



Investor Teleconference Presentation First Quarter 2009

April 29, 2009

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.

First Quarter Results

(\$MM)	First Quarter <u>2009</u>	Fourth Quarter <u>2008⁽³⁾</u>	First Quarter <u>2008⁽³⁾</u>		<u>YOY</u>	<u>Q1 vs Q4</u>
Sales	\$2,123	\$2,403	\$2,663	Sales Growth	- 20%	- 12%
Operating Profit	\$ 442	\$ 491	\$ 499	Volume	- 12%	- 8%
Operating Margin	20.8%	20.4%	18.7%	Price/Mix/Other	+ 3%	0%
Net Income⁽¹⁾	\$ 290	\$ 314	\$ 318	Cost pass-thru	- 2%	- 2%
Diluted EPS⁽¹⁾	\$ 0.93	\$ 1.01	\$ 0.99	Currency	- 9%	- 2%
After-Tax ROC⁽²⁾	13.8%	14.7%	14.8%	Acq/Div	0%	0%
ROE⁽²⁾	28.7%	28.2%	24.6%			
				Sales	- 20%	
				OP	- 11%	
				Net Income	- 9%	
				EPS	- 6%	
				Operating Profit	- \$ 57MM	
				Volume	- \$180MM	
				Cost reduction	+ \$ 95MM	

(1) Net Income and Diluted EPS attributable to Praxair, Inc. shareholders.

(2) Non-GAAP measures. See Appendix.

(3) Q1 08 and Q4 08 amounts, other than Sales, are non-GAAP measures, adjusted to exclude a Q1 08 pension settlement charge of \$17 MM, \$11 MM after-tax, or 3 cents EPS and Q4 08 charges of \$177 MM, \$114 MM after-tax and noncontrolling interests or 37 cents EPS. See Appendix.

North America

(\$MM)	<u>First Quarter 2009</u>	<u>Fourth Quarter 2008</u>	<u>First Quarter 2008</u>
Sales	\$1,164	\$1,355	\$1,454
Segment OP	\$ 256	\$ 267	\$ 262
Operating Margin	22.0%	19.7%	18.0%

	<u>YOY</u>	<u>Q1 vs Q4</u>
Sales Growth	- 20%	- 14%
Volume	- 14%	- 8%
Price/Mix/Other	+ 3%	0%
Cost pass-thru	- 4%	- 4%
Currency	- 5%	- 2%
Acq/Div	0%	0%

- ◆ Higher sales to energy markets
- ◆ Three new energy sector contracts signed
- ◆ Significantly lower volumes to metals, chemicals and electronics customers
- ◆ Mexico sales +11% YOY ex-FX; strong enhanced oil recovery, manufacturing weak
- ◆ OP margin improvement from lower fixed costs
- ◆ Expect Q2 business trends to be similar to Q1

North America Business Trends – Q1 09 YOY

On-site

- ◆ On-site sales –23%, ex-FX
 - Cost pass-through impact –13%
- ◆ On-site volumes –10%
- ◆ Shutdowns and production cut-backs at chemical and metals customers; refinery turnarounds

Merchant

- ◆ Merchant sales –4%, ex-FX
- ◆ Merchant volumes –12%
- ◆ YOY pricing gains, new contracts in food/environmental

Packaged

- ◆ Packaged gases sales –14%, ex-FX
- ◆ PDI SSS –13%. Gases SSS –3%, hardgoods –28%
- ◆ Closed 3 acquisitions in April

Europe

(\$MM)	<u>First Quarter 2009</u>	<u>Fourth Quarter 2008</u>	<u>First Quarter 2008</u>
Sales	\$303	\$322	\$390
Segment OP	\$ 63	\$ 83	\$ 87
Operating Margin	20.8%	25.8%	22.3%

- ◆ Very weak manufacturing environment in Spain, Italy and Germany
- ◆ Lower volumes in electronics, chemicals and metals markets
- ◆ Merchant volumes resilient for healthcare, wastewater, food & beverage

	<u>YOY</u>	<u>Q1 vs Q4</u>
Sales Growth	- 22%	- 6%
Volume	- 14%	- 8%
Price/Mix/Other	+ 3%	+ 3%
Cost pass-thru	- 1%	0%
Currency	- 9%	- 1%
Acq/Div	- 1%	0%

- ◆ Cost reductions proceeding ahead

South America

(\$MM)	<u>First Quarter 2009</u>	<u>Fourth Quarter 2008</u>	<u>First Quarter 2008</u>
Sales	\$ 353	\$382	\$466
Segment OP	\$ 75	\$ 87	\$ 89
Operating Margin	21.2%	22.8%	19.1%

	<u>YOY</u>	<u>Q1 vs Q4</u>
Sales Growth	- 24%	- 8%
Volume	- 8%	- 7%
Price/Mix/Other	+ 6%	+ 1%
Cost pass-thru	+ 1%	0%
Currency	- 23%	- 2%

- ◆ Overall sales stable ex-FX
- ◆ Sales outside of Brazil +15%, ex-FX
- ◆ Decline in on-site volumes to commodity producers
- ◆ Higher YOY sales to food and healthcare markets
- ◆ Operating profit grew ex-FX. Higher pricing and productivity programs increased OP margin

Asia

(\$MM)	<u>First Quarter 2009</u>	<u>Fourth Quarter 2008</u>	<u>First Quarter 2008</u>
Sales	\$180	\$209	\$211
Segment OP	\$ 26	\$ 34	\$ 37
Operating Margin	14.4%	16.3%	17.5%

	<u>YOY</u>	<u>Q1 vs Q4</u>
Sales Growth	- 15%	- 14%
Volume	- 8%	- 11%
Price/Mix/Other	0%	0%
Cost pass-thru	+ 3%	- 2%
Currency	- 10%	- 1%

- ◆ Growth in China, India and Korea from new project start-ups, offset by sharp decline in electronics
- ◆ Electronics sales -22% YOY, ex-FX
- ◆ Higher pricing in merchant and packaged gases, ex-electronics
- ◆ OP margin decline due to significantly lower sales and margins in electronics
- ◆ Sequential slowdown due to Chinese New Year and extended holiday shutdowns

Surface Technologies

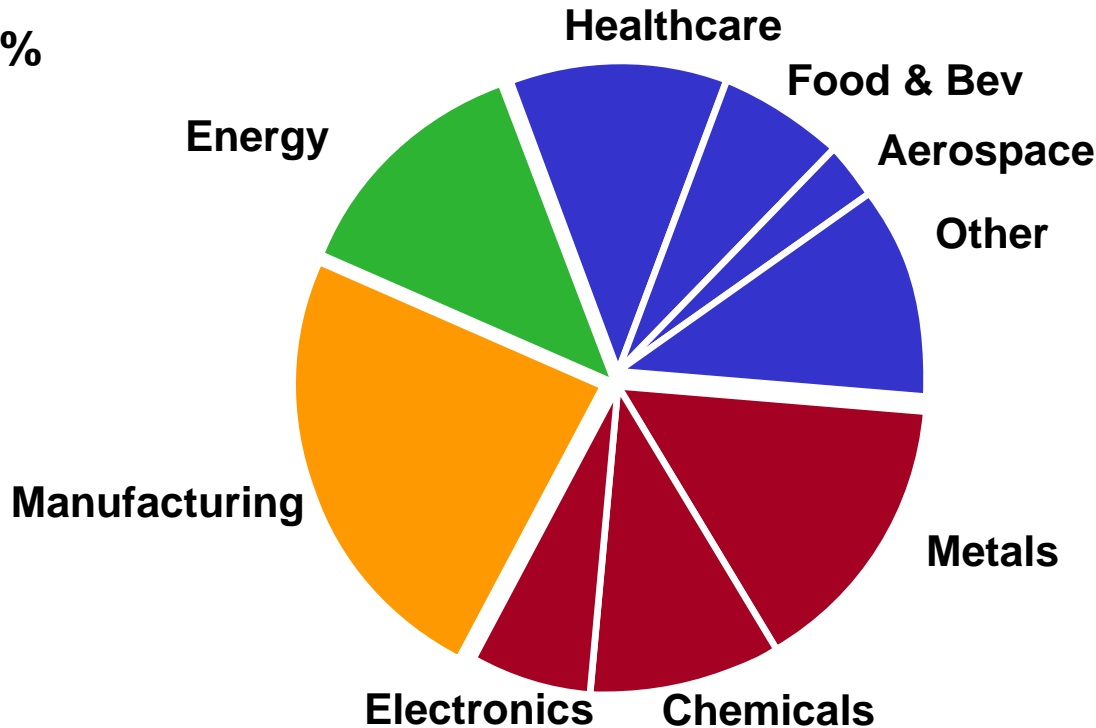
(\$MM)	<u>First Quarter 2009</u>	<u>Fourth Quarter 2008</u>	<u>First Quarter 2008</u>
Sales	\$123	\$135	\$142
Segment OP	\$ 22	\$ 20	\$ 24
Operating Margin	17.9%	14.8%	16.9%

- ◆ Sales growth -7% YOY, ex-FX
- ◆ Operating profit growth ex-FX due to productivity programs which improved operating margins
- ◆ Lower aerospace coatings
- ◆ Strong IGT coatings volumes
- ◆ Europe manufacturing market slow
- ◆ Expect aerospace volumes to increase sequentially through 2009

Q1 09 End-Market Business Conditions

(Organic Sales % YOY)

Energy +8%



Non-cyclical

- ◆ Healthcare +1%
- ◆ Food & Bev -2%
- ◆ Aero/Other -5%

Manufacturing -12%

Commodities

- ◆ Metals -15%
- ◆ Chemicals -16%
- ◆ Electronics -31%

Financial Outlook

Second Quarter 2009

- ◆ Diluted EPS in the range of \$0.95 to \$1.00
 - Assumes negative currency impact of about 11% versus Q2 08, based on current exchange rates

Full Year 2009

- ◆ Sales in the area of \$9.0 billion
 - Assumes negative currency impact of about 9% YOY, based on current exchange rates
 - Assumes negative impact of cost pass-through of about 3%
- ◆ Diluted EPS in the range of \$3.85 to \$4.15
- ◆ Tax rate about 28%
- ◆ CAPEX in the area of \$1.4 billion

APPENDIX

Non-GAAP Measures (\$MM)

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 financing leverage, return on net assets employed and 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. 2008 adjusted operating profit, net income - Praxair, Inc. and diluted EPS are adjusted for the impact of the 2008 fourth quarter cost reduction program and other charges and the 2008 first quarter pension settlement charge which helps investors understand underlying performance on a comparable basis.

	2009	2008			
	Q1	Q4	Q3	Q2	Q1
Debt to Capital Ratio - The debt-to-capital ratio is a measure used by investors, financial analysts and management to provide a measure of financial leverage and insights into how the company is financing its operations.					
Total debt	\$ 5,045	\$ 5,025	\$ 4,944	\$ 4,596	\$ 4,574
Equity:					
Praxair, Inc. shareholders' equity	4,073	4,009	4,891	5,671	5,209
Noncontrolling interests	302	302	307	317	344
Total equity	4,375	4,311	5,198	5,988	5,553
Total Capital	\$ 9,420	\$ 9,336	\$ 10,142	\$ 10,584	\$ 10,127
Debt to capital ratio	53.6%	53.8%	48.7%	43.4%	45.2%

Non-GAAP Measures, cont.

After-tax return on Capital (ROC) - After-tax return on capital is a measure used by investors, financial analysts and management to evaluate the return on net assets employed in the business. ROC measures the after-tax operating profit that the company was able to generate with the investments made by all parties in the business (debt, noncontrolling interests and Praxair, Inc. shareholders' equity).

	2009		2008		
	Q1	Q4	Q3	Q2	Q1
Adjusted operating profit (a)	\$ 442	\$ 491	\$ 544	\$ 543	\$ 499
Less: income taxes	(114)	(67)	(139)	(137)	(122)
Less: tax benefit on cost reduction program and other charges (b)	-	(59)	-	-	-
Less: tax benefit on pension settlement charge (c)	-	-	-	-	(6)
Less: tax benefit on interest expense	(10)	(14)	(14)	(15)	(13)
Add: income from equity investments	5	8	11	8	9
Net operating profit after-tax (NOPAT)	\$ 323	\$ 359	\$ 402	\$ 399	\$ 367
Beginning capital	\$ 9,336	\$ 10,142	\$ 10,584	\$ 10,127	\$ 9,655
Ending capital	\$ 9,420	\$ 9,336	\$ 10,142	\$ 10,584	\$ 10,127
Average capital	\$ 9,378	\$ 9,739	\$ 10,363	\$ 10,356	\$ 9,891
ROC %	3.4%	3.7%	3.9%	3.9%	3.7%
ROC % (annualized)	13.8%	14.7%	15.5%	15.4%	14.8%

Return on Praxair, Inc. Shareholder's equity (ROE) - Return on Praxair, Inc. shareholders' equity is a measure used by investors, financial analysts and management to evaluate operating performance from a Praxair shareholder perspective. ROE measures the net income attributable to Praxair, Inc. that the company was able to generate with the money shareholders have invested.

Adjusted net income - Praxair, Inc. (a)	\$ 290	\$ 314	\$ 355	\$ 349	\$ 318
Beginning Praxair, Inc. shareholders' equity	\$ 4,009	\$ 4,891	\$ 5,671	\$ 5,209	\$ 5,142
Ending Praxair, Inc. shareholders' equity	\$ 4,073	\$ 4,009	\$ 4,891	\$ 5,671	\$ 5,209
Average Praxair, Inc. shareholders' equity	\$ 4,041	\$ 4,450	\$ 5,281	\$ 5,440	\$ 5,176
ROE %	7.2%	7.1%	6.7%	6.4%	6.1%
ROE % (annualized)	28.7%	28.2%	26.9%	25.7%	24.6%

Non-GAAP Measures, cont.

(a) **2008 Adjusted Operating profit, Net income - Praxair, Inc. and Diluted EPS**

	<u>Fourth Quarter</u>	<u>First Quarter</u>
	<u>2008</u>	<u>2008</u>
Reported operating profit	\$ 314	\$ 482
Add: cost reduction program and other charges (b)	177	-
Add: pension settlement charge (c)	-	17
Adjusted operating profit	<u>\$ 491</u>	<u>\$ 499</u>
Reported 2009 operating profit		\$ 442
Percentage change from 2008		(11)%
Reported net income - Praxair, Inc.	\$ 200	\$ 307
Add: cost reduction program and other charges (b)	114	-
Add: pension settlement charge (c)	-	11
Adjusted net income - Praxair, Inc.	<u>\$ 314</u>	<u>\$ 318</u>
Reported 2009 net income - Praxair, Inc.		\$ 290
Percentage change from 2008		(9)%
Diluted weighted average shares	310,719	320,409
Reported diluted EPS	\$ 0.64	\$ 0.96
Add: cost reduction program and other charges (b)	0.37	-
Add: pension settlement charge (c)	-	0.03
Adjusted diluted EPS	<u>\$ 1.01</u>	<u>\$ 0.99</u>
Reported 2009 diluted EPS		\$ 0.93
Percentage change from 2008		(6)%

(b) The 2008 quarter includes cost reduction program and other charges of \$177 million (\$114 million after-tax and noncontrolling interests, or \$0.37 per diluted share).

(c) A pension settlement charge of \$17 million (\$11 million after-tax or \$0.03 per diluted share) was recorded in the 2008 first quarter 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.