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.
Global Industrial Gas Industry

Total sales: $55 billion

Few global players

- Air Liquide: 24%
- Linde: 22%
- Air Products: 14%
- Other: 24%
- Praxair: 16%

Excludes non-gas sales, such as PST
Diverse End Markets and Products

Total industry sales: $55 billion

End Markets

- Manufacturing 30%
- Chemicals and Refining 20%
- Metals 14%
- Other 10%
- Healthcare 12%
- Electronics 7%
- Food 7%
- Metals 14%

By Product

- Oxygen 29%
- Nitrogen 21%
- Argon 12%
- Hydrogen 6%
- Acetylene 8%
- Carbon Dioxide 9%
- Other 7%
- Specialty Gases 6%
- Helium 2%

Source: Spiritus Consulting

Source: SRI Consulting, Praxair estimates

Atmospheric and process gases are fundamental to many industries
## Basic Molecules with Many Uses

<table>
<thead>
<tr>
<th>Products</th>
<th>Attributes</th>
<th>Markets</th>
</tr>
</thead>
<tbody>
<tr>
<td>Oxygen O₂</td>
<td>Reactive, Life Sustaining</td>
<td>Steel, Chemicals, Environmental, Energy Healthcare, Welding</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Nitrogen N₂</td>
<td>Inert, Cryogenic (cold), Pressurized</td>
<td>Semiconductors, Chemicals, Packaging, Food Freezing, Oil &amp; Gas Recovery</td>
</tr>
<tr>
<td></td>
<td></td>
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</tr>
<tr>
<td>Argon Ar</td>
<td>Inert At High Temperatures</td>
<td>Stainless Steel, Welding, Basic Steel Making, Lighting</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Hydrogen H₂</td>
<td>Chemical Fuel</td>
<td>Refining, Chemicals, Metals, Space Program, Fuel Cells, Alternative Energy</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Helium He</td>
<td>Cryogenic (cold), Inert, Lifting</td>
<td>MRI, Fiber Optics, Scientific Research, Diving Breathing Mixtures, Welding Balloons</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Carbon Dioxide CO₂</td>
<td>Solubility, Inert, Cryogenic (cold), Pressurized</td>
<td>Beverage Carbonation, Welding, Steel, Chemicals, Packaging, Food Freezing, Dry Ice, Oil and Gas Recovery</td>
</tr>
<tr>
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</tbody>
</table>
Air Separation – Cryogenic Distillation

First commercialized in 1896 → Continuous improvements and enhancements

Air filtration & conditioning

Air

Purify

Liquefy by cooling to -320 °F

Separate by distillation

Nitrogen
-320 °F

Argon
-302 °F

Oxygen
-297 °F

78% N2
21% O2
1% Other Gases

First commercialized in 1896 → Continuous improvements and enhancements
Air Separation – Non-Cryogenic

First commercialized in 1960
Oxygen Systems – Modes of Supply

Customer demand matched with optimum supply systems
Process Gases – A Chemical Feedstock

- **Hydrogen (H2)**
- **Carbon Monoxide (CO)**
- **Carbon Dioxide (CO2)**

Produced “on-purpose” or from purified waste streams

\[
\text{Partial Oxidation: } \text{CH}_4 + \frac{1}{2} \text{O}_2 \rightarrow 2\text{H}_2 + \text{CO} \\
\text{Steam Methane Reforming: } \text{CH}_4 + \text{H}_2\text{O} \rightarrow 3\text{H}_2 + \text{CO} \\
\text{CO Shift: } \text{CO} + \text{H}_2\text{O} \rightarrow \text{H}_2 + \text{CO}_2
\]
Unique Revenue Model

**On-Site/Pipeline Supply 24%***
- 15 year take-or-pay contracts
- Indexed to energy, inflation, currency
- Financial engineering

**Merchant Liquid Supply 30%***
- Exclusive supply agreements
- Sourced as by-product from on-site

**Packaged/Medical Gases 32%***
- Cylinder and equipment rental
- Sourced as by-product from bulk

We sell consumables that are not priced as commodities

% of Praxair 2007 sales of $9,402MM
Production and Distribution Density…

Praxair: Strongest North American supply system

On-site and Bulk Gases
♦ 300 production plants
♦ 8000 customer locations
♦ 1500 distribution vehicles
♦ 11 pipeline enclaves

Packaged and Specialty Gases
♦ 400 branches
♦ >300,000 customers
♦ 280 independent distributors

Illustrative 200 Mile Radius

…drives reliability, growth, and returns
Applications for Industrial Gases

♦ Increase energy efficiency
  – Oxy-fuel combustion

♦ Higher productivity
  – Throughput, yield

♦ Improve environmental performance
  – Air
  – Water

New applications drive growth at a multiple of IP
Refining Demand for Hydrogen

- Low sulfur fuel regulations
- Heavy crude upgrading
- Replacing refineries’ old reformers
- Increasing demand for middle distillate fuels

### Sulfur Fuel Specifications

<table>
<thead>
<tr>
<th>Year</th>
<th>On-Road Diesel</th>
<th>Off-Road Diesel</th>
<th>Locomotive &amp; Marine</th>
</tr>
</thead>
<tbody>
<tr>
<td>2004</td>
<td>120ppm</td>
<td>500ppm</td>
<td>500ppm</td>
</tr>
<tr>
<td>2005</td>
<td>60ppm</td>
<td>500ppm</td>
<td></td>
</tr>
<tr>
<td>2006</td>
<td>30ppm</td>
<td>500ppm</td>
<td></td>
</tr>
<tr>
<td>2007</td>
<td>15ppm</td>
<td>500ppm</td>
<td></td>
</tr>
<tr>
<td>2008</td>
<td>15ppm</td>
<td>500ppm</td>
<td></td>
</tr>
<tr>
<td>2009</td>
<td>15ppm</td>
<td>500ppm</td>
<td></td>
</tr>
<tr>
<td>2010</td>
<td>15ppm</td>
<td>500ppm</td>
<td></td>
</tr>
<tr>
<td>2011</td>
<td>15ppm</td>
<td>500ppm</td>
<td></td>
</tr>
<tr>
<td>2012</td>
<td>15ppm</td>
<td>500ppm</td>
<td></td>
</tr>
</tbody>
</table>

Strong demand for hydrogen expected to continue
Strong Industrial Gas Demand for Energy Supplies

Nitrogen or CO₂ injection in large quantities at high pressure

Natural gas well fracturing
Enhanced oil recovery

Praxair well positioned in North America
Huge global market potential
Growth in Emerging Economies

- Emerging economies - 30% of sales, 45% of growth capital

<table>
<thead>
<tr>
<th>Region</th>
<th>Mexico</th>
<th>Brazil</th>
<th>China</th>
<th>India</th>
</tr>
</thead>
<tbody>
<tr>
<td>PX Leading Position</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>PX Sales Growth (CAGR ’05-’08F)</td>
<td>20%</td>
<td>21%</td>
<td>20%</td>
<td>21%</td>
</tr>
<tr>
<td>Per Capita Gas Consumption % of U.S.</td>
<td>20%</td>
<td>15%</td>
<td>2%</td>
<td>1%</td>
</tr>
</tbody>
</table>

Projects in diverse industries – chemicals, electronics, energy, metals, pulp & paper, glass

Praxair 2007 sales $9.4 Bn
Growing in China

2007 sales of $320MM*

- Petrochemical
- Metals
- Gasification
- Electronics
- Food & beverage
- Specialty gas
- Other

Vertically integrated business with high distribution density

*Combined sales
Growth in India

- Domestic demand growing – Petrochem, pharma, automotive, metals
- Captive users moving to purchased product
- Application technologies
- Strong project pipeline
- Global engineering center

*PX estimates, non-captive

![Market Share Chart]

- Praxair: 54%
- Comp 1: 46%
- Comp 2: Other

2007: $1.0 Bn Industrial Gas Market

Purchased: 46%
Captive: 54%
Praxair Record Project Activity

♦ Energy and emerging markets driving demand

Increasing backlog supports future revenue growth

2001
Backlog: 24 Proposals: 26

2006
Backlog: 35 Proposals: 63

September 2008
Backlog: 47 Proposals: 93
Return on capital of 15% after tax generates cash flow for growth and shareholder return.
Unique and Profitable Business Model

♦ No commodity pricing

♦ Long-term contracts – high renewal rates

♦ Raw material cost pass-through

♦ No speculative capex

♦ High value, low cost product – reliability is key

♦ Production/distribution density drives returns

♦ Applications technologies drive growth above Industrial Production

♦ Secular growth trends – energy production, environmental legislation and emerging market infrastructure development
Steady Earnings Growth Throughout Economic Cycles

Indexed EPS

18% CAGR

Praxair

9% CAGR

S&P 500

Recession
Principles of Sustainable Development

*Governance and Integrity*
Maintain strong systems and a culture of global corporate governance, compliance, ethics, human rights, integrity and accountability.

*Strategic Leadership*
Stay current with, and take advantage of, emerging global opportunities, developments and challenges to position Praxair for the future.

*Customer Commitment*
Focus relentlessly on the delivery of customer value through continuous innovation that helps our customers enhance their product quality, service, reliability, productivity, safety, energy efficiency and environmental performance.

*Environmental Responsibility*
Achieve continuous environmental performance improvement and energy efficiency in our operations.

*Employee Safety and Development*
Provide opportunities that allow employees to develop to their fullest potential in a creative, inclusive and safe environment.

*Community Support*
Participate in community development in regions where we operate.

*Financial Performance*
Maintain year-on-year recognition from shareholders and stakeholders for top-tier financial performance.

*Stakeholder Engagement and Communication*
Partner with internal and external stakeholders to achieve a strong, secure and sustainable society, economy and environment.
APPENDIX
Glossary

LIN/LOX/LAR – Liquid nitrogen, liquid oxygen and liquid argon

Cryogenic - A state of extreme cold characterized by low temperatures, usually -130°F (-90°C) or below

Air Separation Unit (ASU) – A cryogenic air separation unit typically ranges in size from 50 to 5000 tons per day, capable of producing high purity gaseous O₂, N₂ and Ar, when equipped with a liquefier can also produce LIN/LOX/LAR

N-Plant - A Praxair acronym for plants that use cryogenic distillation columns to produce ultra high purity nitrogen only.

Non-cryogenic - an air separation process that operates at near-ambient temperatures and uses physical property differences other than boiling point, such as molecular size and mass, to produce commercially valuable gaseous products such as nitrogen and oxygen. Typically lower purity than cryogenic

Membrane Plants - a non-cryogenic technology that uses hollow-fiber polymer membranes to separate gaseous nitrogen from air by selective permeability.
Glossary cont.

**Vacuum Pressure Swing Adsorption (VPSA)** - A Praxair acronym for non-cryogenic oxygen plants. VPSA plants use one or two molecular sieve-filled beds to hold all the impurities of air and allow purified oxygen to pass through.

**Steam Methane Reformer (SMR)** - A reaction of natural gas (methane CH4) or other light hydrocarbons (ethane or propane) with steam for the on-purpose production of hydrogen and/or carbon monoxide.

**Pressure Swing Adsorption (PSA)** – Advanced H₂ purification technology

**Partial oxidation** - a reaction of hydrocarbons (such as natural gas, naphtha, petroleum coke or coal) with oxygen to produce hydrogen and carbon monoxide

**Integrated Gasification Combined Cycle (IGCC)** – Most advanced (clean coal) power generation technology

**Gasification** – Partial oxidation of hydrocarbons to produce synthesis gas

**Synthesis Gas** – Combination of H₂ and CO