



Praxair, Inc.
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Executive Vice President and CFO

Morgan Stanley
Basic Materials Conference
February 21, 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; 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.

Why Praxair?

Secular Growth Drivers

- ◆ Energy
- ◆ Environment
- ◆ Emerging economies

Unique Business Model

- ◆ Dedicated supply systems
- ◆ Long term contracts
- ◆ Historically recession resistant

2001-2006 CAGR

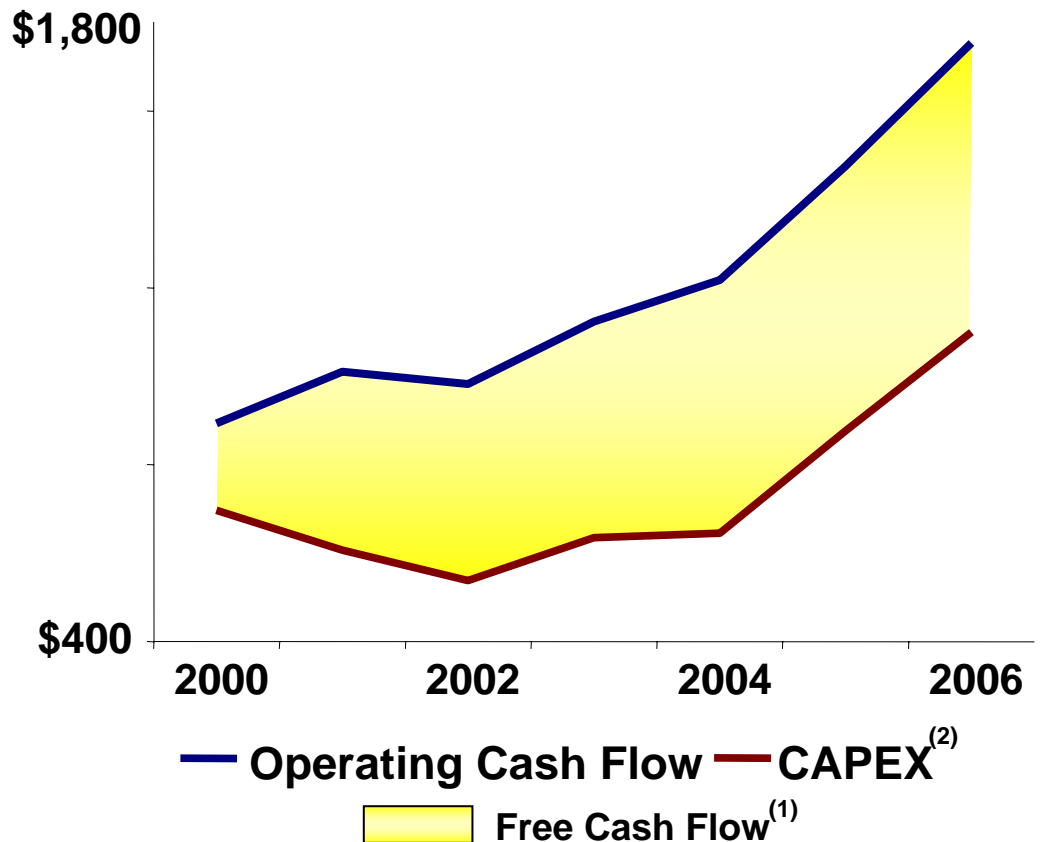
Sales	+10%
Operating Profit	+15%
Net Income	+20%
Return on Capital	15%

Superior Execution

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

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

Funding substantial growth investment while generating increasing free cash flow

“Terms of Trade” Drive Return on Capital

On-Site/Pipeline Supply



- ◆ 15 year take or pay contracts
- ◆ Indexed to energy, inflation, currency
- ◆ Financial engineering

Merchant Liquid Supply



- ◆ Exclusive supply agreements
- ◆ Sourced as by-product from on-site

Packaged/Medical Gases



- ◆ Cylinder and equipment rental
- ◆ Sourced as by-product from bulk

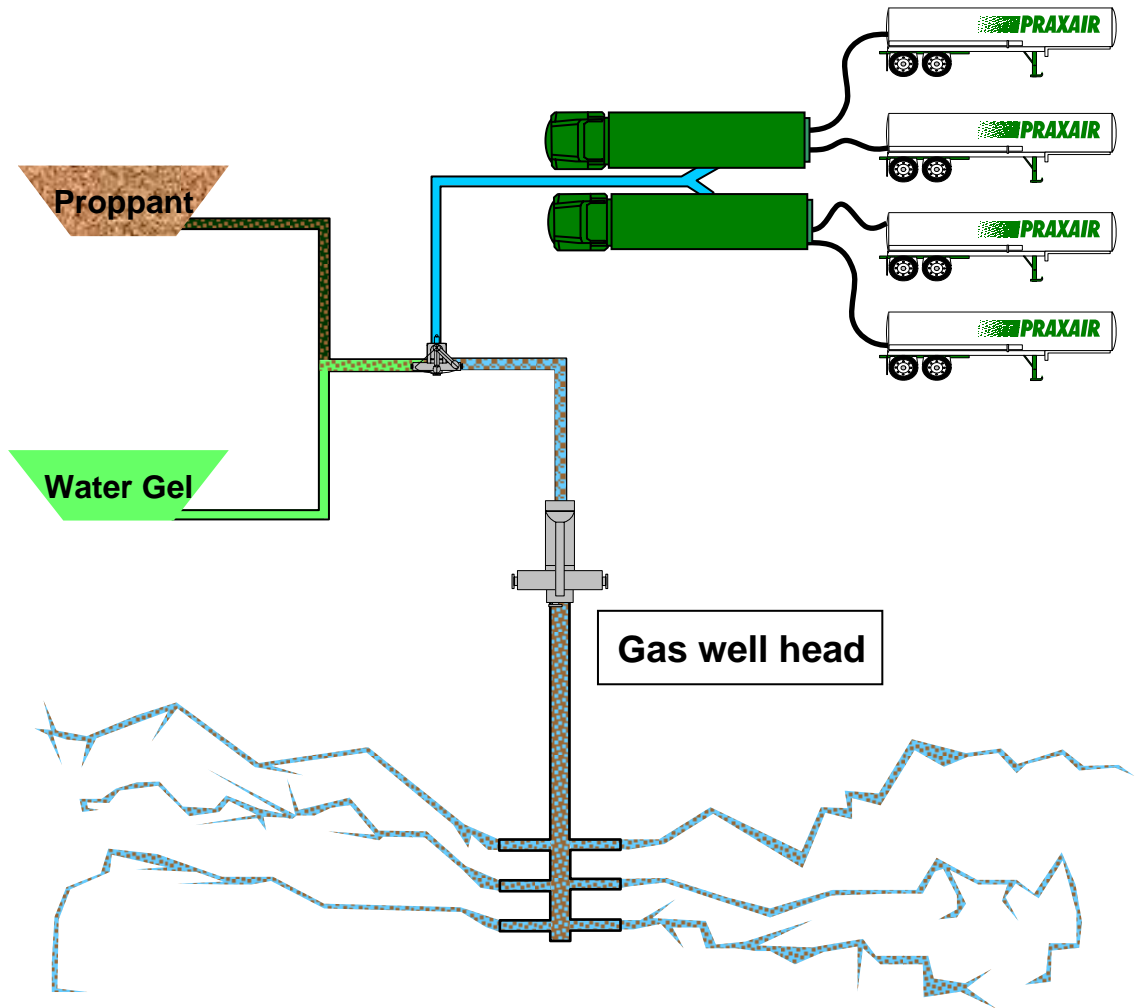
This is not a commodity business !

Energy Technologies

- ◆ Refining → H₂
- ◆ Enhanced Oil Recovery → CO₂, N₂
- ◆ Natural Gas Well Fracturing → CO₂, N₂
- ◆ Gasification → O₂, H₂, syngas
- ◆ Clean-Coal Combustion → O₂
- ◆ Transportation → LNG/CNG

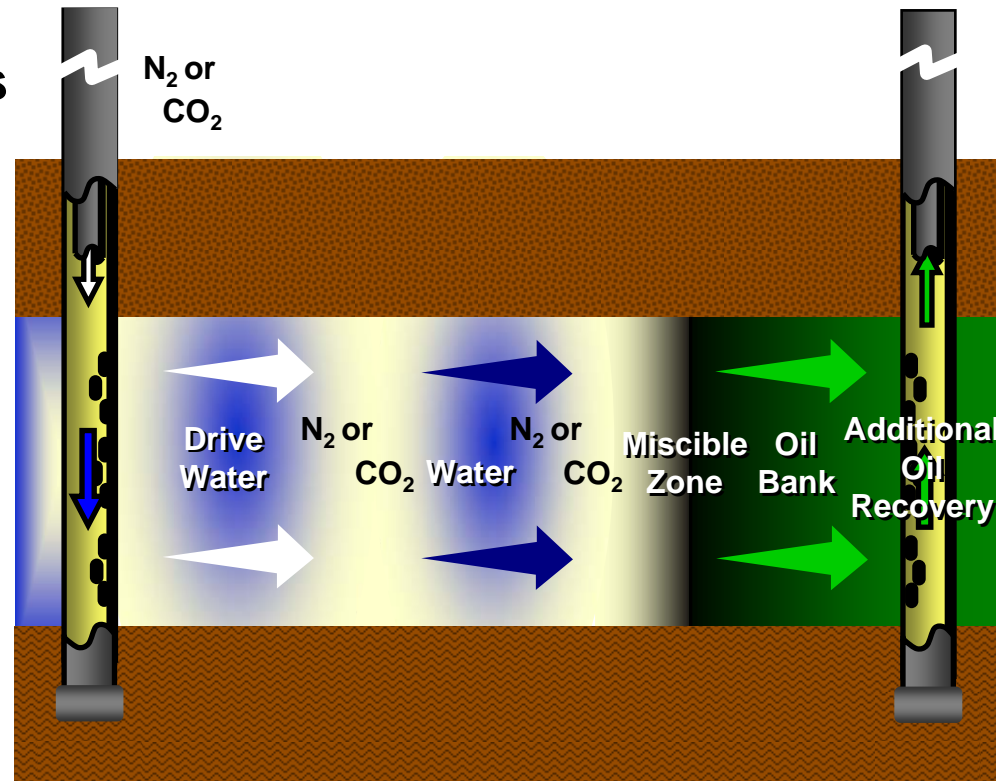
Natural Gas Well Fracturing

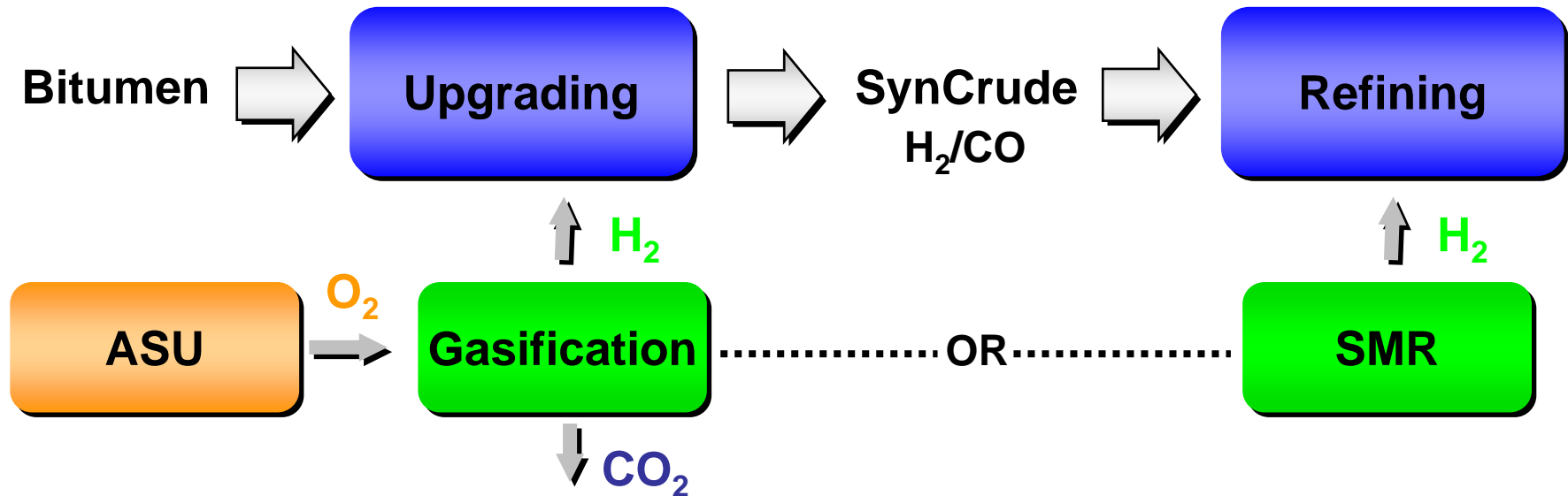
- ◆ Low permeability wells
 - Tight sands
 - Coal bed methane
 - Gas shale
- ◆ NG above \$4/MMBtu
- ◆ Praxair best positioned
 - Location
 - Expertise
 - Relationships
 - Supply contracts



Enhanced Oil Recovery (EOR)

- ◆ Re-pressurize declining oil fields
- ◆ N₂ or CO₂ injection in large quantities at high pressures
- ◆ Oil prices above \$35 support EOR
- ◆ 19 EOR projects
- ◆ PEMEX Samaria





- ◆ Over 2.0B SCFD of additional H₂ for upgrading bitumen
- ◆ Large O₂ requirements for proposed gasification projects
- ◆ Economically competitive at \$40/bbl oil

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

Gasification – Becoming a Reality

Now
→

◆ Coal gasification in China

- Power
- Chemical feedstock
 - SOPO: 3000TPD O₂ plant



3-5 years
→

◆ Refining pet-coke gasification

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

5 years +
→

◆ Integrated Gasification Combined Cycle (IGCC)

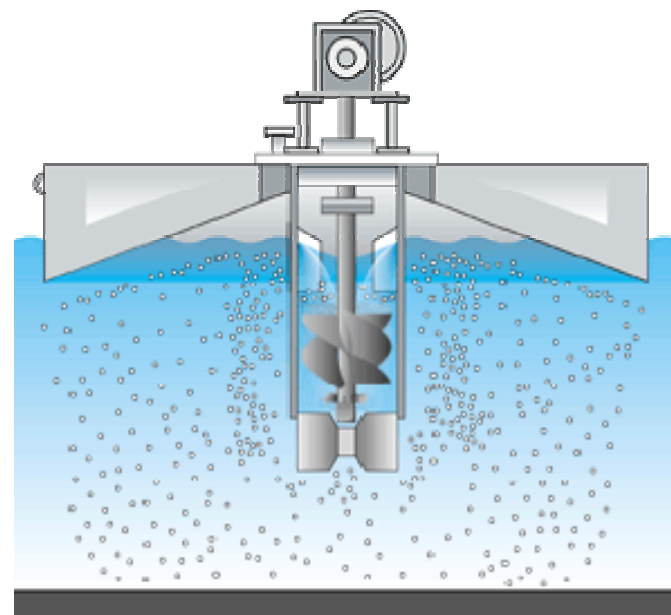
- CO₂ capture-ready power production

Opportunities for large ASU's and H2 supply

- ◆ **Oxy-fuel combustion**
- ◆ **Water treatment**
- ◆ **Air emissions/GHG**
 - **CO₂ capture and sequestration**
 - **Clean-coal technology for power generation**
- ◆ **Waste elimination**



Cement kiln



In-Situ Oxygenation System

Oxygen Fuel Combustion

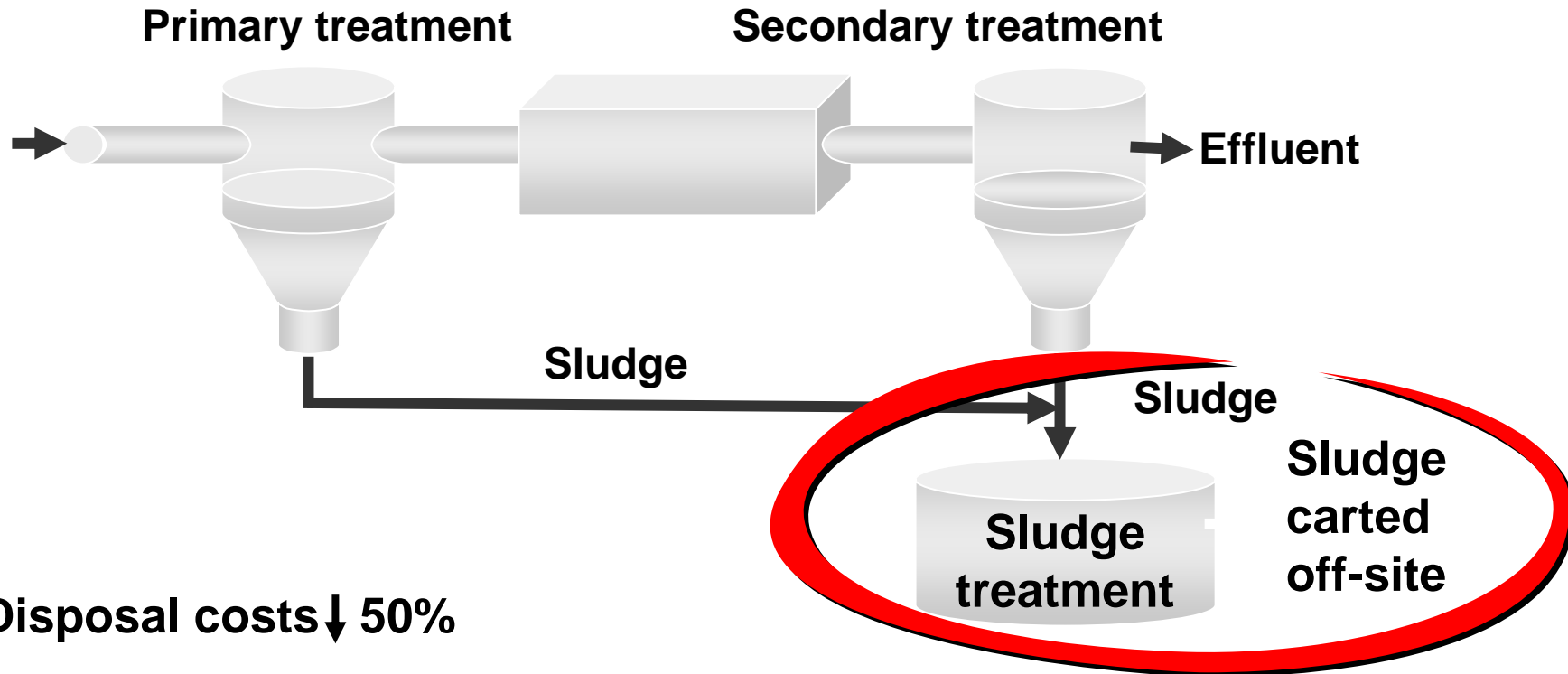
	<u>Fuel Savings</u>	<u>Capacity</u>	<u>Raw Materials</u>	<u>Emissions</u>
Aluminum	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Steel	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input 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

\$200MM/year sales by 2010

Got Sludge??

Wastewater Treatment Reduces Customer Costs



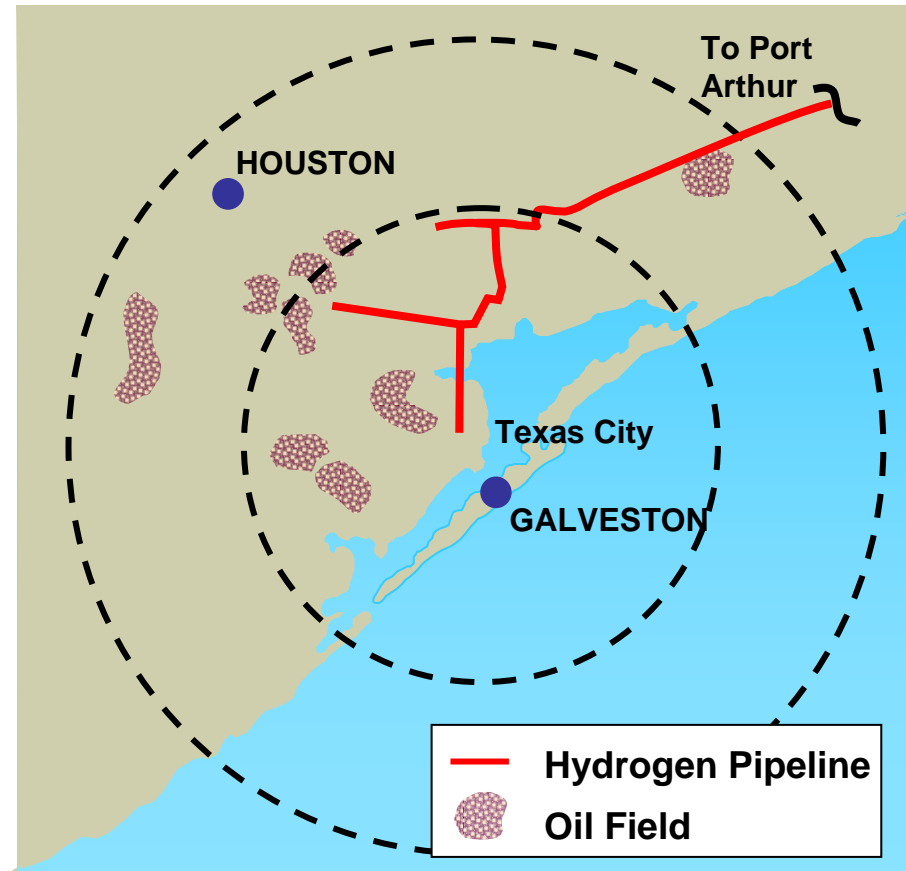
◆ Disposal costs ↓ 50%

◆ Power costs ↓ 70%

\$100+ MM/year global opportunity

CO₂ Capture and Sequestration Technology

- ◆ **Developing cost effective CO₂ capture technology**
 - Strengths in capture, purification, and distribution
 - Founding member of Gulf Coast Carbon Center
- ◆ **Creating CO₂ sources near applicable oil fields**
 - Increasing oil production while reducing greenhouse gases

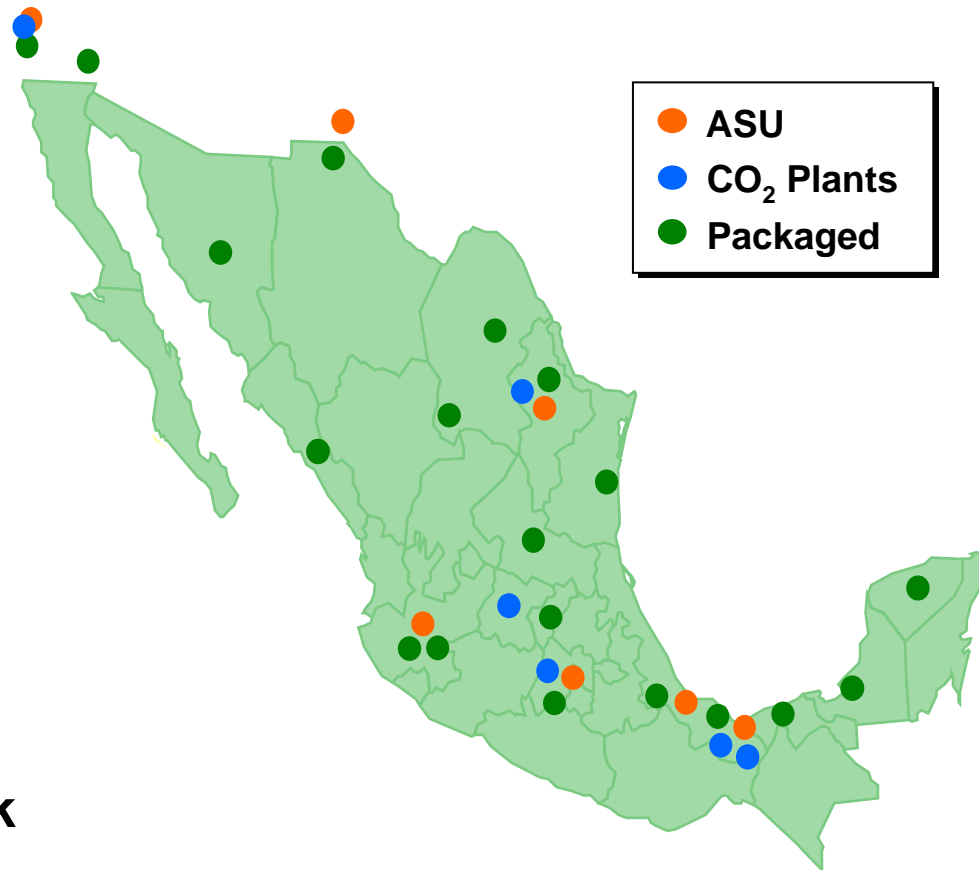


Improving the environment while making money

	<u>Mexico</u>	<u>Brazil</u>	<u>China</u>	<u>India</u>
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

- ◆ Export manufacturing
- ◆ Strong domestic demand growth
- ◆ Energy markets
- ◆ Enhanced Oil Recovery
- ◆ Oil well services - PEMEX
- ◆ Praxair operates most efficient production/distribution network



Praxair profit set to double by 2010

South America Growth Opportunities

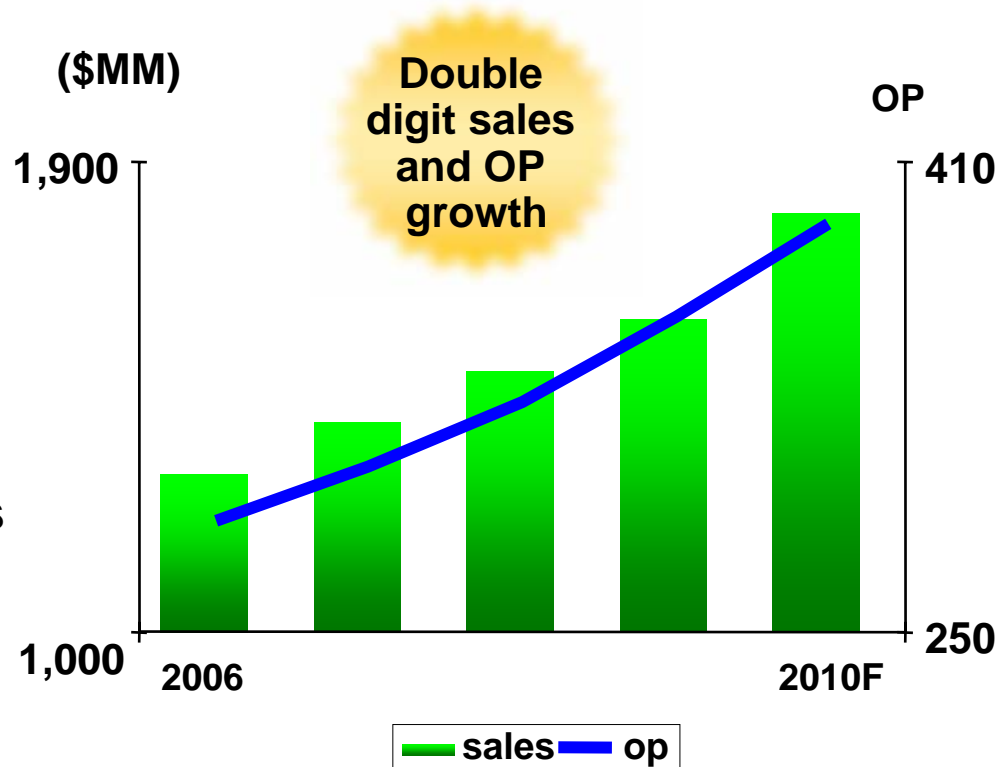
Leading Position

- ◆ 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
- ◆ Energy is becoming a \$150MM business

Sales Forecast

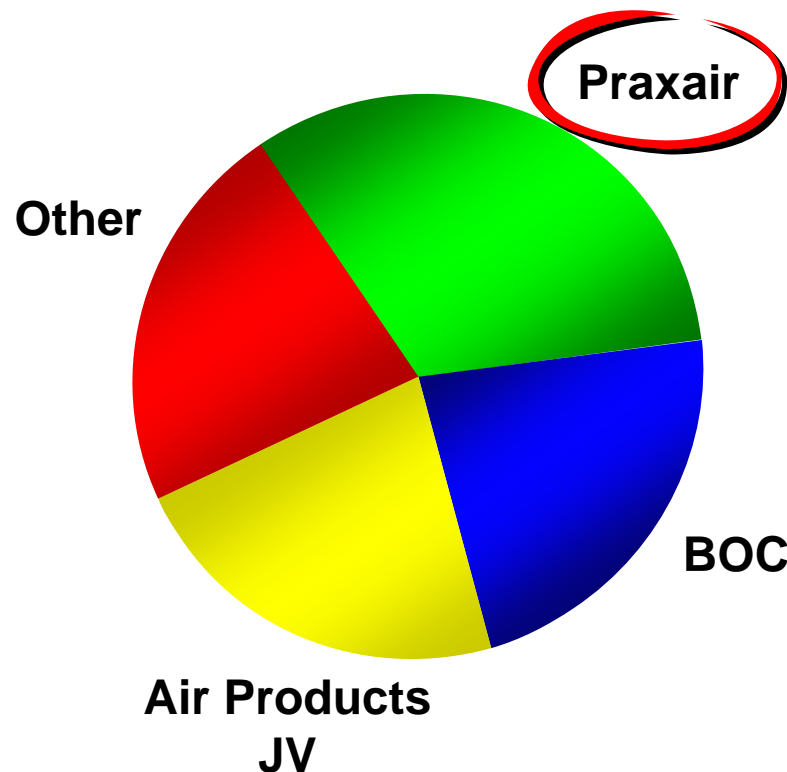


New capital investment indexed to US Dollars

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
 - 8 plants operating
 - 5 project start-ups in 2007-2008
- ◆ Praxair global engineering center

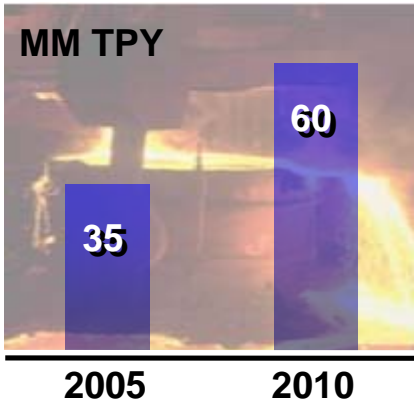


* Non-captive supply – PX estimated market shares

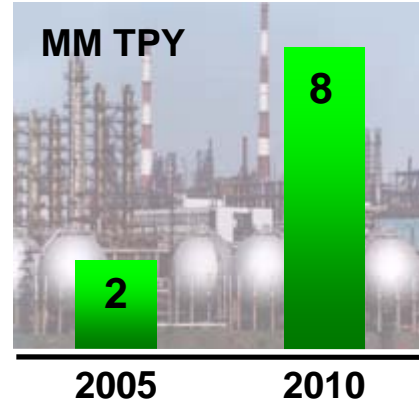
Unique situation – few global players

Opportunities in India

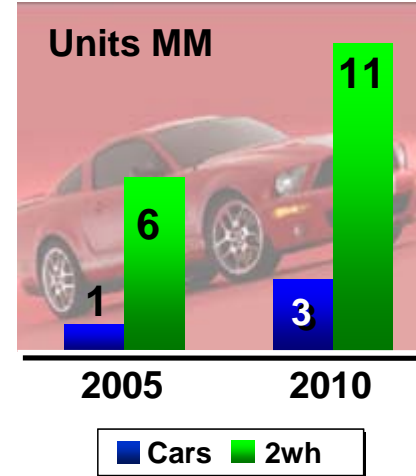
Steel



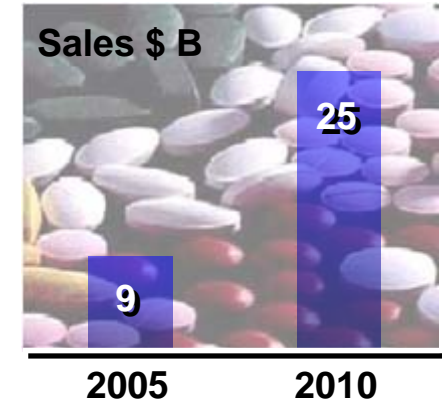
Petrochem



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

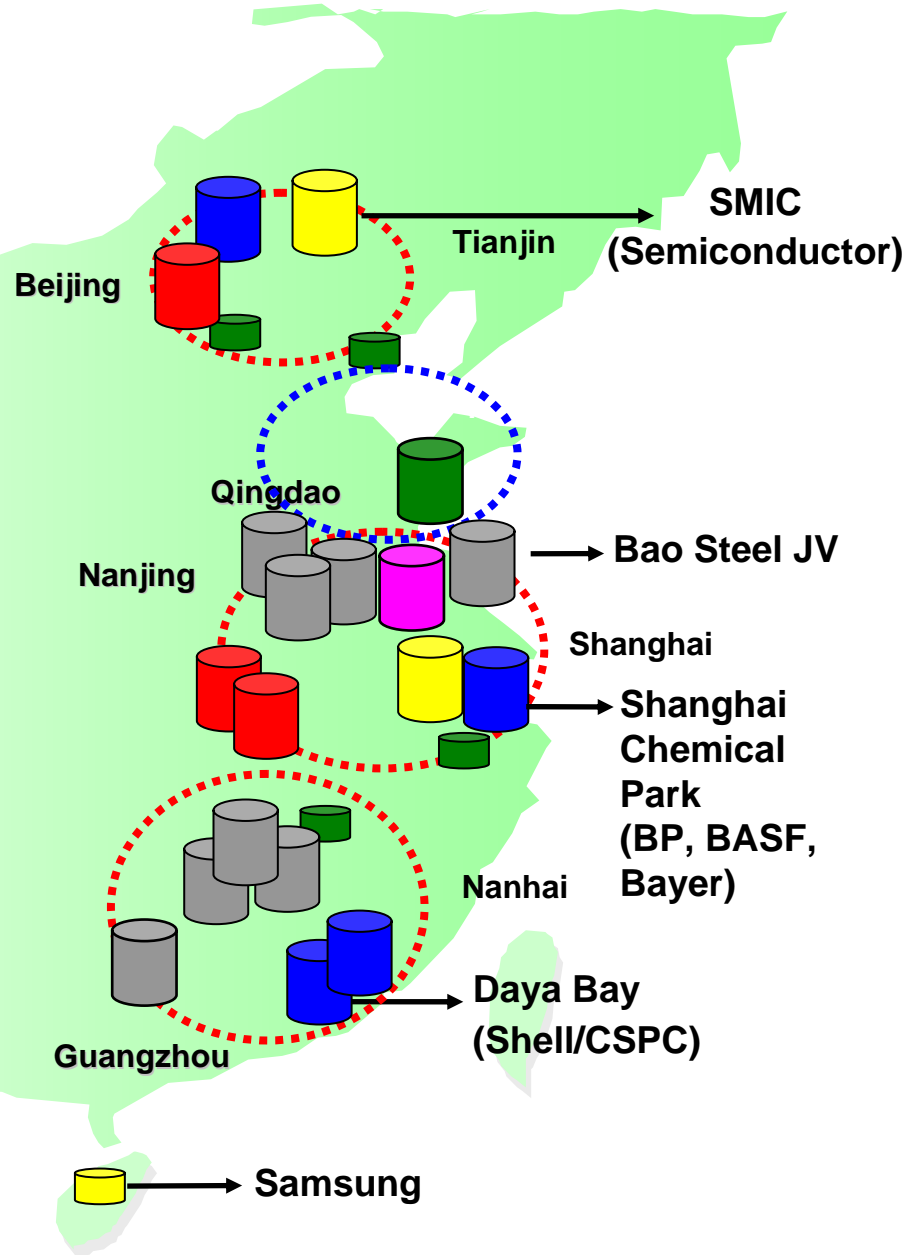
- ◆ **Petrochemical parks**
 - Shanghai, Caojing
 - Daya Bay, Nanhai

- ◆ **Metals**
 - Shanghai
 - Guangzhou

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

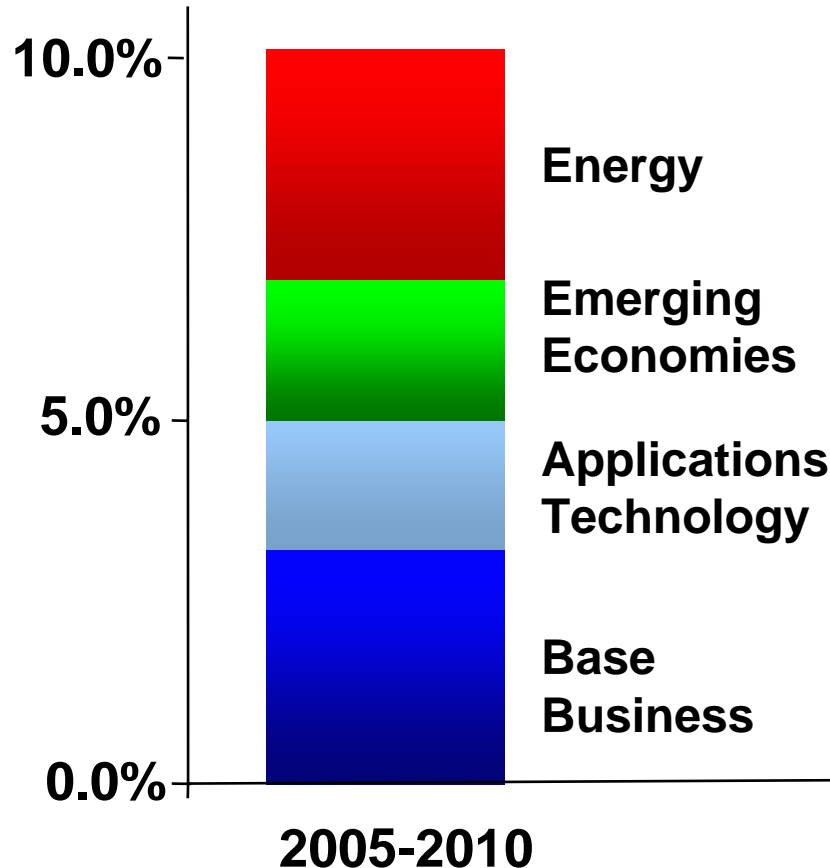
- ◆ **Gasification**
 - Shanghai region

■ CO₂ Plant
 ■ Gasification
 ■ Other



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 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

