



Praxair, Inc.

James S. Sawyer
Executive Vice President and
Chief Financial Officer

**Goldman Sachs Basic Materials
Conference**

June 3, 2009



Making our planet more productiveSM

www.praxair.com

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.

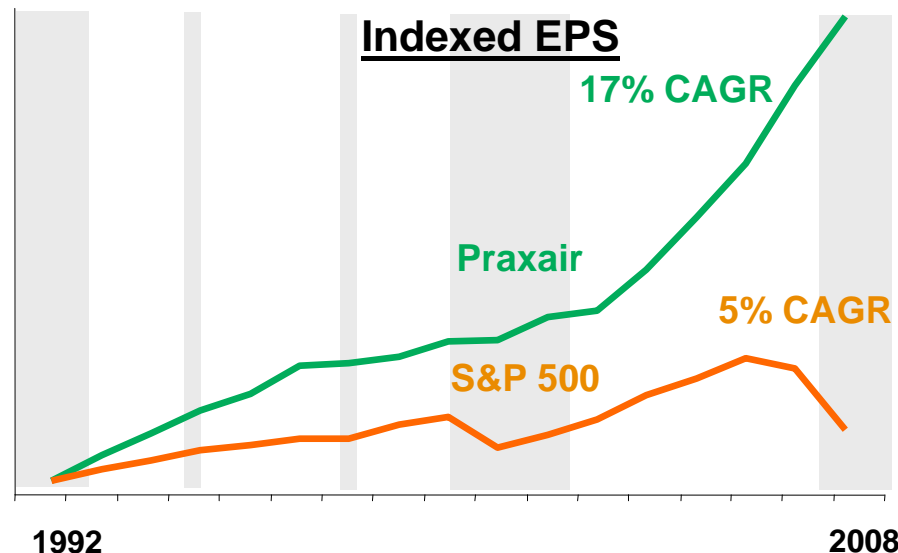
Praxair Performs

In the past,
in the present
and in the future



- ◆ Stick with our strategy
- ◆ Continuous improvement

- Operating model
- Leverage density strategy
- New product applications
- Productivity leadership
- Flawless execution



Historical Performance

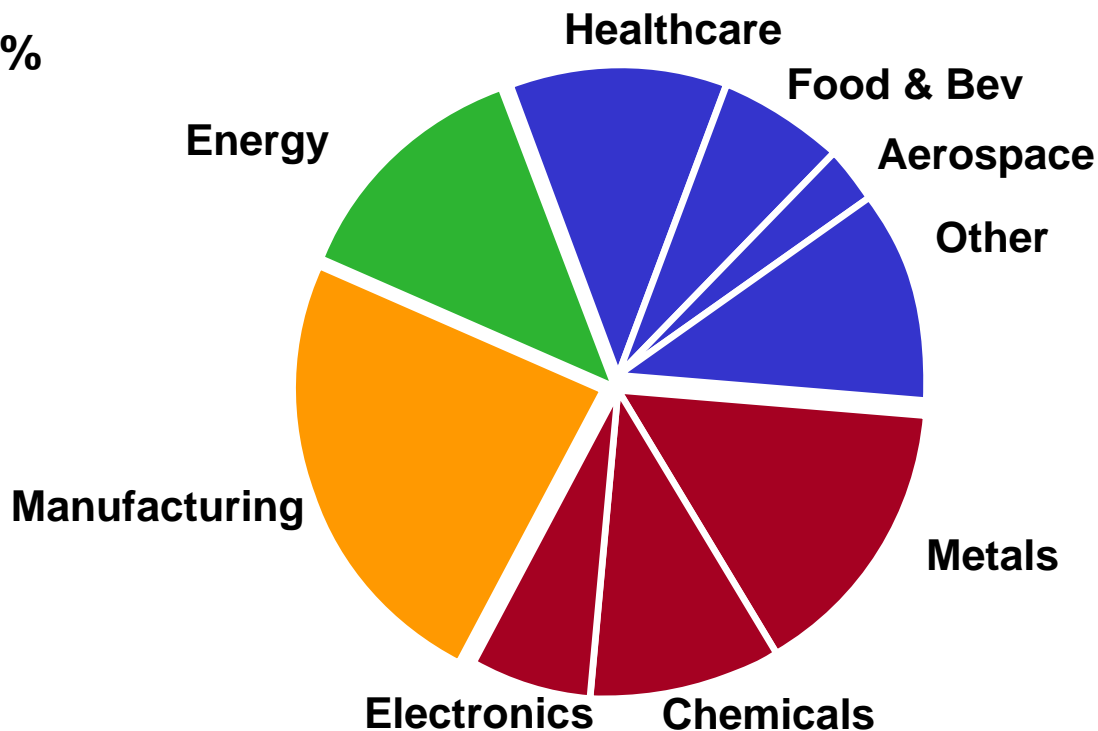
	<u>PX</u>	<u>Peers⁽¹⁾</u>	<u>S&P 500</u>
Sales growth (5yr CAGR)	14%	9%	10%
EPS growth (5yr CAGR)	19%	12%	4%
NOPAT ROC⁽²⁾(2008)	15%	10%	--
Cash distributed to shareholders⁽³⁾ (5yr average % sales)	8%	3%	--

1. Bloomberg, PX estimates. Weighted average.
 2. Non-GAAP measure. See page 41 of annual report.
 3. Non-GAAP measure. Cash flow distributed = cash dividends plus purchases of common stock, net of issuances.

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%

First Quarter Results

(\$MM)	<u>Q1 09</u>	<u>Q1 08⁽³⁾</u>	% YOY		
			<u>% YOY</u>	<u>ex-FX</u>	
Sales	\$2,123	\$2,663	- 20%	- 11%	
Gross Profit	\$928	\$1,068	- 13%		
Gross Margin⁽¹⁾	43.7%	40.1%	+360 bp		
SG&A	\$ 265	\$ 335	- 21%		
Operating Profit	\$ 442	\$ 499	- 11%	0%	
Operating Margin	20.8%	18.7%	+210 bp		
Net Income⁽²⁾	\$ 290	\$ 318	- 9%	+ 2%	
Diluted EPS⁽²⁾	\$ 0.93	\$ 0.99	- 6%	+ 5%	

<u>Sales % YOY</u>	
Volume	- 12%
Price/Mix/Other	+ 3%
Cost pass-thru	- 2%
Currency	- 9%
Acq/Div	0%
	- 20%

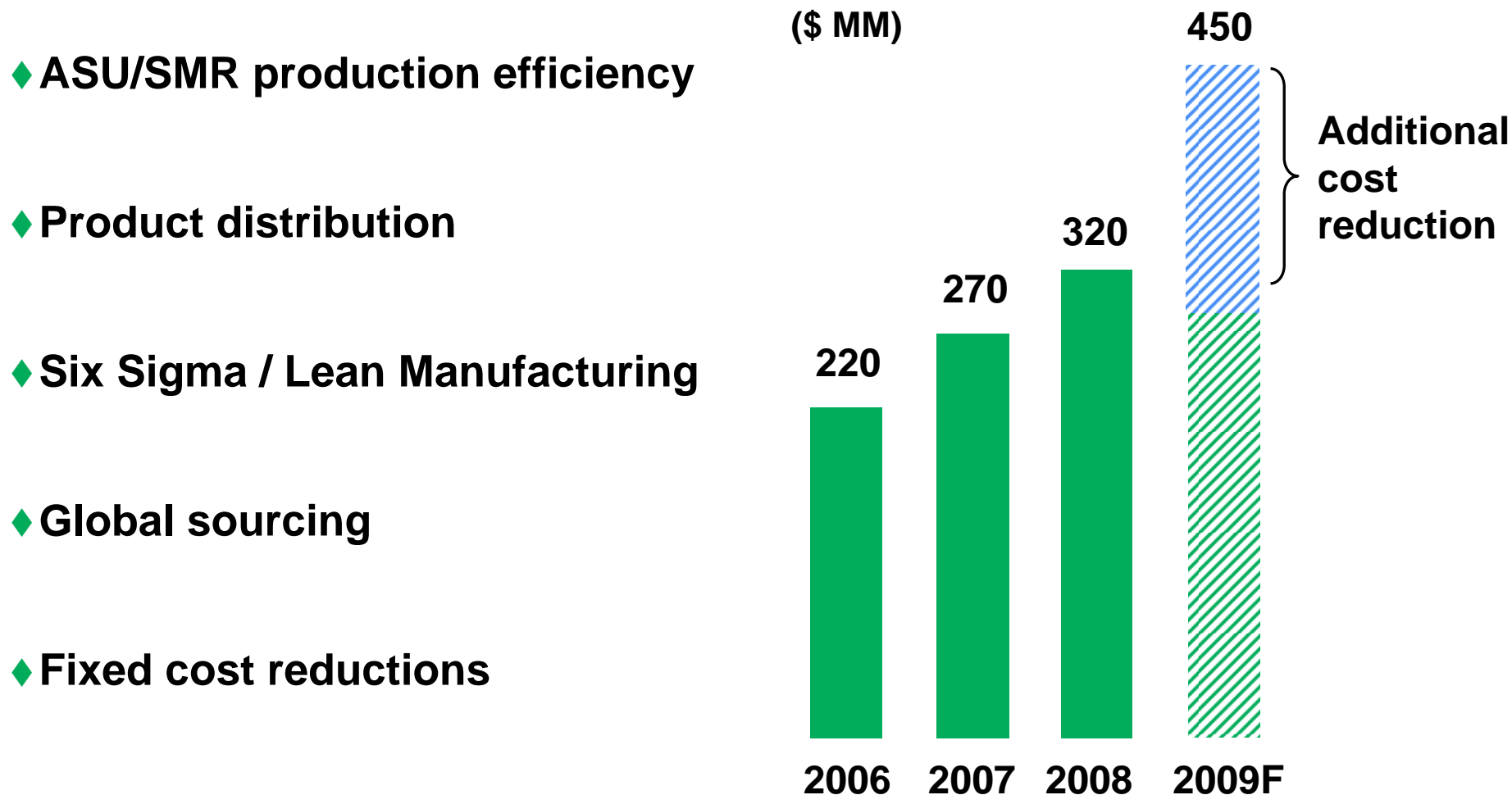
5% EPS growth ex-currency

(1) Gross Margin excludes depreciation and amortization expense.

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

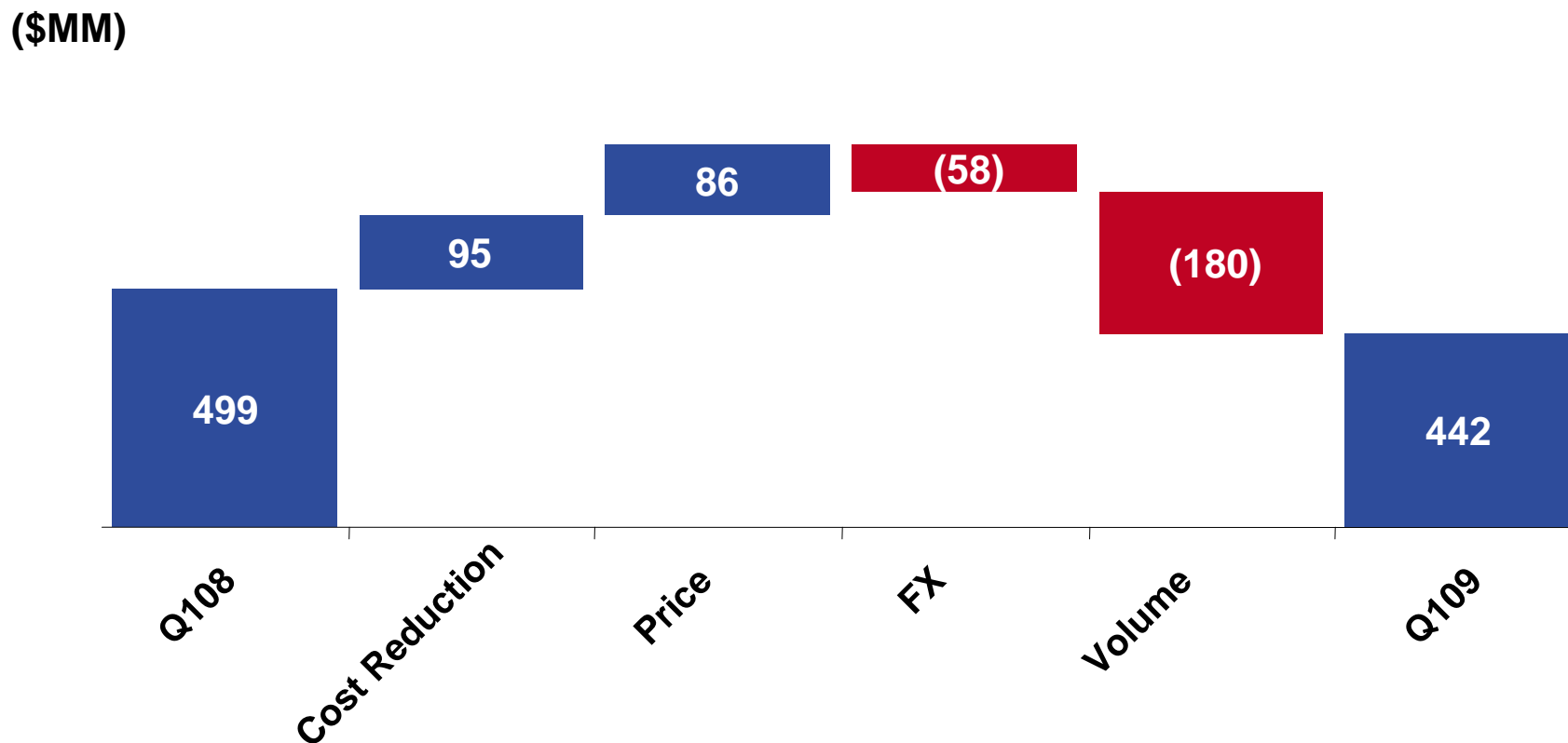
(3) Q1 08 amounts, other than Sales, are non-GAAP measures, adjusted to exclude a pension settlement charge of \$17 MM, \$11 MM after-tax, or 3 cents EPS. See Appendix in Q109 earnings presentation.

Accelerating Productivity Initiatives



2009 fixed costs will be much lower than 2008

First Quarter Operating Profit



Volume decline offset by cost reduction and price

Unique Revenue Model

On-Site/Pipeline Supply



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

Merchant Liquid Supply



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

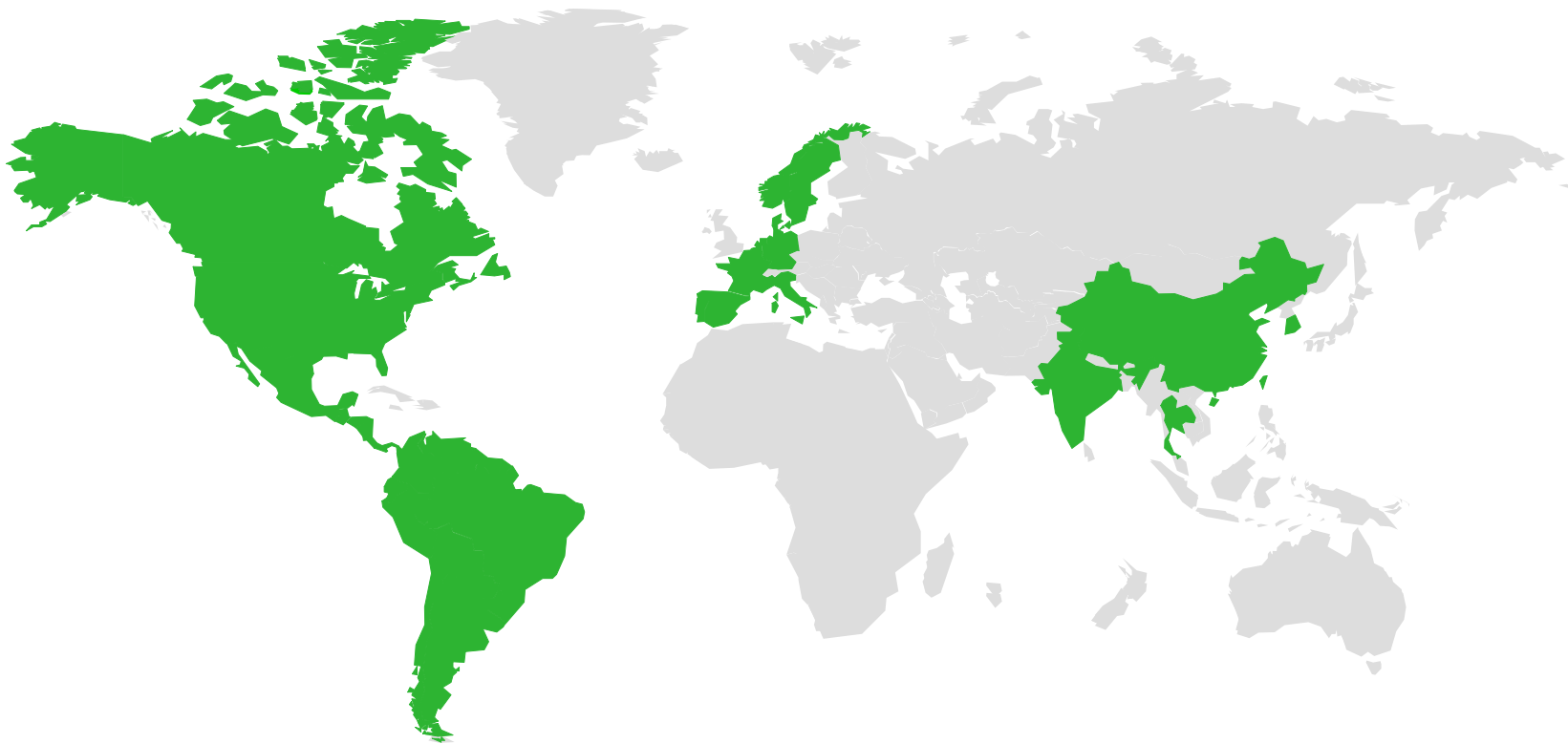
Packaged/Medical Gases



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

Integrated system; contract terms drive high ROC

Focus on Geographic Density



- ◆ We focus on 12 core geographies where we have superior production/distribution systems
- ◆ Praxair core geographies represent 75% of future world GDP growth

This strategy drives faster sales growth and higher ROC growth

Industrial Gas Demand for Energy Supplies

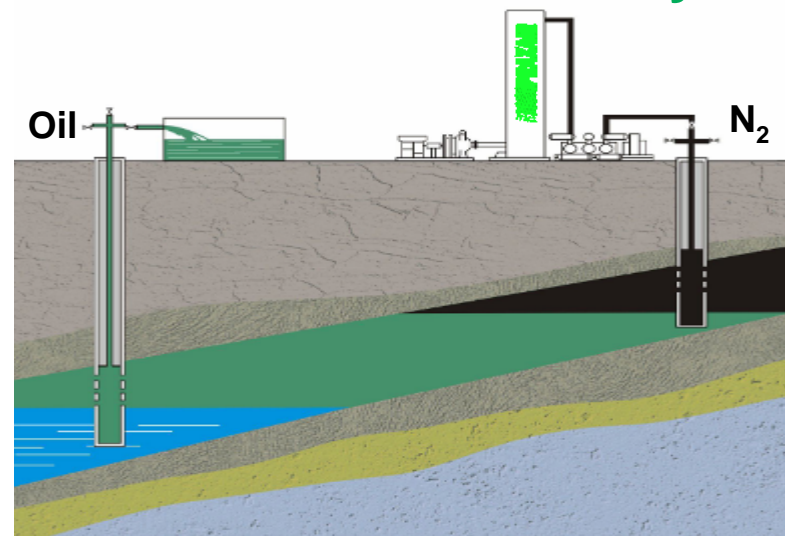
Nitrogen or CO₂ injection in large quantities at high pressure

Natural gas well fracturing



Praxair well positioned in North America

Enhanced oil recovery



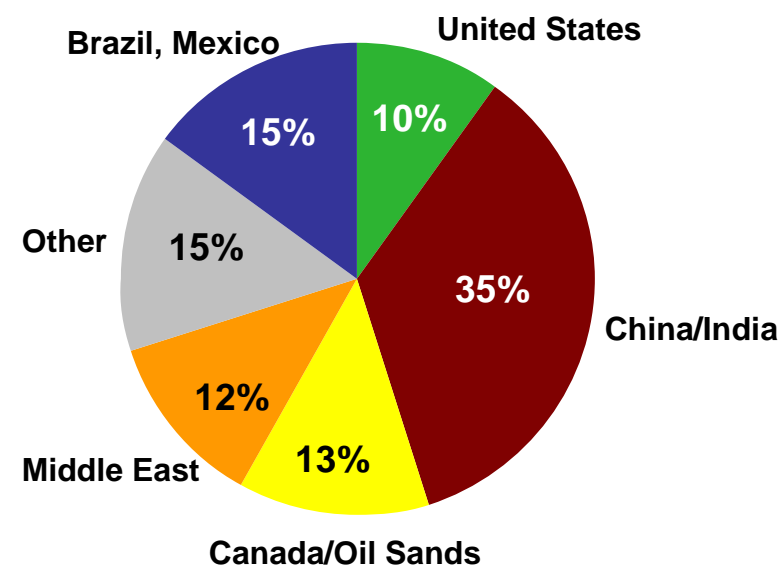
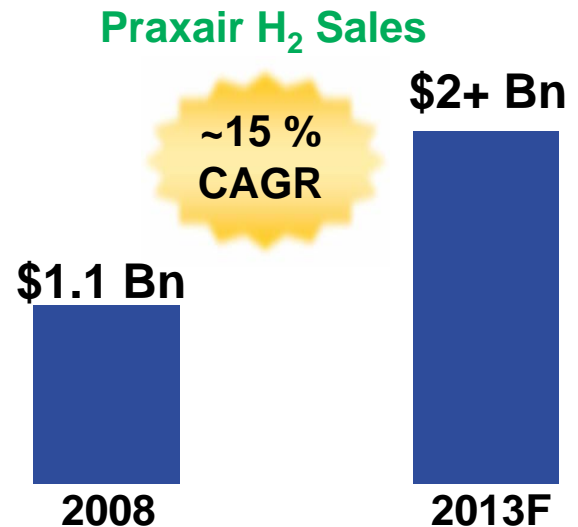
Huge global market potential

Hydrogen for Refining

◆ Global growth drivers

- Growing diesel demand
- Heavy sour crude
- Fuel emission standards
- Outsourcing captive production
- Emerging markets

Hydrogen demand expected to grow by ~14 BCF/day by 2015....equivalent to 140 world-scale SMRs

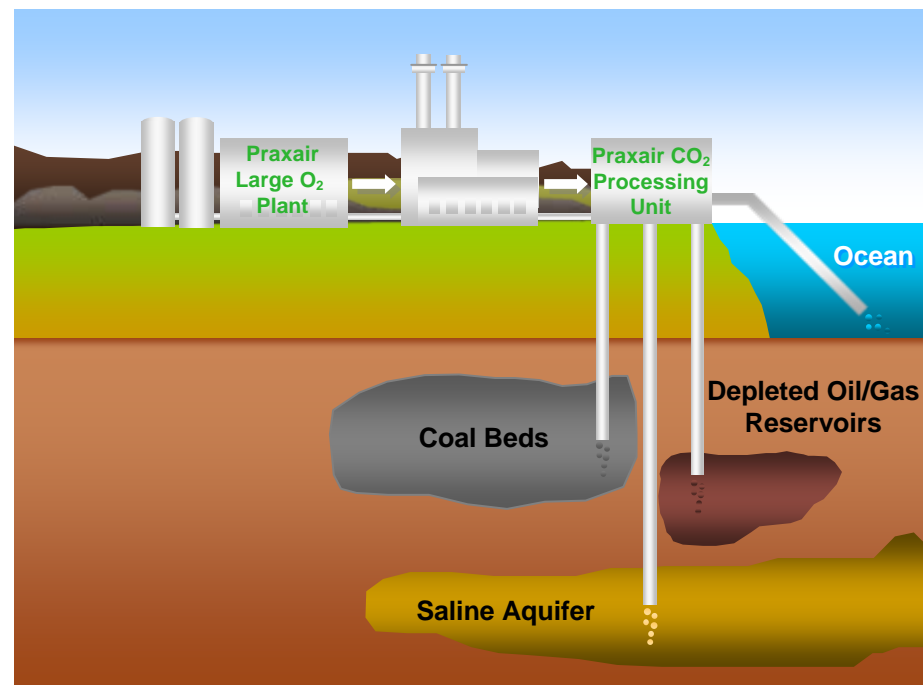


% of New H₂ Demand by Region

Strong growth expected to continue

Carbon Capture and Storage

- ◆ **Oxy-coal combustion for clean-coal power generation**
 - World scale O₂ system
 - Alliance with Foster Wheeler
- ◆ **Enabling technologies for other industries (e.g. steel, refining)**
 - Oxy-fuel combustion
 - Large scale CO₂ separation/purification
- ◆ **Increased government funding for demo projects in US and Europe**

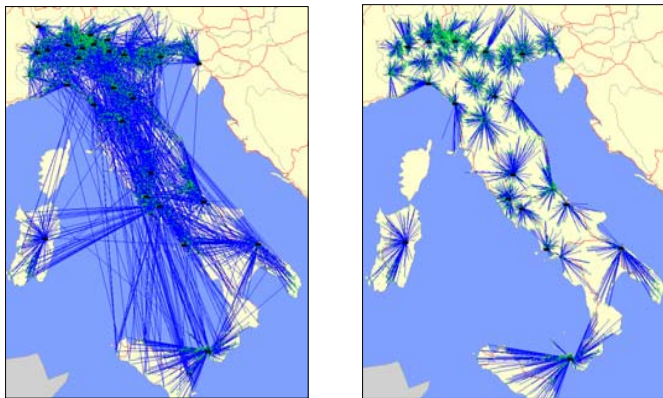


Power station with CO₂ capture

Commercialization depends on GHG legislation

Making our Planet More ProductiveSM

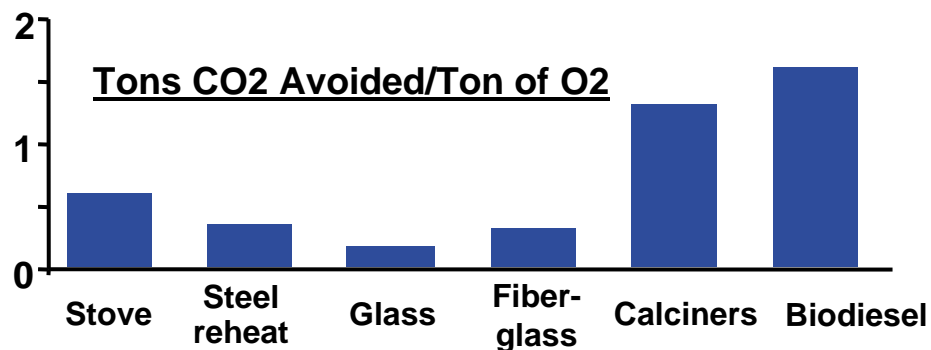
Optimization of Operations



Water Treatment



Oxy-fuel Reduces Emissions



Solar Energy



Strong Presence in Emerging Economies

	<u>Mexico</u>	<u>Brazil</u>	<u>China</u>	<u>India</u>
Praxair Leading Position	✓	✓	✓	✓
Praxair Sales Growth (CAGR '05-'08)	20%	19%	18%	18%
Per Capita Gas Consumption (% of U.S.)	20%	15%	2%	1%
Forecasted IP Growth* (CAGR '09-'14)	4%	4%	11%	5%

Emerging economies represent 30%+ of sales and 60% of projects in the backlog

Mexico – Long-term Growth

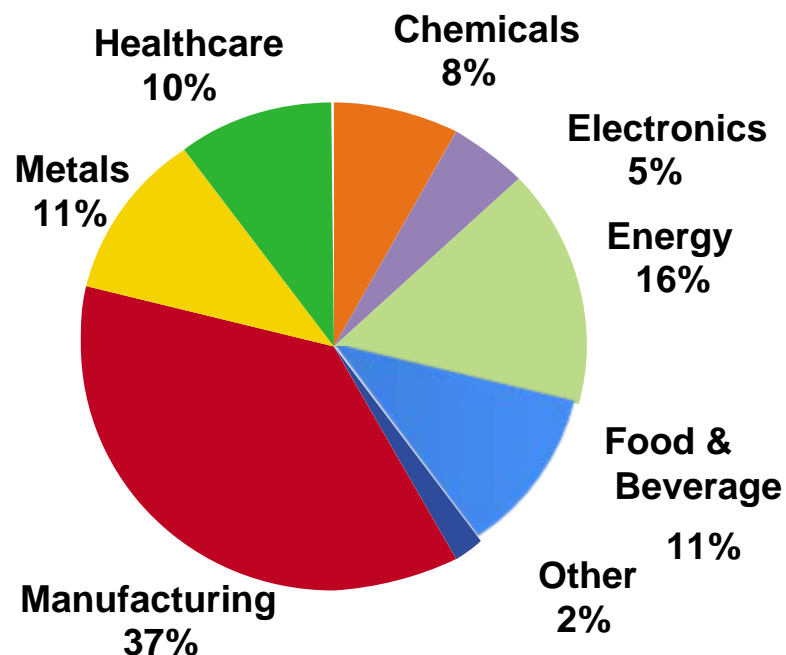
◆ Increasing opportunities with PEMEX

- Enhanced oil recovery
- Oil well services
- Hydrogen for refining

◆ Infrastructure investment – 5 year plan

- Healthcare
- Metals
- Electronics/Solar

Praxair Mexico End Markets

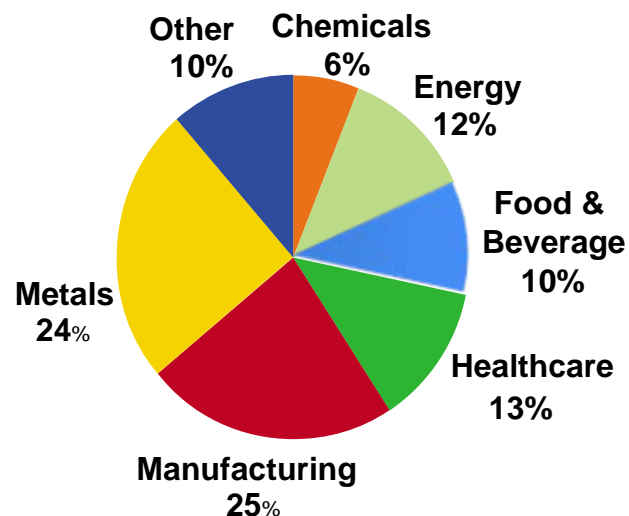


Energy sector will drive strong growth

South America



South America End Markets

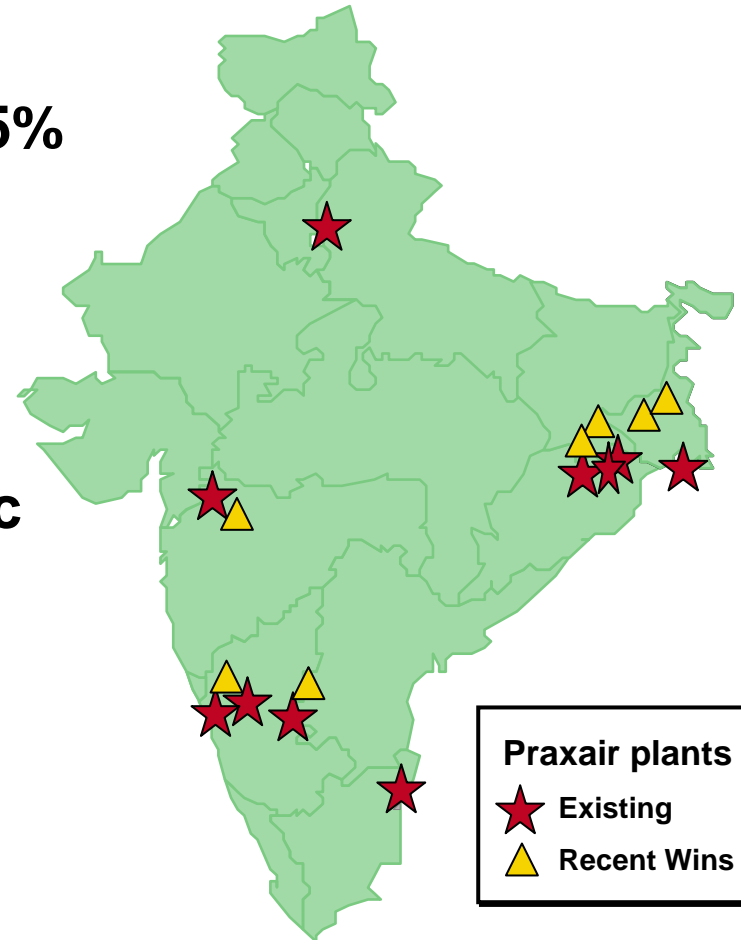


- ◆ On-site investment - variety of end markets
- ◆ Applications technologies-food, healthcare, environmental
- ◆ Best positioned and preferred supplier

Unrivalled network drives strong profitable growth

Growing in India







- ◆ Praxair #1 position
- ◆ \$1 B industrial gas market growing 15% per year
- ◆ Growth to continue despite near-term moderation
- ◆ 80% of production geared to domestic consumption
 - Infrastructure investments
 - Growing middle class
- ◆ Captive users moving to purchased product

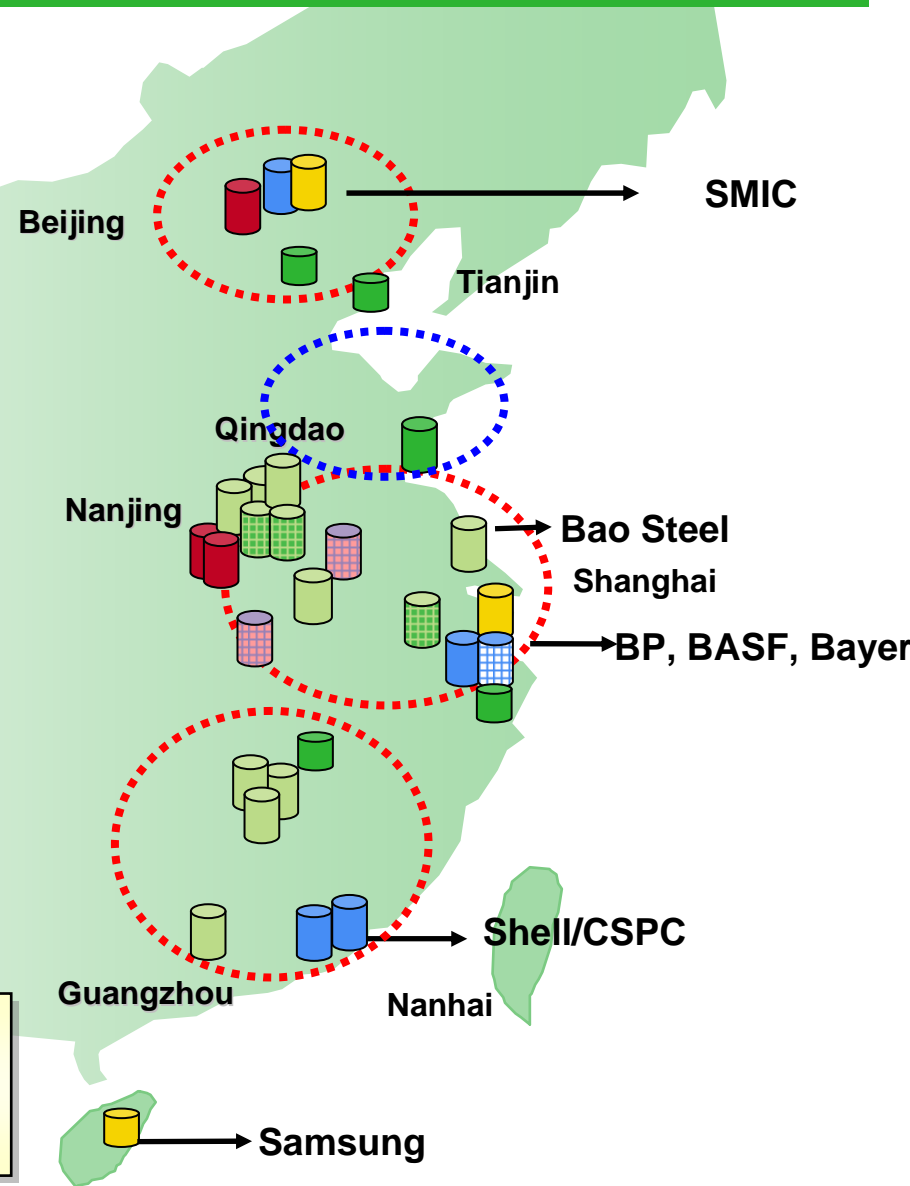


Strong opportunity pipeline

Expanding in China

2008 sales of \$376 MM*

- ◆ Petrochemical 
- ◆ Metals 
- ◆ Gasification 
- ◆ Electronics 
- ◆ Food & beverage 
- ◆ Other 



Vertically integrated business with high distribution density

*Combined sales.  Under construction

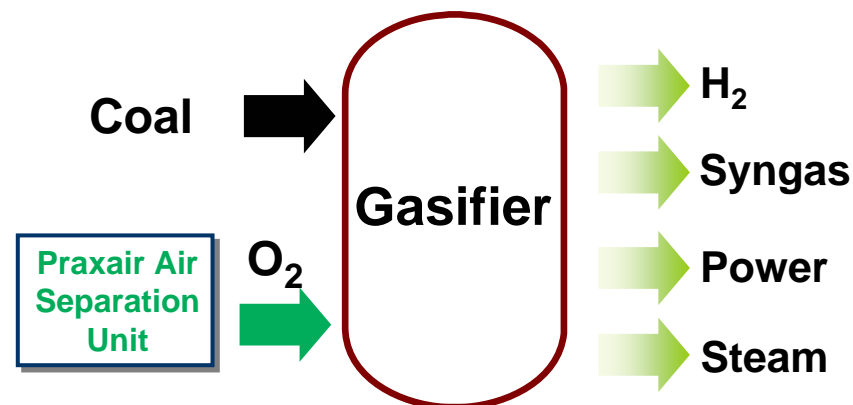
Coal Gasification

◆ Active coal gasification projects in China

- Limited oil and gas availability
- Syngas chemical feedstock
- Low cost to compete globally
- Plenty of low cost coal

◆ Praxair oxygen supply

- SOPO acetic acid plant
- Anhui HuaYi Chemical
- 3000 TPD product line plants
- Aligned with gasification technology

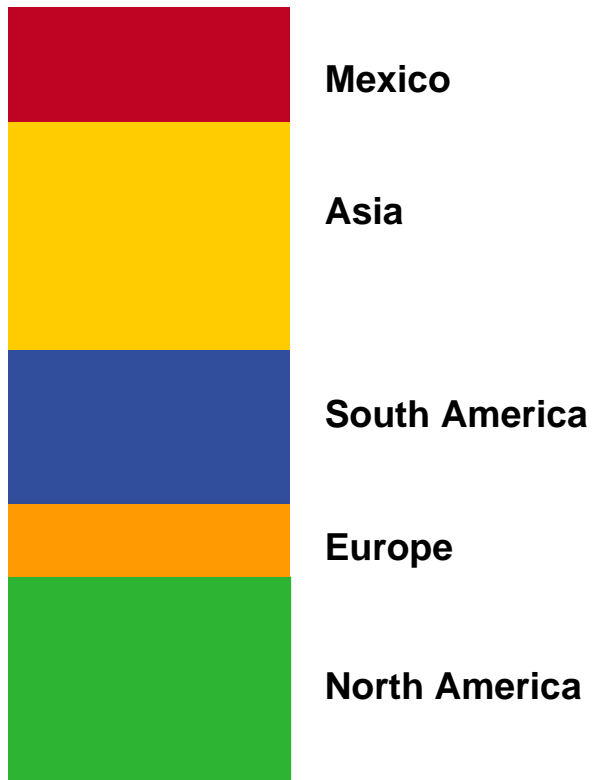


3,000 TPD product line plant

Multiple projects in the backlog

Strong Project Backlog

42



Q1 2009

- ◆ 42 major on-site projects
- ◆ Project start-ups 2009 to 2011
- ◆ ~\$2 billion in capex
- ◆ >60% in emerging markets
- ◆ Diverse markets and geographies

of projects, by region

Project backlog will drive revenue and earnings growth

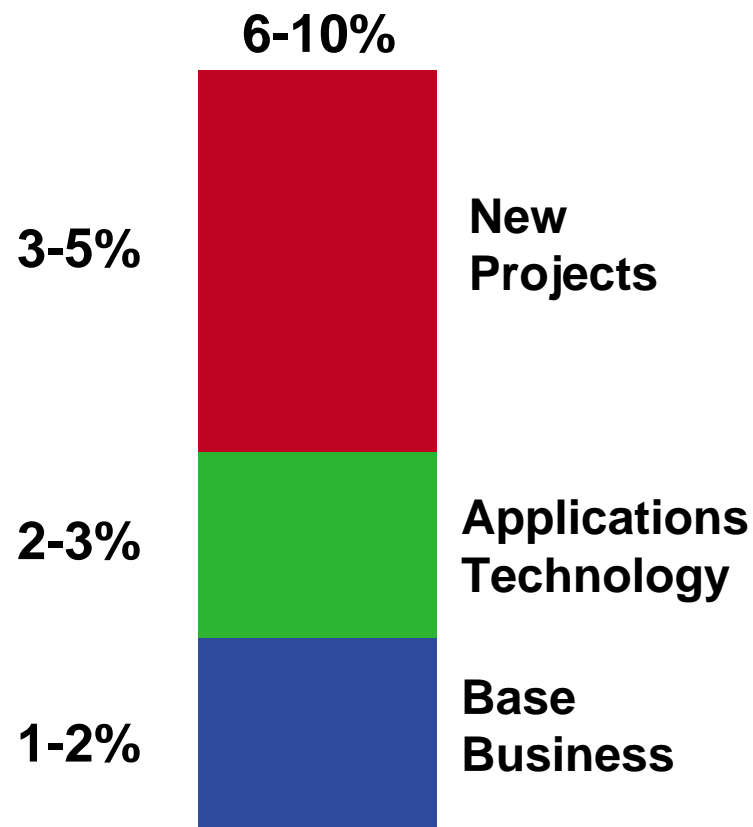
2010 and Beyond

◆ Operating cash flow > \$2 Bn

◆ Free cash flow > \$1 Bn

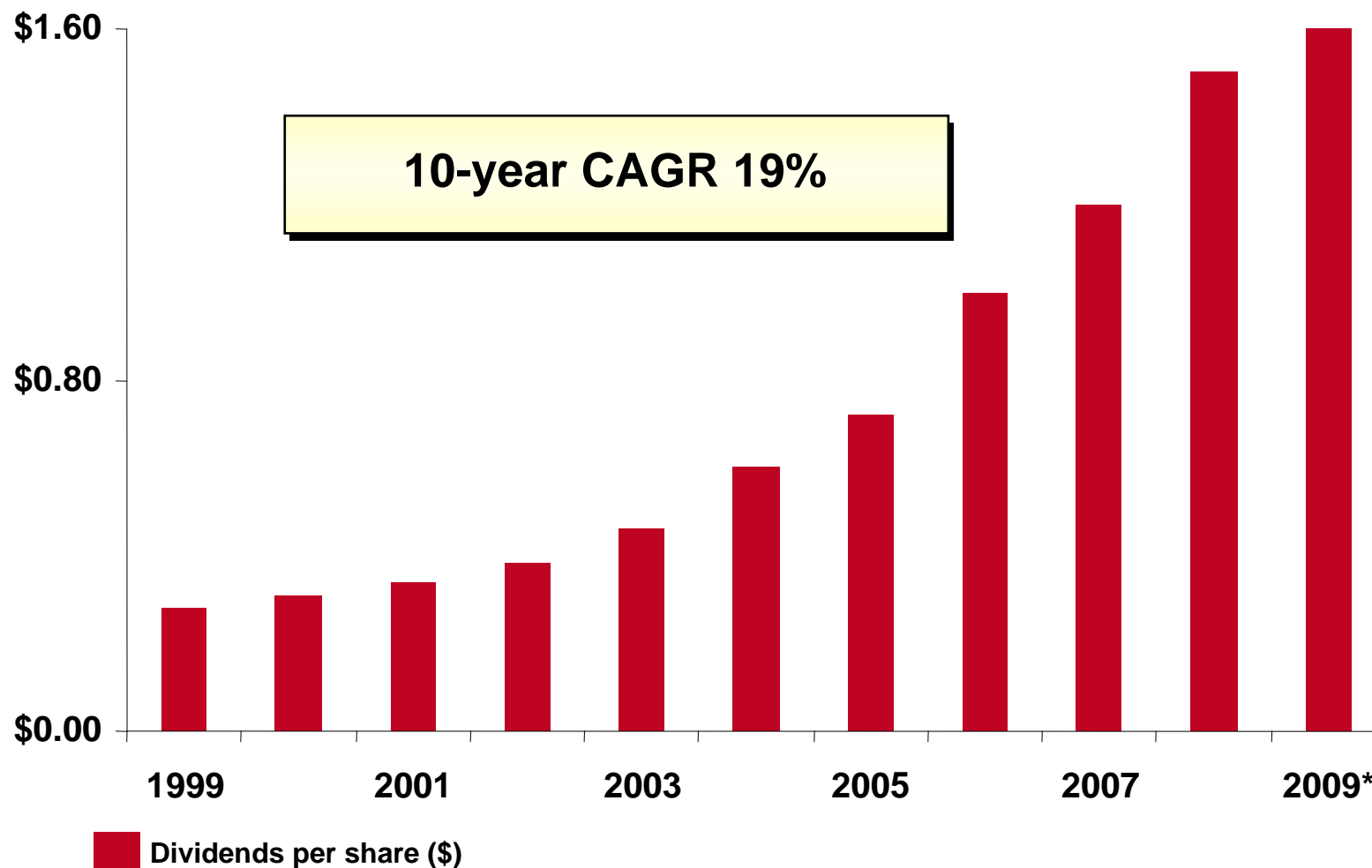
- Dividends
- Share purchases
- Tuck-in acquisitions

Annual Organic Sales Growth



Growth model still intact

Dividend Growth



Confident in ability to generate strong cash flow

*Proforma – assumes Q1 dividend rate for full year 2009

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.



Dow Jones Sustainability Indexes

