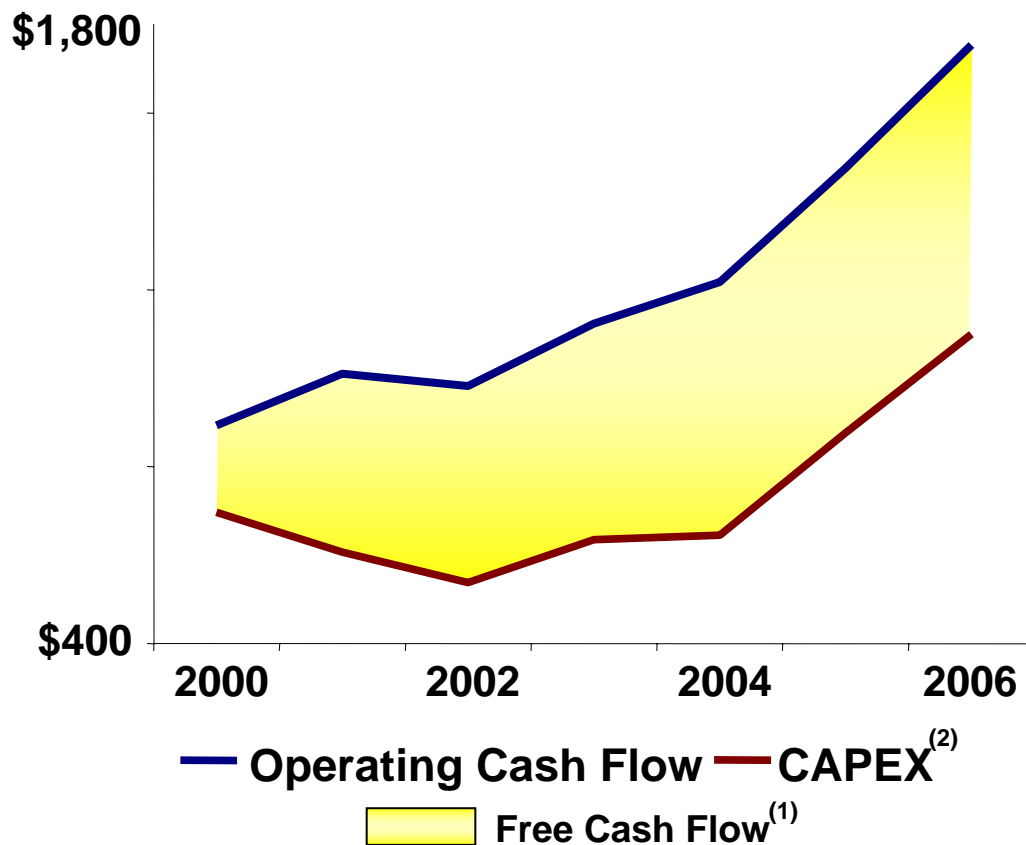
- ◆ **Gasification**
  - Shanghai region

■ CO<sub>2</sub> Plant   
 ■ Gasification   
 ■ Other



# 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%

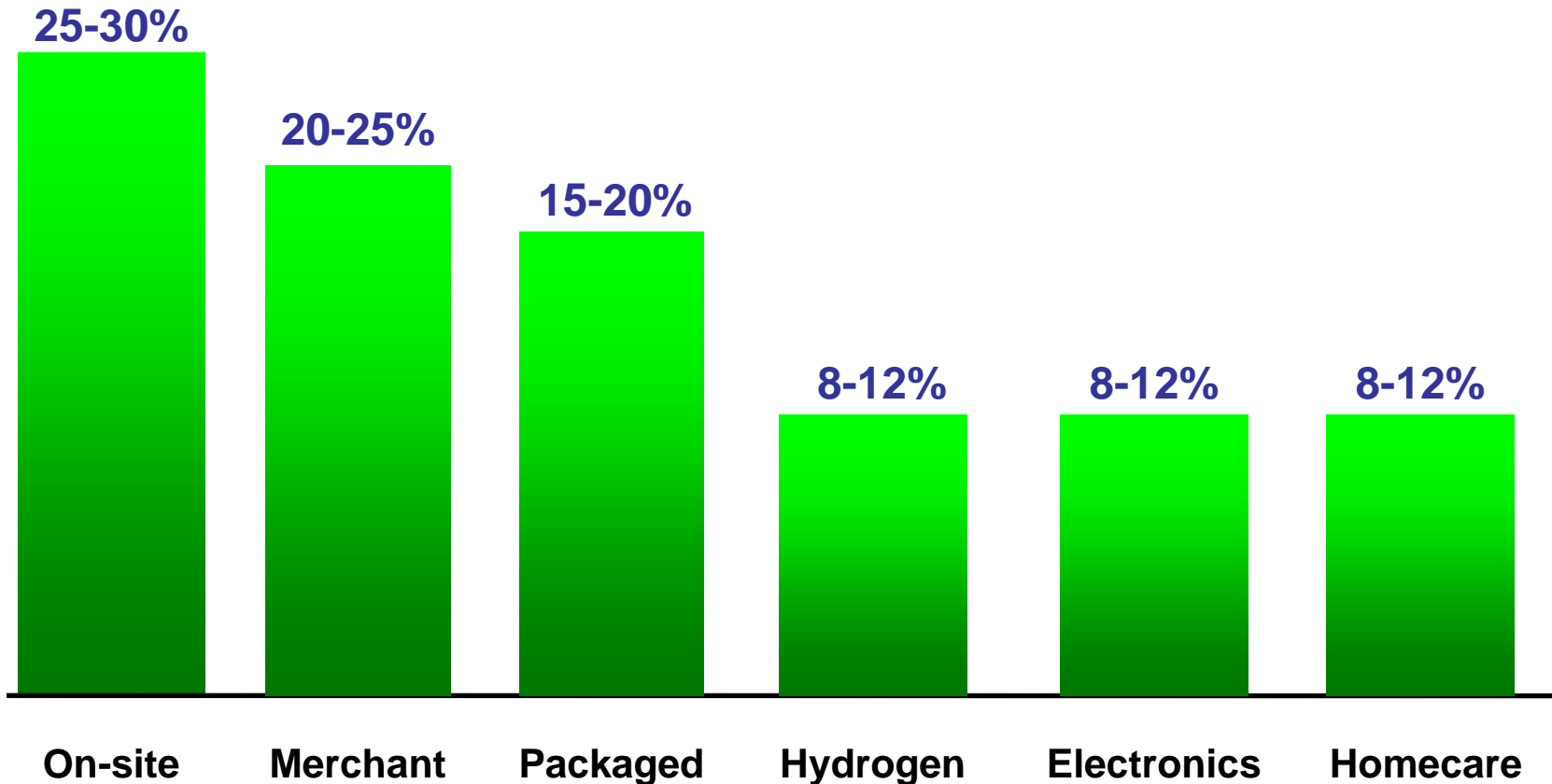
1) Non-GAAP measure. Free cash flow equals operating cash flow minus capital expenditures.

2) Excludes Leased Asset Purchase in 2003

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

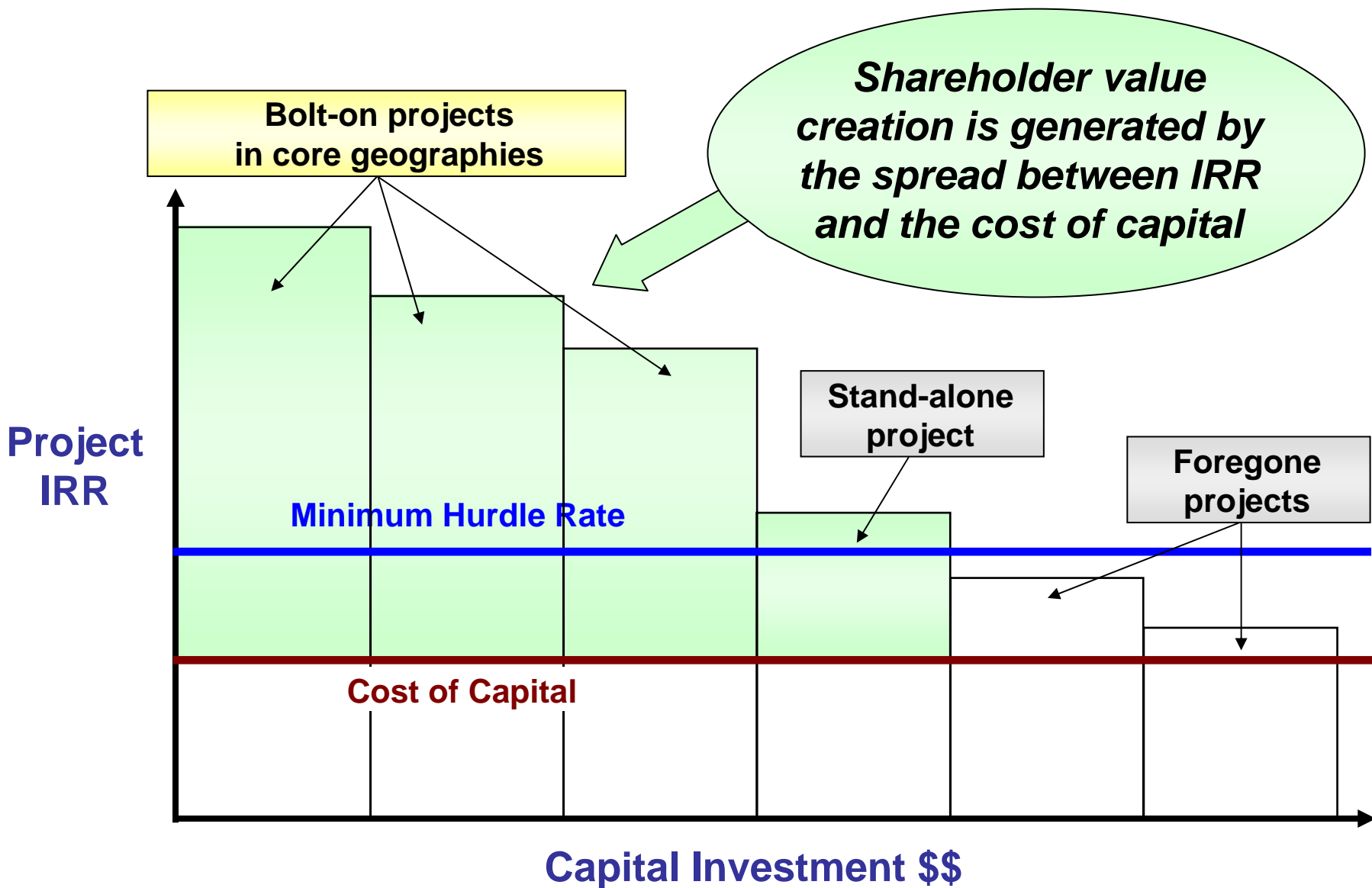
# All Sales Dollars Are Not Created Equally

## Typical Operating Margin %

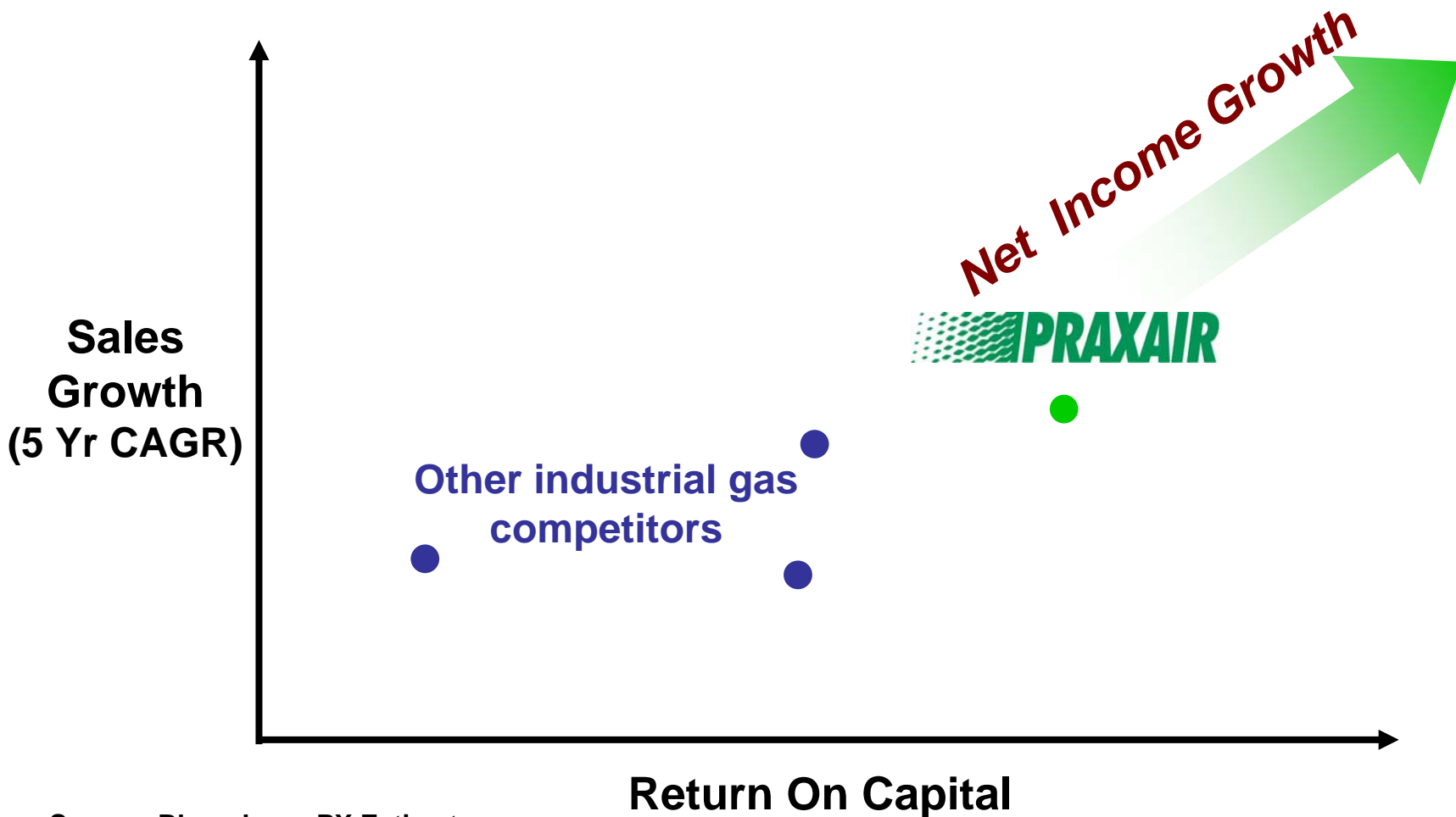


**Portfolio mix determines profitability**

# Capital Investment Priorities



# Industrial Gases – Global Competitors

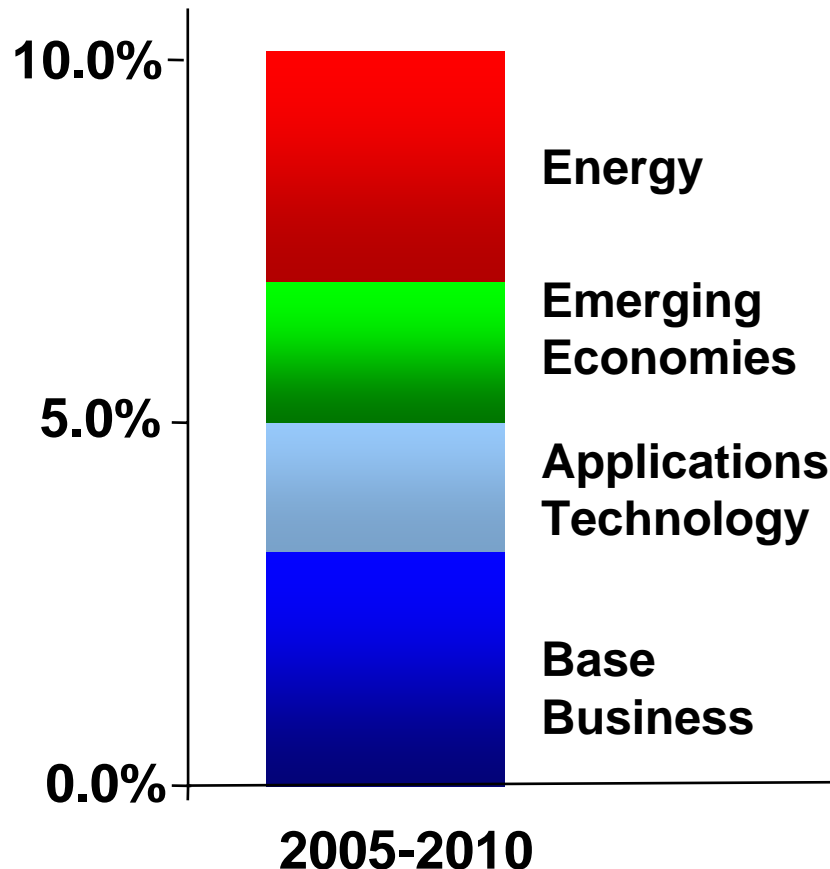


Source: Bloomberg, PX Estimate

**Shareholder return is a function of growth and ROC**

# Global Praxair Forecast through 2010

## Sales Growth %



	<u>Annual Growth</u>
Organic Sales	8 - 12%
	↓
Operating Profit	10 - 14%
	↓
EPS	12 - 16%

**We are committed to bringing growth to the bottom line!**



## ***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<sup>1</sup> 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.

<sup>1</sup>Intensity is per-unit-of-production measure



**CARBON DISCLOSURE PROJECT**

2006 CLIMATE LEADERSHIP INDEX

