Praxair Investor Day

Participants

White Martins
Domingos Bulus – President Praxair South America
Antonio Cesar – Vice President Bulk Business
Eduardo D’Avila – Industrial Director
Marcos Barreto – Vice President, Key Accounts
Paulo Bastos – Director of Operations, Packaged Gases
Gilney Bastos – Director, Hispanic Countries - South
Marcelo Rodrigues – Director, Natural Gas
Sergio Breyer – Vice President, Finance
Laumar Junior – Manager, Finance

Praxair
Jim Sawyer – EVP & CFO
Liz Hirsch – Director, Investor Relations
Jennifer Humenik – Manager, Investor Relations
Tami Whitlock – Investor Relations Associate
Agenda

8:00 – 10:00 am  Business Presentation – Praxair Headquarters

**Opening Remarks**
Jim Sawyer – Executive Vice President & Chief Financial Officer - Praxair

**South America Market Position and Growth Platforms**
Domingos Bulus – President – Praxair South America

**Construction Capabilities**
Eduardo D’Avila – Industrial Director – Praxair South America

**Applications Technology Development**
Antonio Cesar – Bulk Business Vice President – Praxair South America

10:15-12:00 am  Innovation Fair
    New Technology Applications - Demonstrations

**Group A**

<table>
<thead>
<tr>
<th>Time</th>
<th>Activity</th>
</tr>
</thead>
<tbody>
<tr>
<td>12:15</td>
<td>Leave for Cryogenic Equipment Factory</td>
</tr>
<tr>
<td></td>
<td>(box lunch provided)</td>
</tr>
<tr>
<td>1:15</td>
<td>Cryogenic Equipment Factory</td>
</tr>
<tr>
<td></td>
<td>(1 hour Tour)</td>
</tr>
<tr>
<td>2:30</td>
<td>Leave for Packaged Gas Business Unit</td>
</tr>
<tr>
<td>3:15</td>
<td>Packaged Gas Business Unit Tour</td>
</tr>
<tr>
<td></td>
<td>(45 min Tour)</td>
</tr>
<tr>
<td>4:00</td>
<td>Leave for Rio International Airport</td>
</tr>
<tr>
<td>5:00</td>
<td>Arrival at Rio International Airport</td>
</tr>
</tbody>
</table>

**Group B**

<table>
<thead>
<tr>
<th>Time</th>
<th>Activity</th>
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<tbody>
<tr>
<td>12:15</td>
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<td>2:00</td>
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<td>4:15</td>
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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.
Praxair Global Organization Structure

♦ Geographic business structure
  – Optimizes growth, profitability and return on capital

♦ On-site business development
  – Central decision making
  – Global resources
  – Local touch

♦ Global support functions
  – EPC global supply systems
  – Global market networks – applications technology
  – Productivity/operational efficiency
Global Supply System Organization

Engineering Resources

Procurement
- Standard plant designs lower costs and shorten lead times
- Low cost country sourcing

Construction
- Praxair managed
- Modular fabrication
- Outsourced field erection

Resources dedicated exclusively to Praxair business
Global Market Networks

- Global Market Networks manage $58MM of R&D spend
- Applications technology transfer
  - Originate from all over the world
  - Validated customer needs
  - Create new markets in different countries

2% per year sales growth from high margin, new applications
Global Operations Excellence

Productivity

♦ Target savings of 4% of cost structure
  – $270MM in 2007

♦ State of the art management processes
  – Six Sigma
  – Lean manufacturing
  – Energy efficiency
  – Plant design/operations
    • Packaged gases

Productivity a key component of margin improvement
South America

2007 Sales $1.6 B

84% of sales

Brazil
Venezuela
Brazil
Paraguay
Brazil
Uruguay
Brazil
Argentina

South America End Markets

- Chemicals (6%)
- Energy (12%)
- Food & Beverage (10%)
- Healthcare (13%)
- Manufacturing (25%)
- Metals (24%)
- Other (10%)

Strong #1 position
Solid Financial Performance

South America

<table>
<thead>
<tr>
<th>($MM)</th>
<th>2003</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>$708</td>
<td>$1604</td>
</tr>
<tr>
<td>Operating Profit</td>
<td>$114</td>
<td>$311</td>
</tr>
<tr>
<td>Total Assets</td>
<td>$1275</td>
<td>$2580</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>CAGR</th>
<th>CAGR ex-FX</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales growth</td>
<td>23%</td>
</tr>
<tr>
<td>OP growth</td>
<td>29%</td>
</tr>
</tbody>
</table>

NOPAT ROC 17%
## Brazil Financial Position

<table>
<thead>
<tr>
<th>($Bn)</th>
<th>2002</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Inflation</strong></td>
<td>13%</td>
<td>4%</td>
</tr>
<tr>
<td><strong>GDP</strong></td>
<td>506</td>
<td>1,301</td>
</tr>
<tr>
<td><strong>FDI</strong></td>
<td>17</td>
<td>35</td>
</tr>
<tr>
<td><strong>Exports</strong></td>
<td>60</td>
<td>161</td>
</tr>
<tr>
<td><strong>Imports</strong></td>
<td>47</td>
<td>121</td>
</tr>
<tr>
<td><strong>Net External Debt</strong></td>
<td>173</td>
<td>18</td>
</tr>
</tbody>
</table>

Economic conditions have changed in South America.
S.A. White Martins

Unrivalled network

- 25,000 TPD production capacity
- 140 production units
- 230 branches and filling stations
- 1,500 distribution vehicles
- 150,000 customers

Best positioned and preferred supplier
First Class Team Drives Superior Execution

2007 Sales

(YOY)

<table>
<thead>
<tr>
<th>Category</th>
<th>2007 Sales</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>On-site</strong></td>
<td>+31%</td>
</tr>
<tr>
<td>Volume</td>
<td>+12%</td>
</tr>
<tr>
<td>Price</td>
<td>+ 8%</td>
</tr>
<tr>
<td>FX</td>
<td>+11%</td>
</tr>
<tr>
<td><strong>Merchant</strong></td>
<td>+28%</td>
</tr>
<tr>
<td>Volume</td>
<td>+11%</td>
</tr>
<tr>
<td>Price</td>
<td>+ 7%</td>
</tr>
<tr>
<td>FX</td>
<td>+10%</td>
</tr>
<tr>
<td><strong>Packaged gases</strong></td>
<td>+29%</td>
</tr>
<tr>
<td>Volume</td>
<td>+10%</td>
</tr>
<tr>
<td>Price</td>
<td>+ 8%</td>
</tr>
<tr>
<td>FX</td>
<td>+11%</td>
</tr>
</tbody>
</table>

*Growing much faster than the overall economy*
High Quality and Diverse Customer Base

- Vale [mining]
- Pilkington [glass]
- CSN [steel]
- Nippon Steel Corporation [steel]
- WEG [manufacturing]
- DuPont [CPI]
- Albert Einstein [healthcare]
- Norsa [beverage]
- Electrolux [manufacturing]
- Petrobras [CPI]
- Honda [auto]
- Ouro Verde [CPI]
- ArcelorMittal [steel]
- LWART [pulp & paper]
- Ajinomoto [food]
- Monsanto [CPI]
- Ultra [steel]
- Bunge [pulp & paper]
- Dow [CPI]
- GerDAU [steel]
- Coca Cola [food]
- Cosan [energy]
- Klabin [CPI]
- Nadir [glass]
- Saint-Gobain [glass]
- Bosch [manufacturing]
- Aracruz [pulp & paper]
- Braskem [CPI]
South America Growth Platforms

- On-site business
- Energy
- Applications technology
- Productivity

Leveraging high growth, high return segments
On-Site Business

$505 MM market

♦ Significant new investment
  – Steel
  – Non-ferrous metals
  – Petrochemical
  – Energy/refining
  – Paper

♦ Praxair supplies leading players

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Energy & CPI
New petrochemical units
New refineries & expansion

$92 B Investment

Steel and Non-Ferrous Industry
Steel Prod. Capacity → + 22 MM tons

$27 B Investment
(2006 – 2012)

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Tremendous growth opportunities
Global Steel Industry

Average operating costs – flat, hot rolled coil

- **Plentiful, low-cost iron ore**
  - Net exporter

- **Announced investments**
  - Arcelor / Mittal
  - Posco
  - Thyssen Krupp / Vale (CVRD)
  - Nippon / Usiminas
  - Baosteel
  - Vallourec Sumitomo

- 60% increase in production capacity by 2012

**Brazil lowest cost steel producer**

Source: Metal Bulletin Research
Diversified Project Opportunities

South America

Recent Project Start-ups

Steel
- CST
- Gerdau Açominas

Paper
- Botnia - Kemira
- Suzano

Zinc
- Votorantin

Chemical
- Rhodia

New Wins

Steel
- Gerdau Brazil / Colombia / Chile
- Thyssen

Paper
- Votorantin

Copper / Zinc / Nickel
- CVRD
- Doe Run

Chemical
- Unipar

$ 85MM in new, high margin on-site sales
Developing Energy Markets

- Market growing at 10 – 12%
  - Development of alternative fuels

- NG distribution in areas not served by pipeline
  - JV with Petrobras for LNG distribution; PX plant started in 2006
  - Rapidly developing market for packaged NG (CNG)

- NG cylinders and conversion kits for automobiles

- Praxair participating actively

Energy is becoming a $150MM+ business
**LNG – A Virtual Pipeline**

<table>
<thead>
<tr>
<th>PETROBRÁS</th>
<th>PRAXAIR</th>
<th>JOINT-VENTURE</th>
<th>CUSTOMERS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pipelines</td>
<td>Liquefaction Plants</td>
<td>Distribution</td>
<td>Re-gas Units</td>
</tr>
<tr>
<td></td>
<td>Mixed Refrigerant Liquefiers</td>
<td>Cryogenic Trailers</td>
<td>Industrial Users</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Commercial Users</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Local Pipeline Distribution</td>
</tr>
</tbody>
</table>

**Fully integrated business model**
Strong Growth Outside Brazil

2007 Sales $264MM +17%
OP $73MM +23%

Source: International Monetary Fund

Accelerating high margin growth in all markets

New Opportunities
- Paper
- Copper
- Zinc
- Steel
- Glass
- Energy
Six Sigma & Lean - Productivity

♦ Four Centers of Excellence
  – Strategy & planning
  – Operational reliability
  – Services
  – Business units

♦ Cultural change
  – People integration
  – Business focus

♦ Goal oriented organization

♦ Clear and well communicated strategy

Lean and focused organization is our direction

Sales per Employee, Brazil (Real)

CAGR (2001/07) = 13%
South America Forecast

Expected 12-15% CAGR ex-currency

Sales ($MM)

2007 2008 2009 2010

$1.6 Bn $2.3 Bn

What You Will See Today

FEC - Cryogenic Equipment Factory

World class manufacturing plant
Unmatched Engineering/Manufacturing

♦ Engineering / manufacturing capability
♦ Reliability
♦ Flawless execution
♦ Remote monitoring and operations
♦ Manufacturing plants to serve global needs

Projects Built in South America (last 10 years)
64 projects
10,524 TPD

Global project execution is a competitive advantage
FEC Capabilities

- Long term experience
  - FEC was established in 1972
  - 5,446 tanks, trucks & trailers
  - 68 cold boxes

- Engineering competencies
  - Cold box / HP vessel designs
  - Standard and customized plants

- Strong welding capability
  - Multi-welding processes
  - On-site welding training

Key component of Praxair’s low cost country sourcing
National and International Execution Scope

2,100 TPD - CSN (Brazil)

2,000 TPD - CST (Brazil)
National and International Execution Scope

900 TPD - Shaoguan (China)  
200 TPD – Botnia - Kemira (Uruguay)
What You Will See Today

Packaged Gas Business Unit

♦ Automated filling and analysis process

♦ Fully palletized facility

♦ Filling of oxygen, medical air, nitrous oxide, nitrogen, argon and carbon dioxide (avg. 28,000 cylinders/month)

♦ High pressure cylinders hydro-test (avg. 300 cylinders/month)

♦ Packaged distribution (37 vehicles → 6,700 deliveries/month)

♦ Liquid distribution (19 trailers & 8 trucks → avg. 200,000 km/month)

Highly profitable integrated business
Applications development plays a key role
Customer Relationship Management

Customer feedback initiates new Six Sigma programs
The Innovation Organization

Merchant Business
VP – Antonio Cesar

Business Development
Director

Business Development
Regional Managers

Technology
Engineers

Application
Engineers

Developers

Hunters

GLOBAL MARKET
NETWORKS

Applications development to support sales growth
New Business Acquisition Process

Development through global market networks
What You Will See – Applications Demonstrations

♦ Metal fabrication
  – FastROOT MAG
♦ Oxy-fuel combustion
  – Variable oxidant burner
♦ Heat treating
♦ CO₂ for Hydrometallurgy
♦ CO₂ for fabric neutralization
♦ Waste treatment
  – Biopuster
♦ Wastewater treatment
♦ Specialty gases
  – Remote monitoring
  – Internal cylinder treatment
♦ Healthcare
♦ Energy / natural gas
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 intensity 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