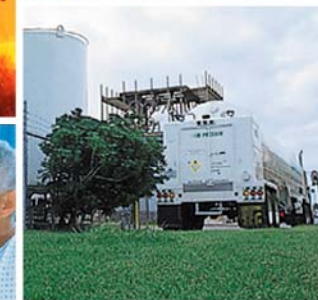
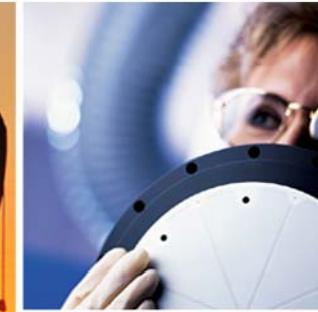




# Investor Teleconference

# Cost Reduction and Business Outlook

December 10, 2008



# Forward Looking Statements

**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 investigations, litigation and regulatory proceedings; 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.**

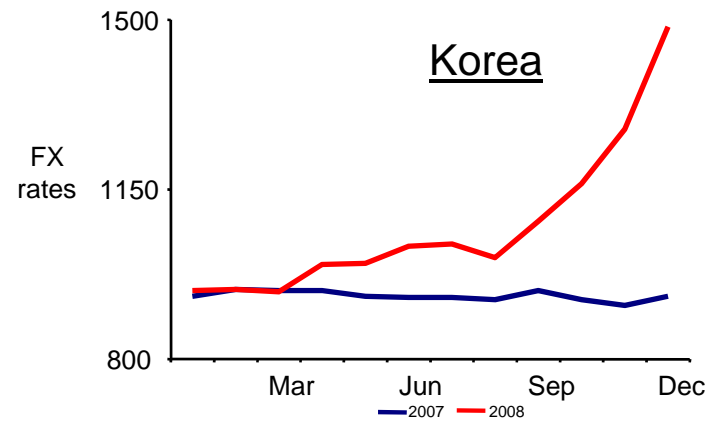
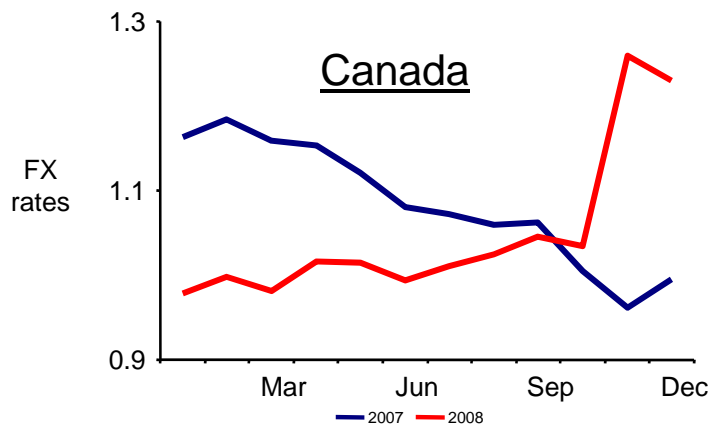
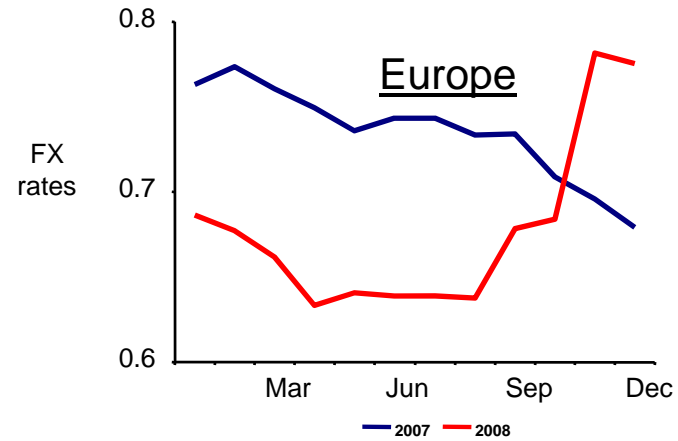
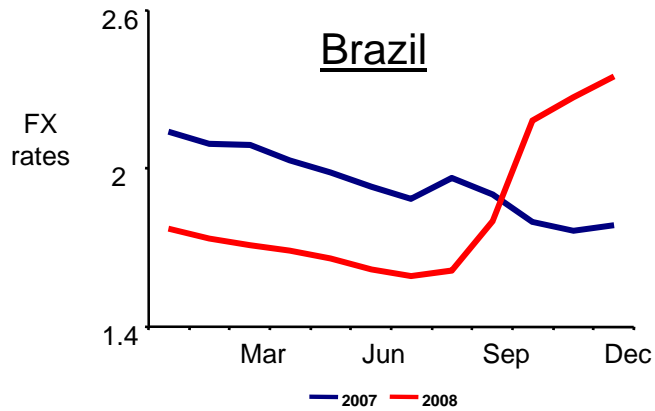
- ◆ **Sharp slowdown in global markets began in November**
  - **Metals, chemicals, electronics hardest hit**
  - **Manufacturing slowing sequentially**
  - **Many customers have announced temporary plant closures and extended holiday shutdowns**
  - **December and January expected to be very weak**
- ◆ **Volumes in Nov. and Dec. expected to be down about 10%**
- ◆ **2009 base business volumes may be down about 5%**
  - **Q1 09 will look like Q4 08**

# Cost Reduction Actions

- ◆ **Pre-tax charge to earnings in Q4 08 of about \$175 MM**
  - **\$120 MM restructure charge**
    - **Severance - \$55 MM**
      - ~1600 people, ~6% of global workforce
    - **Business restructures - \$65 MM**
      - Close or consolidate several non-core, underperforming businesses / product lines
    - **Cash cost ~\$55 MM**
  - **\$55 MM charge related to Brazil social taxes**
- ◆ **2009 savings \$80 MM, \$100 MM annualized thereafter**

**Planning to stay ahead of the curve**

# Currency

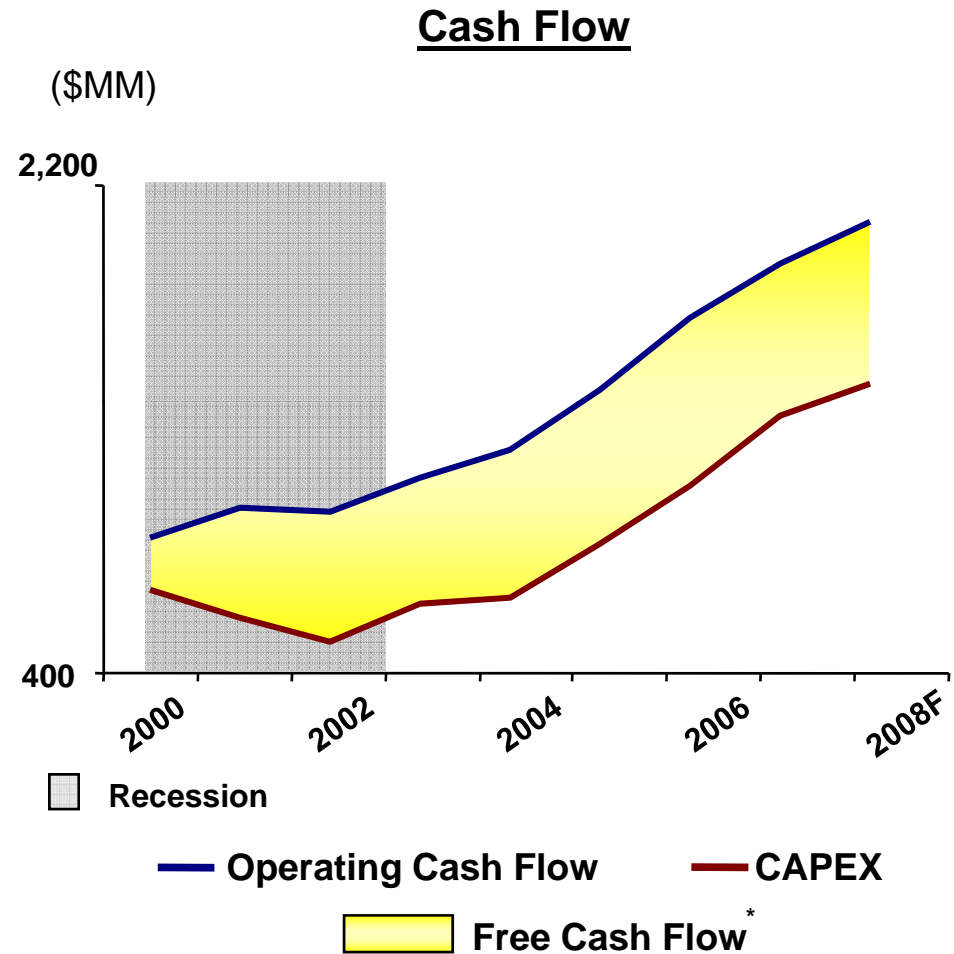


## FX Impact on Sales 2008 YOY

<u>Q1</u>	<u>Q2</u>	<u>Q3</u>	<u>Q4 Est</u>
+7%	+7%	+5%	-8%

- ◆ **Reducing Q4 08 guidance for diluted EPS to \$0.95 to 1.00\***
  - Excludes Q4 charge
  - Assumes negative currency impact of about 8%, based on current exchange rates
  
- ◆ **FY 2008 guidance for diluted EPS of \$4.13 to \$4.18\***
  
- ◆ **FY 2009 guidance will be provided with Q4 08 earnings on 1/28/09.**
  - Based on the fourth quarter run rate and current exchange rates, we would expect 2009 FY earnings per share to be in the area of \$4.00, with potential upside if the economy improves during the course of the year.

- ◆ 2009 operating cash flow >\$2 billion
- ◆ 2009 capex similar to 2008
  - Supports strong project backlog
- ◆ Free cash flow funds dividends and share repurchases



**Strong free cash generation expected**

# APPENDIX



# Non-GAAP Measures

\*The following non-GAAP measures are intended to supplement investors' understanding of the company's financial information by providing measures which investors, financial analysts and management use to help evaluate the company's operating performance. Special items which the company does not believe to be indicative of on-going business trends are excluded from these calculations so that investors can better evaluate and analyze historical and future business trends on a consistent basis. Definitions of these non-GAAP measures may not be comparable to similar definitions used by other companies and are not a substitute for similar GAAP measures. The fourth quarter 2008 diluted EPS guidance adjusted for the impact of the restructuring and other charges helps investors understand underlying performance on a comparable basis.

	Fourth Quarter 2008 Guidance		Full Year 2008 Guidance	
	Low	High	Low	High
Diluted EPS guidance GAAP	\$ 0.58	\$ 0.63	\$ 3.73	\$ 3.78
Pension plan settlement charge*	-	-	0.03	0.03
Restructuring and other charges**	0.37	0.37	0.37	0.37
Adjusted diluted EPS guidance	\$ 0.95	\$ 1.00	\$ 4.13	\$ 4.18
Reported 2007 diluted EPS			\$ 3.62	\$ 3.62
Percentage change from 2007			14%	15%

\* A pension settlement charge of \$17 million (\$11 million after-tax or \$0.03 per diluted share) was recorded in the first quarter 2008 related to lump sum benefit payments made from the U.S. supplemental pension plan to a number of recently retired senior managers, including Praxair's former chairman and chief executive officer.

\*\* In the fourth quarter 2008 the company will take restructuring and other charges that will result in a pre-tax charge to earnings of approximately \$175 million (\$115 million after-tax or \$0.37 per diluted share).