Praxair & Sustainable Development

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Liz Hirsch – Director, Investor Relations

March 25, 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; the ability to attract, hire, and retain qualified personnel; the impact of changes in financial accounting standards; the impact of tax 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.
Best Performing Industrial Gas Company

Four platforms of Praxair’s global strategy:

- Earnings Growth & Return on Capital
- Sustainable Development
- Customer Satisfaction
- Shareholder Value

Making our planet more productive
Praxair Delivers…

Unique Revenue Model

♦ Dedicated supply systems
♦ Long-term contracts
♦ No commodity pricing
♦ High ROC and cash flow

Continuous Improvement

♦ New product applications
♦ Productivity leadership
♦ Flawless execution

...steady earnings and cash flow due to unique revenue model
Creating Value for Shareholders

**TSR (Total Shareholder Return) = Price Appreciation and Dividends**

Source: Bloomberg 3/15/10

<table>
<thead>
<tr>
<th></th>
<th>Annualized TSR* 5 year</th>
<th>Annualized TSR 10 year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Praxair</td>
<td>13%</td>
<td>18%</td>
</tr>
<tr>
<td>Air Products</td>
<td>5%</td>
<td>13%</td>
</tr>
<tr>
<td>Linde</td>
<td>13%</td>
<td>10%</td>
</tr>
<tr>
<td>Air Liquide</td>
<td>11%</td>
<td>10%</td>
</tr>
<tr>
<td>S&amp;P 500</td>
<td>1%</td>
<td>-1%</td>
</tr>
<tr>
<td>S&amp;P Basic Materials</td>
<td>3%</td>
<td>7%</td>
</tr>
<tr>
<td>S&amp;P Chemicals</td>
<td>4%</td>
<td>7%</td>
</tr>
</tbody>
</table>

*SJR (Total Shareholder Return) = Price Appreciation and Dividends
Source: Bloomberg 3/15/10
2009 Sales - $9.0 B

Diverse end markets and geographies

End Markets

- Food & Beverage: 7%
- Healthcare: 11%
- Aerospace: 3%
- Electronics: 8%
- Chemicals: 10%
- Energy: 12%
- Metals: 15%
- Manufacturing: 23%
- Other: 11%

Geographies

- North America: 52%
- South America: 18%
- Europe: 14%
- Asia: 10%
- Africa: 2%
- Other: 10%

Distribution Method

- Merchant: 29%
- Packaged Gases: 31%
- On-site: 24%
- Other: 16%
Production and Distribution Density

On-site and Bulk Gases
♦ 300 production plants
♦ 8000 customer locations
♦ 1500 distribution vehicles
♦ 11 pipeline enclaves

Packaged and Specialty Gases
♦ 400 branches
♦ >400,000 customers
♦ 83 filling stations

Drives high ROC
Key Growth Drivers for Industrial Gases

Environment

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

Energy

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

Emerging Economies

- Increasing domestic consumption; infrastructure development
- Migrating application technologies
- Outsourcing of captive production
Growing Demand for Oxygen

**Oxy-fuel combustion**
- Fuel savings
- Reduced air emissions (NOx, SOx)
- Lower energy usage reduces CO2 emissions

**Waste to fuel**
- O2 enables lower BTU waste as an alternative fuel
- Lower cost waste disposal; lower cost fuel

**Water Treatment**
- Enhanced aeration and sludge reduction
- Reduced disposal and power costs
- Growing opportunities in emerging markets

![Bar chart showing Tons of CO2 avoided per ton of O2 used](image)

Reduced energy consumption and environmental footprint
Renewable Energy

Photovoltaics

- Over 40 PV customers
  - Argon, hydrogen, nitrogen, process gases
  - Sputtering targets
- Strong policy-driven growth: Europe, US, China
- Sales $60MM growing ~30% p.a.

2nd Generation Biofuels

- Renewable Fuels Standard creates market
- 2nd generation biofuels are significant users of industrial gas
  - O₂, H₂ for gasification of biomass
  - H₂ for hydroprocessing of oils
  - CO₂ for algae growth
Long-Term Growth From New Projects and Technologies

**Annual Organic Sales Growth**

- **IP* + 5-8%**
  - 3-5% On-site project backlog
  - 2-3% Environmental and energy technologies
  - ?? Base business follows IP

*Expect double digit EPS growth over the cycle*

**Future earnings growth will significantly outpace the economy**

*Industrial production*
Sustainable Development Management

- Oversight by Board of Directors
- VP, Global Operations Excellence & Development
  - Director, Sustainable Development
  - Corporate Sustainable Development Council
    - All relevant corporate functions (directors and above)
- Nine Business Sustainable Development Councils
  - Chaired by business presidents
  - SD Coordinators work with their businesses

Sustainable development is integrated into all businesses
Praxair is committed to its Principles of Sustainable Development and is working to reduce its environmental footprint while helping customers worldwide to improve their environmental performance.
Principles of Sustainable Development

Corporate Sustainable Development Action Plan (SDAP)
- 8 Principle Areas
- 18 Five-year goals
- Multiple annual targets
- Nine Business SDAPs
  - Aligned with and support corporate plan

Examples
- Environmental responsibility
  - Set new corporate GHG targets
    - 2009 define targets
- Community Support
  - Encourage employee community engagement
    - 2009 launch Community Engagement award

These principles guide our goals, annual plans and targets
## Strategic Leadership

<table>
<thead>
<tr>
<th>World Dow Jones Sustainability Index (DJSI):</th>
<th>World Carbon Disclosure Leadership Index:</th>
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<tbody>
<tr>
<td>Top 10% chemical sector</td>
<td>Top 50 companies</td>
</tr>
</tbody>
</table>

Only US chemical company in world DJSI index for 7 consecutive years; one of four globally

Leading industrial gas member in global index (materials sector); leader of US index

Recognition for excellence in corporate sustainable development
Employee Safety

- Safety is a #1 corporate priority
  - Performance is reviewed at every board meeting and is tied to management compensation
- Goal: zero accidents + zero injuries
  - 2/3 of sites achieve 0-0 each year
- Safety training
  - 100% of employees receive regular training

March 2010: PDI Eastern Canada achieved more than 2 million miles driven without a preventable vehicle accident

"These outstanding achievements exemplify our ongoing commitment to safety and quality, on and off the road and reflect our unyielding dedication to keeping safety top of mind," - Lisa Taylor, Eastern Canada Vice President
Environmental Responsibility & KPIs

- **Global Environmental KPIs**
  - Compliance
  - GHG & energy
  - Air emissions
  - Water
  - Waste

- **Environmental KPIs rolled through the organization**
  - Operations
  - Capital projects
  - R&D
  - Productivity
  - Employees
  - Procurement

- Scored 100% for environmental policy and management (DJSI 2009, 2008)
Environmental Benefits

**Productivity:** EKPI reporting allows us to identify new opportunities to drive eco-efficiency

**Go Green:** Site level employee environmental awareness is encouraging resource conservation

### 2009 Reported Productivity EKPI Savings

<table>
<thead>
<tr>
<th>EKPI</th>
<th>Global 2009 actual</th>
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<tbody>
<tr>
<td>KWh</td>
<td>60 MM</td>
</tr>
<tr>
<td>Natural Gas BTUs</td>
<td>188,549 MM</td>
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<tr>
<td>Diesel fuel, gallons</td>
<td>0.5 MM</td>
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<tr>
<td>Gallons water</td>
<td>16 mm</td>
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</table>

### Sample Monthly Site Paper/Toner Reduction

<table>
<thead>
<tr>
<th></th>
<th>2008</th>
<th>2009</th>
<th>$6.75</th>
<th>$4.99</th>
<th>$2.30</th>
<th>$1.67</th>
<th>$9.83</th>
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<tr>
<td>Paper ($/person/mo)</td>
<td></td>
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<td>$4.99</td>
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<td>$1.67</td>
<td>$9.83</td>
</tr>
<tr>
<td>Reams / person / mo</td>
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<td></td>
<td></td>
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**Sustainability (green) audits identify kaizen opportunities**
7% improvement in ASU GHG intensity 2000-2008
- Using local conversion factors for CO₂e from energy, the 2008 intensity drops to 0.21 - our new baseline going forward

~75% of GHG emissions are indirect from energy usage in ASUs
Greenhouse Gas Footprint - Direct

- Praxair produces \( \text{H}_2 \) using state-of-the-art steam methane reformers (SMRs)
- SMR is 3.3x more carbon efficient than electrolysis (assuming average US electric power \( \text{CO}_2 \) intensity of 1.3 lbs. \( \text{CO}_2/\text{kWh} \))

\[
\text{CH}_4 + 2\text{H}_2\text{O} \rightarrow 4\text{H}_2 + \text{CO}_2
\]

- One unit of \( \text{H}_2 \) used in the refining of transportation fuel avoids 8–10 units of sulfur emitted


Pilot DOE CCS project in Texas to sequester ~1MM ton/yr
People

- **Employee satisfaction**
  - 2008 global survey
    - 75% satisfied - internal communication needed improvement
    - CEO required each business to act and report on findings
  - 2010 follow-on employee survey

- **Diversity**
  - Director, diversity appointed 2008
  - 2010: All businesses establish plans

- **Training & Development**
  - Learning Management System
  - Talent Management System
  - Management training
    - Average 3 days per employee per annum

- **Performance related pay**
  - Annual performance review required for all employees
Outreach and Communication

Principal stakeholders
- Customers
- Regulators
- Investors / Socially Responsible Investors
- Employees
- NGOs and industry groups

Engagement Platforms
- Expansion of public materials
  - SD Report + Technical Annex
  - Climate Change Report
- Meetings with stakeholders
- Community Engagement Award

Active stakeholder engagement process
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.