



Making our planet more productiveSM

Praxair, Inc.

Jim Sawyer

EVP and Chief Financial Officer

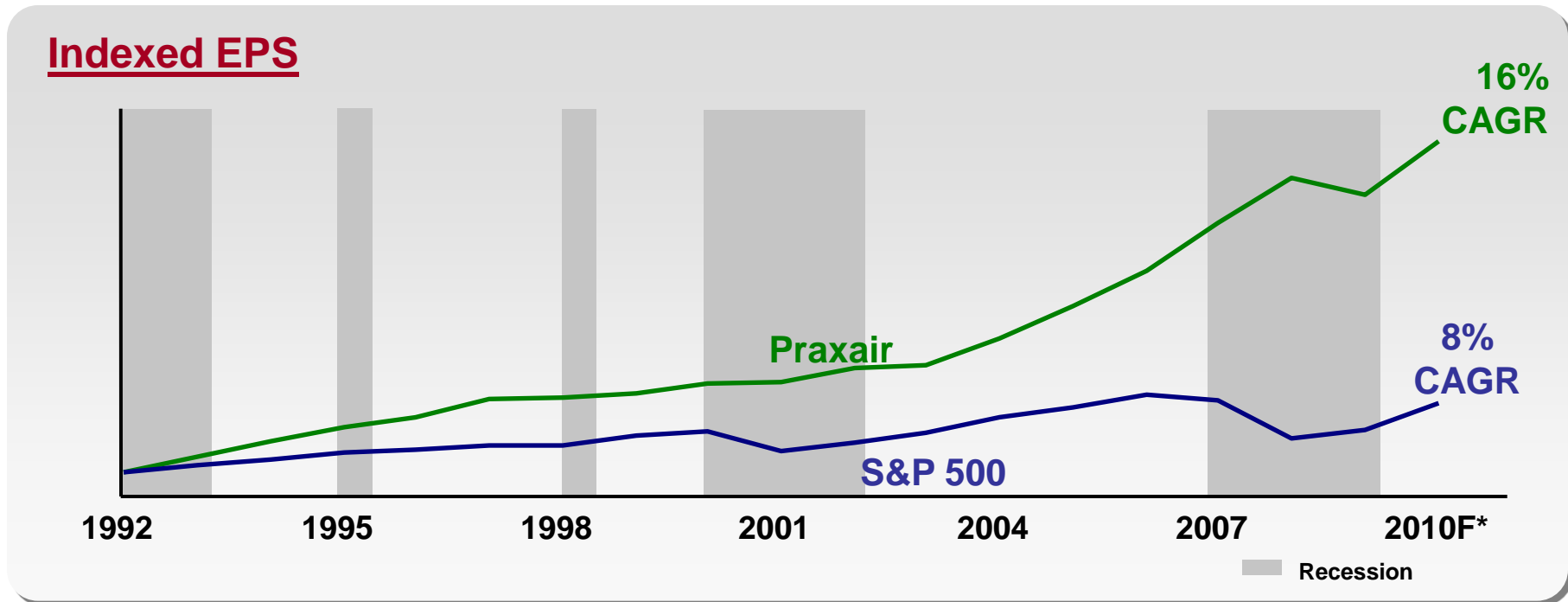
**Bank of America Merrill Lynch Global
Industries Conference**

December 15, 2010

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 changes in pension plan liabilities; the impact of tax, environmental, 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 Form 10-K and 10-Q reports filed with the SEC which should be reviewed carefully. Please consider the company’s forward-looking statements in light of those risks.

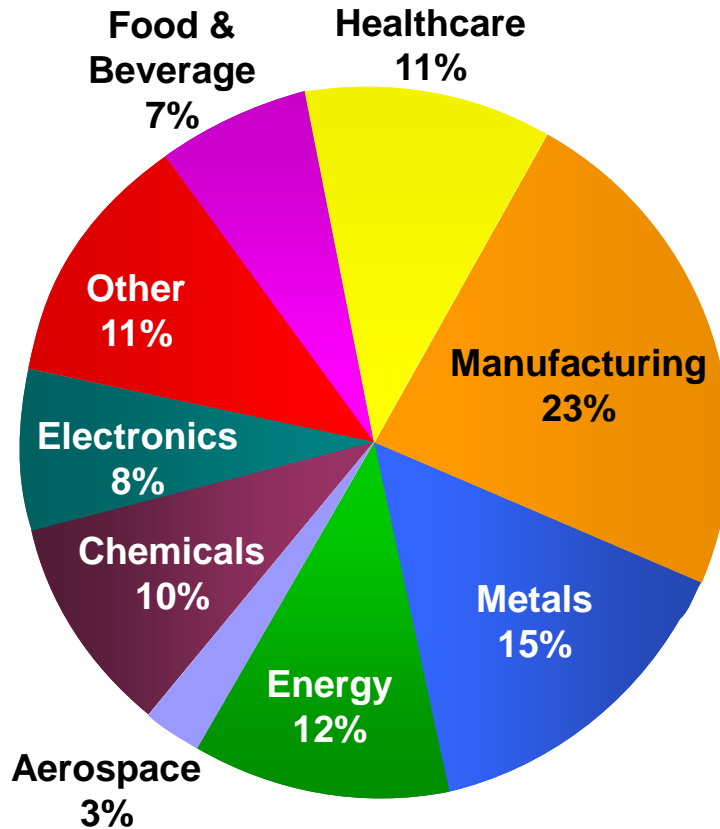
Praxair Delivers Consistent Outperformance



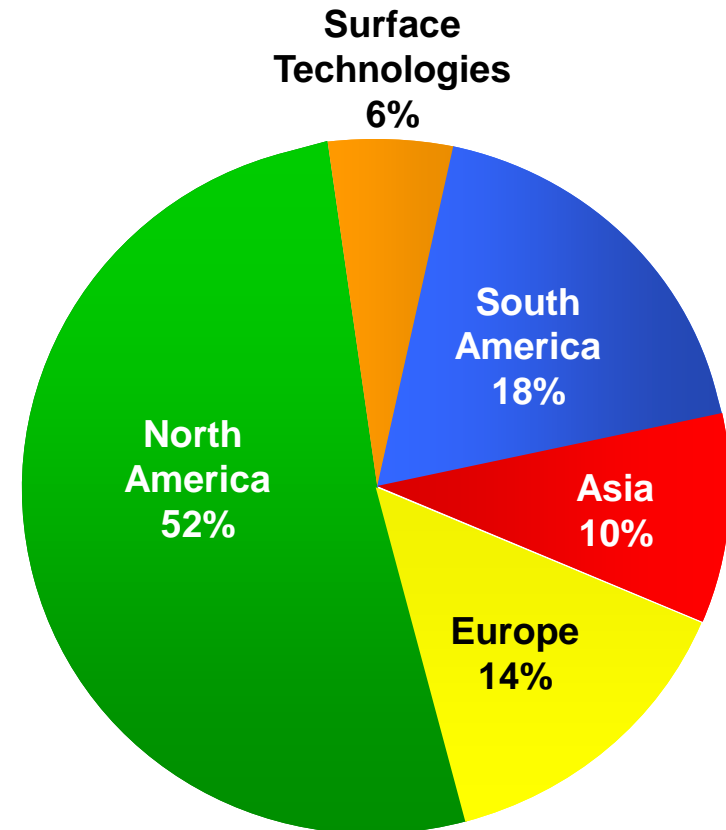
*Source: Thomson First Call

Diverse End Markets and Geographies

End Markets



Geographies



2009 sales

Unique Revenue Model

On-Site/Pipeline 24%*



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

Merchant Liquid 29%*



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

Packaged/Medical 31%*



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

Integrated supply & contract terms drive high ROC

Praxair Key Growth Drivers

Emerging Economies

- Infrastructure development & domestic consumption
- Migrating application technologies
- Outsourcing of captive production

Energy

- Global growth of refinery hydrogen
- Coal gasification in China
- Enhanced oil recovery

Environment

- Air, water, waste regulations
- Development of alternative fuels
- Potential GHG regulations

Supports annual organic sales growth of 8-12%

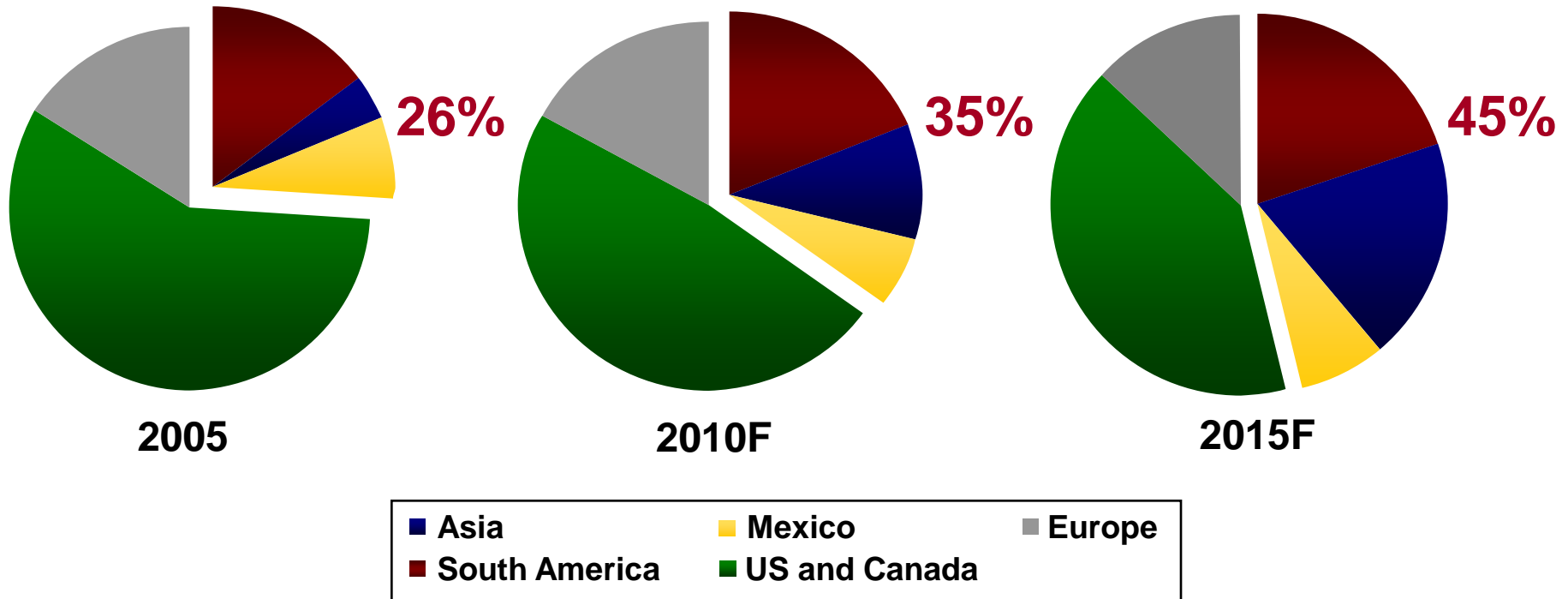
Emerging Markets Sales

\$7.5B

\$10B

\$15B

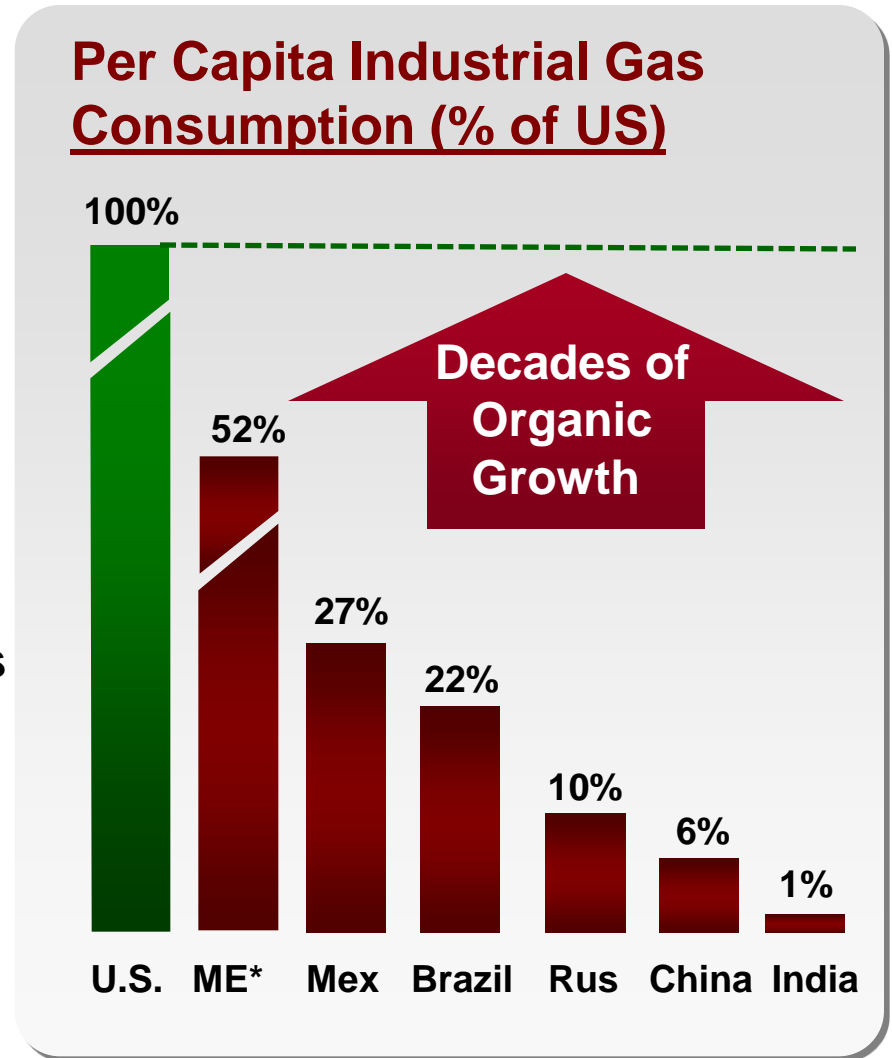
14% CAGR for emerging market growth



Accelerating growth in emerging markets

Emerging Economies – Growth Outlook

- **Brazil**
 - Growing energy, metals and manufacturing markets
 - Strong domestic growth
- **Mexico**
 - Strong growth from energy sector
 - Upswing in industrial investment
- **China**
 - Petrochemicals and gasification
 - Industrialization of inland provinces
- **India**
 - Expanding middle class
 - Infrastructure investment
- **Middle East and Russia**



*GCC countries
Source: Spiritus Consulting

Expanding in the Middle East and Russia

Growth Drivers

- Massive infrastructure investment
 - Metals, Petrochemicals
- Energy production

Middle East

- ROC JV – leading position in UAE and Kuwait
- New oxygen contract for steel co – Bahrain

Russia

- Attractive opportunities in Urals district and Volgograd region – diverse industries
- Significant outsourcing opportunity – replace inefficient ASUs

Middle East



Russia

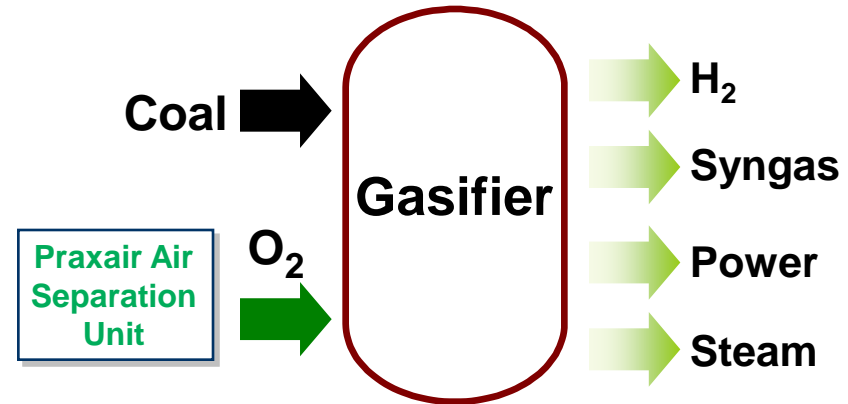


Selectively investing in key new geographies

Emerging Market Example - Coal Gasification

- **Active in China**
 - Limited oil and gas availability
 - Plenty of low-cost coal
 - Integrated coal to chemicals

- **Praxair oxygen supply**
 - Integrated with gasification technology
 - Large oxygen plants- 3,000 TPD
 - SOPO – started up Dec 2009
 - Anhui Huayi – H1 11



3,000 TPD ASU at SOPO

\$1B revenue potential in the next 5-7 years

Energy Markets Drive Hydrogen Growth

- **Developed markets**
 - Environmental fuel standards
 - Efficiency/flexibility/reliability
 - Shift to diesel

- **Emerging Markets**
 - Greenfield refining capacity
 - Adoption of Euro fuel standards
 - Heavy/sour crude capability
 - H₂ for chemicals
 - Trend toward outsourcing

Refining Capacity Growth (2010 – 2015)

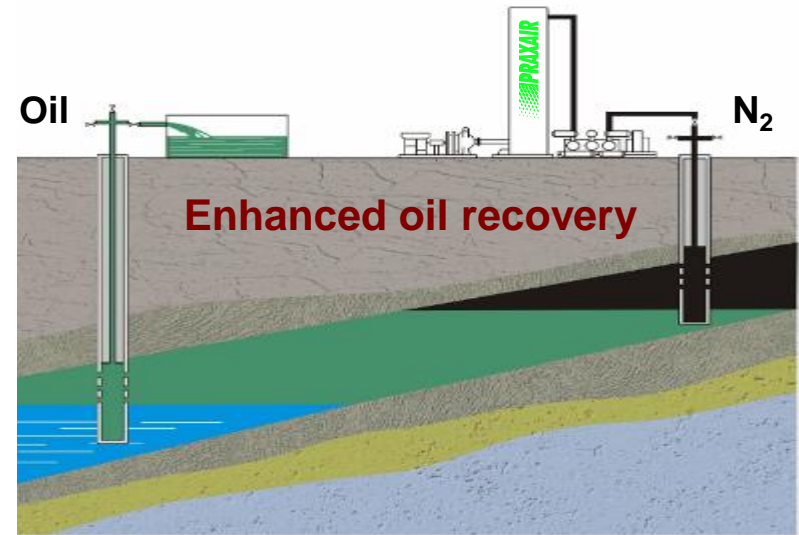
US/Europe	2%
India	15%
China	20%
Middle East	24%
Brazil	25%

Source: Purvin & Gertz, Praxair estimates

Targeting 3 B scfd of hydrogen supply

Energy Market Opportunities

- **Enhanced oil recovery**
 - Nitrogen or CO₂ injection
 - Large global market potential
- **Renewable energy**
 - Biofuels
 - Solar
- **Natural gas BTU stabilization**
 - Nitrogen blending
- **CO₂ sequestration pilots**



Significant long-term global opportunities

Environmentally-Friendly Applications Technologies



Oxy-fuel Combustion



Renewable Biofuels



Water Treatment



Photovoltaics

~2-3% per year sales growth from high margin applications

Sustaining a Competitive Advantage

Focus

- Stick to our core business
- Operating discipline
- Sale of gas model

Market Selection

- Build density in key geographies
- Best emerging market footprint
- Capital discipline

Technology

- Plant design
- Customer applications
- Energy efficiency

Execution

- Project management
- Distribution efficiencies
- Productivity culture

Execution culture...difficult to match our “Say/Do” ratio

Long-term Growth Objectives

Annual Organic Growth

Sales



8-12%

Operating Profit



10-15%

EPS



12-18%

After-tax return on capital* 15%+

- Growing project backlog
- Emerging markets growth
- Modest recovery in US/EU

- Continued productivity
- Pricing > cost inflation

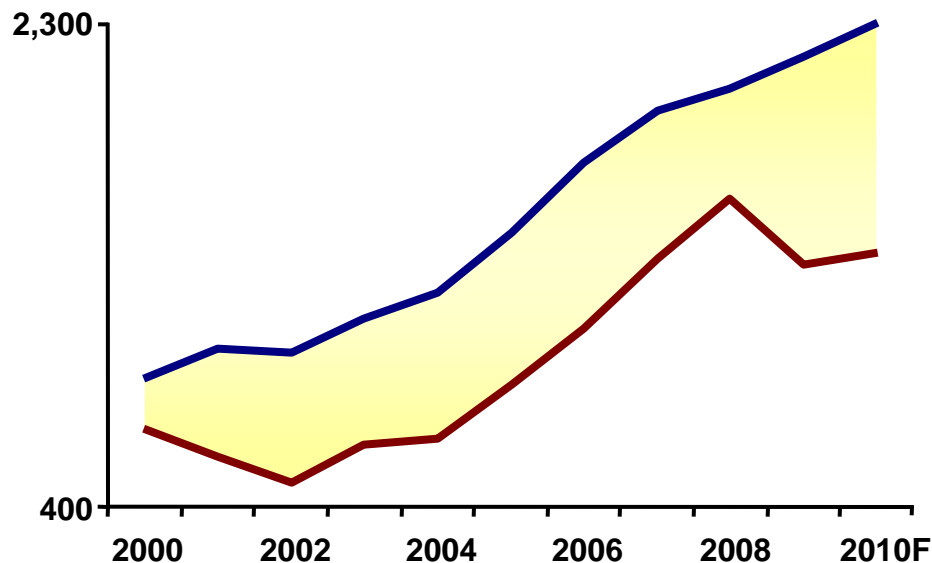
- EBITDA ~30% of sales
- Capex ~15% of sales

Free cash flow for increasing dividends and share purchases

**Non-GAAP measure, see page 40 of the 2009 annual report*

Strong Cash Flow Generation

Cash Flow 2000-2010F (\$MM)



1) Non-GAAP measure. Free cash flow equals operating cash flow minus capital expenditures.

2) Excludes Leased Asset Purchase in 2003

<u>2010F</u>	<u>\$B</u>	<u>% Sales</u>
Operating Cash Flow	\$2.3	23%
Capital Reinvestment	\$1.4	14%
Dividends and Stock Purchases (net)	\$1.1	11%

Return on capital of 15% after-tax generates cash flow for growth and shareholder return

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.



CARBON DISCLOSURE PROJECT

Global Carbon Disclosure Leadership Index
Global Carbon Performance Leadership Index



MSCI ESG Indices

