

Investor Teleconference Presentation Second Quarter 2013



Praxair, Inc.
July 24, 2013

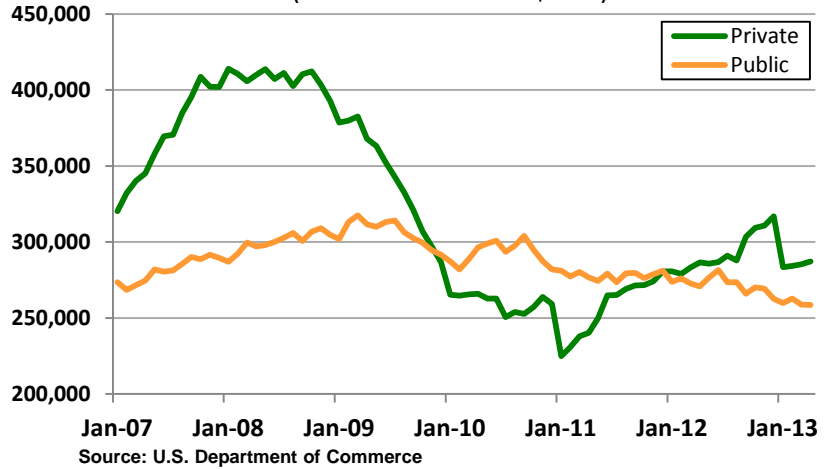
Forward Looking Statement

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; the impact of information technology system failures, network disruptions and breaches in data security; 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. Additionally, financial projections or estimates exclude the impact of special items which the company believes are not indicative of ongoing business performance. 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.

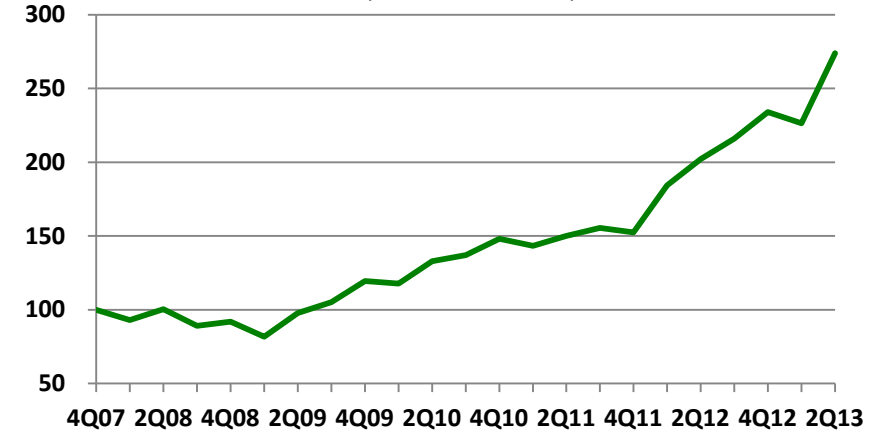
Examples of Differing Conditions Around the World



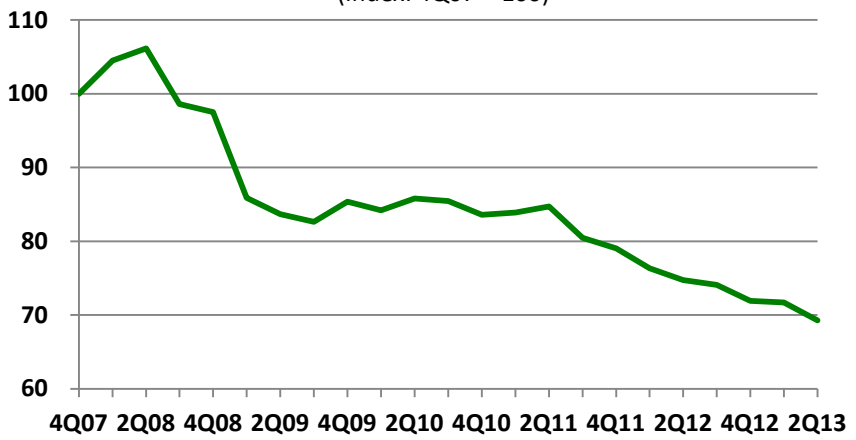
U.S. Nonresidential Construction Spending
(Annual Rate - S.A. - \$MM)



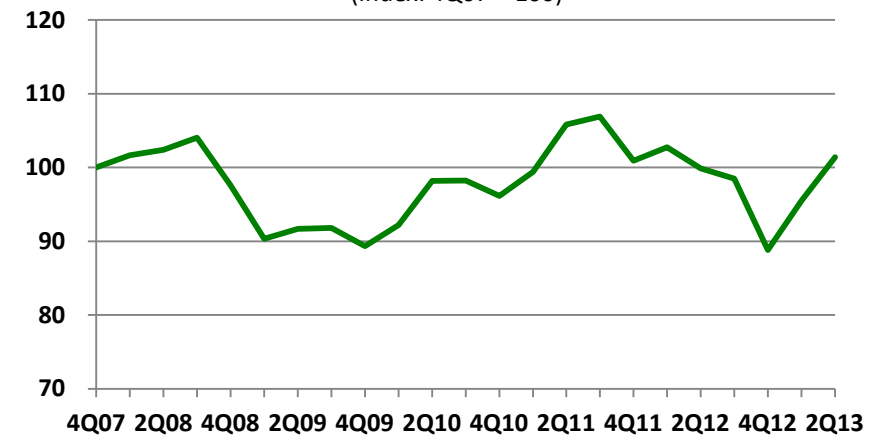
Praxair China Volumes
(Index: 4Q07 = 100)



Praxair Spain Packaged Volumes
(Index: 4Q07 = 100)



Praxair Brazil Volumes
(Index: 4Q07 = 100)



Second Quarter Results

<u>(\$MM)</u>	<u>Second Quarter 2013</u>	<u>Adj. First Quarter 2013⁽¹⁾</u>	<u>Second Quarter 2012</u>
Sales	\$3,014	\$2,888	\$2,811
Operating Profit	\$665	\$623	\$636
Operating Margin	22.1%	21.6%	22.6%
Net Income ⁽²⁾	\$445	\$414	\$429
Diluted EPS ⁽²⁾	\$1.49	\$1.38	\$1.42
After – Tax ROC ⁽¹⁾	13.0%	13.3%	14.5%
ROE ⁽¹⁾	28.4%	28.1%	29.0%

	<u>YOY</u>	<u>Q2 vs Q1</u>
Sales Growth	+ 7%	+ 4%
Volume	+ 2%	+ 3%
Price	+ 2%	--
Cost pass-thru	+ 1%	--
Currency	- 1%	- 1%
Acq/Div	+ 3%	+ 2%

- Volume growth South America and Asia
- Strong operating and EBITDA margins
- Refinery hydrogen start-ups 2Q/3Q
- \$2.3B backlog of projects to start-up in 2013 thru 2016

(1) Non-GAAP measures, other than sales. 1Q13 adjusted amounts exclude a charge related to the Venezuela currency devaluation. See Appendix.

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

<u>(\$MM)</u>	<u>Second Quarter 2013</u>	<u>First Quarter 2013</u>	<u>Second Quarter 2012</u>
Sales	\$1,552	\$1,457	\$1,393
Segment OP	\$381	\$358	\$363
Operating Margin	24.5%	24.6%	26.1%

	<u>YOY</u>	<u>Q2 vs Q1</u>
Sales Growth	+ 11%	+ 7%
Volume	--	+ 3%
Price	+ 2%	--
Cost pass-thru	+ 3%	+ 1%
Currency	--	--
Acq/Div	+ 6%	+ 3%

- On-site +3% Seq from energy, chemicals and metals
- Merchant volumes up 1% YoY and sequentially
- Lower packaged gas volumes in Canada, the United States and Mexico offset by positive pricing
- Growth from acquisitions of packaged gas distributors and NuCO2 micro-bulk carbon dioxide
- Mid-year hydrogen project start-ups
- Solid project proposal activity: metals, energy, chemicals and manufacturing

<u>(\$MM)</u>	<u>Second Quarter 2013</u>	<u>First Quarter 2013</u>	<u>Second Quarter 2012</u>
Sales	\$382	\$370	\$382
Segment OP	\$69	\$62	\$68
Operating Margin	18.1%	16.8%	17.8%

	<u>YOY</u>	<u>Q2 vs Q1</u>
Sales Growth	--	+ 3%
Volume	- 1%	+ 3%
Price	+ 1%	+ 1%
Cost pass-thru	- 2%	- 1%
Currency	+ 1%	- 1%
Acq/Div	+ 1%	+ 1%

- Sequential volume improvement driven by on-site in Germany and Spain
- Improving operating margin from productivity, prior restructuring actions and price
- Building growth through production/distribution density in Russia
 - On-site plants currently operating to supply chemical and manufacturing customers
 - 2Q13 VOF industrial gas acquisition
 - Two large plants under construction to start-up 2014 and 2016
 - Proposal activity strong

<u>(\$MM)</u>	<u>Second Quarter 2013</u>	<u>First Quarter 2013</u>	<u>Second Quarter 2012</u>
Sales	\$536	\$531	\$520
Segment OP	\$123	\$114	\$110
Operating Margin	22.9%	21.5%	21.2%

	<u>YOY</u>	<u>Q2 vs Q1</u>
Sales Growth	+ 3%	+ 1%
Volume	+ 6%	+ 4%
Price	+ 3%	+ 1%
Cost pass-thru	--	--
Currency	- 6%	- 4%

- **Brazilian Real devaluation 8% since April**
- **Organic growth YoY to metals, manufacturing, healthcare and chemicals customers**
- **Higher operating margin driven by volume growth, higher price and lower costs due to prior restructuring actions**
- **Mixed outlook for second half :**
 - **Currency uncertainty**
 - **Political protests**
 - + **Increased infrastructure spend**
 - + **IP consensus 2H13 ~3%**
 - + **World Cup and Olympics**

<u>(\$MM)</u>	<u>Second Quarter 2013</u>	<u>First Quarter 2013</u>	<u>Second Quarter 2012</u>
Sales	\$379	\$367	\$348
Segment OP	\$61	\$63	\$68
Operating Margin	16.1%	17.2%	19.5%

	<u>YOY</u>	<u>Q2 vs Q1</u>
Sales Growth	+ 9%	+ 3%
Volume	+ 10%	+ 5%
Price	- 1%	--
Cost pass-thru	- 1%	- 1%
Currency	+ 1%	- 1%

- On-site volumes +20% YoY driven by China, Korea and India, including new project start-ups
- Merchant sales growth supported by process application technologies
- Electronics sales -3% YoY
- Operating margin reflects lower argon and electronics pricing in China. PY included gain on land sale.
- Strong backlog with significant projects in China chemicals, Korea electronics and India steel

<u>(\$MM)</u>	<u>Second Quarter 2013</u>	<u>First Quarter 2013</u>	<u>Second Quarter 2012</u>
Sales	\$165	\$163	\$168
Segment OP	\$31	\$26	\$27
Operating Margin	18.8%	16.0%	16.1%

- Sales steady YoY, ex-FX and cost pass-through, reflecting higher pricing offsetting lower volumes of industrial coatings
- Higher operating margin reflects higher pricing and lower costs resulting from productivity and previous restructuring actions
- Aviation and energy industry coatings outlook positive

Third Quarter 2013

- Diluted EPS in the range of \$1.48 to \$1.53*
 - Excludes expected pension settlement charge of \$9 million

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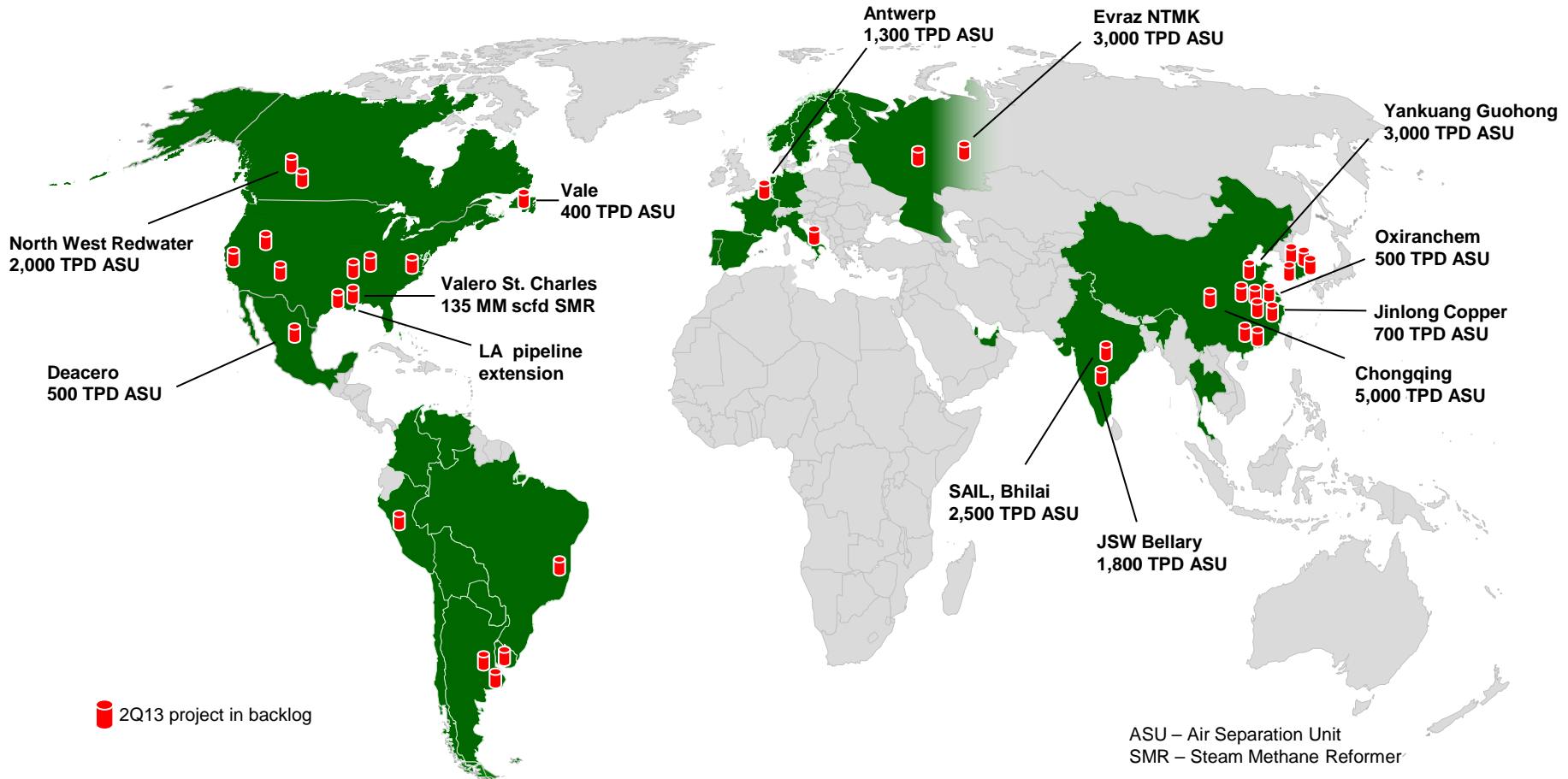
Investor Day
September 16, 2013
New York City

Full Year 2013

- Sales in the area of \$12 billion
- Adjusted diluted EPS in the range of \$5.90 to \$6.00, +6% to 8%*
 - Prior guidance: \$5.90 to \$6.05
- Adjusted tax rate of about 28%*
- CAPEX in the range of \$1.8 to \$2.0 billion

*Non-GAAP measures. Adjusted amounts exclude 1Q13 charge related to the Venezuela currency devaluation and the impact of a pension settlement charge expected to be recorded in the third quarter. See Appendix.

Strong Backlog - \$ 2.3B Capital



New project development remains active

Q2 13 Organic Sales Growth

	<u>YOY</u>	<u>Vs. Q1 13</u>	
Energy	+ 8%	+ 6%	North America demand
Electronics	- 1%	+ 6%	Soft demand for solar and LCD
Chemicals	+ 11%	+ 6%	Project contribution in Asia; North America positive
Metals	+ 5%	--	North America solid, project contribution in Asia and South America
Manufacturing	+ 2%	+ 3%	South America growth
Healthcare	+ 6%	+ 2%	Growth in South America and Europe
Aerospace	+ 2%	+ 6%	Surface Technologies aviation coatings
Food and Bev.	+ 1%	+ 5%	South America seasonality partially offset by weaker Thailand food freezing

Excludes impact of currency, natural gas/precious metals cost pass-through and acquisitions/divestitures. Volume impact from days +1% Seq.

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. 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. Adjusted amounts exclude the impact of the 2013 first quarter loss on Venezuela currency devaluation; and the 2012 third quarter cost reduction program, pension settlement charge, and an income tax benefit; and the 2011 fourth quarter gain on acquisition and cost reduction program which helps investors understand underlying performance on a comparable basis.

	2013		2012				2011			
	Q2	Q1	Q4	Q3	Q2	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.										
Debt	\$ 9,106	\$ 8,676	\$ 7,362	\$ 7,136	\$ 6,995	\$ 6,856	\$ 6,562	\$ 6,310	\$ 6,119	\$ 5,838
Less: cash and cash equivalents	(102)	(113)	(157)	(108)	(104)	(107)	(90)	(125)	(80)	(86)
Net debt	9,004	8,563	7,205	7,028	6,891	6,749	6,472	6,185	6,039	5,752
Equity and redeemable noncontrolling interests:										
Redeemable noncontrolling interests	259	255	252	243	232	232	220	-	-	-
Praxair, Inc. shareholders' equity	5,928	6,169	6,064	6,015	5,615	5,940	5,488	5,753	6,400	6,165
Noncontrolling interests	357	357	357	331	279	327	309	368	370	372
Total equity and redeemable noncontrolling interests	6,544	6,781	6,673	6,589	6,126	6,499	6,017	6,121	6,770	6,537
Capital	\$15,548	\$15,344	\$13,878	\$13,617	\$13,017	\$13,248	\$12,489	\$12,306	\$12,809	\$12,289
Debt-to-capital	57.9%	55.8%	51.9%	51.6%	52.9%	50.9%	51.8%	50.3%	47.1%	46.8%

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).

Adjusted operating profit (a)	\$ 665	\$ 623	\$ 616	\$ 623	\$ 636	\$ 627	\$ 619	\$ 632	\$ 627	\$ 591
Less: adjusted income taxes (a)	(174)	(164)	(162)	(164)	(169)	(165)	(162)	(166)	(163)	(156)
Less: tax benefit on interest expense	(11)	(11)	(10)	(10)	(9)	(10)	(11)	(10)	(10)	(10)
Add: income from equity investments	11	10	9	8	10	7	7	13	11	9
Adjusted net operating profit after-tax (NOPAT)	\$ 491	\$ 458	\$ 453	\$ 457	\$ 468	\$ 459	\$ 453	\$ 469	\$ 465	\$ 434
4-quarter trailing adjusted NOPAT	\$ 1,859	\$ 1,836	\$ 1,837	\$ 1,837	\$ 1,849	\$ 1,846				
Ending capital (see above)	\$15,548	\$15,344	\$13,878	\$13,617	\$13,017	\$13,248	\$12,489	\$12,306	\$12,809	\$12,289
5-quarter average ending capital	\$14,281	\$13,821	\$13,250	\$12,935	\$12,774	\$12,628				
After-tax ROC (4-quarter trailing NOPAT / 5-quarter average capital)	13.0%	13.3%	13.9%	14.2%	14.5%	14.6%				

Non-GAAP Measures, cont.

	2013		2012				2011			
	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
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)	\$ 445	\$ 414	\$ 414	\$ 419	\$ 429	\$ 419	\$ 414	\$ 429	\$ 425	\$ 398
4-quarter trailing adjusted net income - Praxair, Inc. (a)	\$ 1,692	\$ 1,676	\$ 1,681	\$ 1,681	\$ 1,691	\$ 1,687				
Ending Praxair, Inc. shareholders' equity	\$ 5,928	\$ 6,169	\$ 6,064	\$ 6,015	\$ 5,615	\$ 5,940	\$ 5,488	\$ 5,753	\$ 6,400	\$ 6,165
5-quarter average Praxair shareholders' equity	\$ 5,958	\$ 5,961	\$ 5,824	\$ 5,762	\$ 5,839	\$ 5,949				
ROE (4-quarter trailing adjusted net income - Praxair, Inc. / 5-quarter average Praxair shareholders' equity)	28.4%	28.1%	28.9%	29.2%	29.0%	28.4%				

Adjusted EBITDA and Debt-to-Adjusted EBITDA Ratio- These measures are used by investors, financial analysts and management to assess a company's ability to meet it's financial obligations.

Adjusted net income - Praxair, Inc. (a)	\$ 445	\$ 414	\$ 414	\$ 419	\$ 429	\$ 419	\$ 414	\$ 429	\$ 425	\$ 398
Add: adjusted noncontrolling interests (a)	16	15	14	12	15	13	12	14	14	11
Add: interest expense - net	41	40	35	36	33	37	38	36	36	35
Add: adjusted income taxes (a)	174	164	162	164	169	165	162	166	163	156
Add: depreciation and amortization	275	266	254	248	247	252	249	256	254	244
Adjusted EBITDA	\$ 951	\$ 899	\$ 879	\$ 879	\$ 893	\$ 886	\$ 875	\$ 901	\$ 892	\$ 844
4-quarter trailing adjusted EBITDA	\$ 3,608	\$ 3,550	\$ 3,537	\$ 3,533	\$ 3,555	\$ 3,554				
Ending net debt (see above)	\$ 9,004	\$ 8,563	\$ 7,205	\$ 7,028	\$ 6,891	\$ 6,749	\$ 6,472	\$ 6,185	\$ 6,039	\$ 5,752
5-quarter average net debt	\$ 7,738	\$ 7,287	\$ 6,869	\$ 6,665	\$ 6,467	\$ 6,239				
Debt-to-adjusted EBITDA ratio (5-quarter average net debt / 4-quarter trailing adjusted EBITDA)	2.1	2.1	1.9	1.9	1.8	1.8				

Non-GAAP Measures, cont.

- (a) The following table presents adjusted amounts for Operating Profit and Operating Profit Margin, Income Taxes, Effective Tax Rate, Noncontrolling Interests, Net income - Praxair, Inc., and Diluted EPS for the First Quarter 2013, Third Quarter and full year 2012 and the Fourth Quarter 2011. Additionally, this table presents the percentage change in Diluted EPS Guidance for the full year 2013.

	First Quarter	Year	Third Quarter	Fourth Quarter
	2013	2012	2012	2011
<u>Adjusted Operating Profit and Operating Profit Margin</u>				
Reported operating profit	\$ 600	\$ 2,437	\$ 558	\$ 618
Add: Venezuela currency devaluation	23	-	-	-
Add: Pension settlement charge	-	9	9	-
Add: Cost reduction program	-	56	56	40
Less: Gain on acquisition	-	-	-	(39)
Total adjustments	23	65	65	1
Adjusted operating profit	<u>\$ 623</u>	<u>\$ 2,502</u>	<u>\$ 623</u>	<u>\$ 619</u>
Reported sales	\$ 2,888	\$ 11,224	\$ 2,774	\$ 2,796
Adjusted operating profit margin	21.6%	22.3%	22.5%	22.1%
<u>Adjusted Income Taxes</u>				
Reported income taxes	\$ 164	\$ 586	\$ 90	\$ 156
Add: Venezuela currency devaluation	-	-	-	-
Add: Pension settlement charge	-	3	3	-
Add: Income tax benefit	-	55	55	-
Add: Cost reduction program	-	16	16	9
Less: Gain on acquisition	-	-	-	(3)
Total adjustments	-	74	74	6
Adjusted income taxes	<u>\$ 164</u>	<u>\$ 660</u>	<u>\$ 164</u>	<u>\$ 162</u>
<u>Adjusted Effective Tax Rate</u>				
Reported income before income taxes and equity investments	\$ 560	\$ 2,296	\$ 522	\$ 580
Add: Venezuela currency devaluation	23	-	-	-
Add: Pension settlement charge	-	9	9	-
Add: Cost reduction program	-	56	56	40
Less: Gain on acquisition	-	-	-	(39)
Total adjustments	23	65	65	1
Adjusted income before income taxes and equity investments	<u>\$ 583</u>	<u>\$ 2,361</u>	<u>\$ 587</u>	<u>\$ 581</u>
Adjusted income taxes (above)	\$ 164	\$ 660	\$ 164	\$ 162
Adjusted effective tax rate	28%	28%	28%	28%

Non-GAAP Measures, cont.

Adjusted Noncontrolling interest

Reported noncontrolling interest

Add: Cost reduction program

Add: Gain on acquisition

Total adjustments

Adjusted noncontrolling interest

	First Quarter 2013	Year 2012	Third Quarter 2012	Fourth Quarter 2011
Reported noncontrolling interest	\$ 15	\$ 52	\$ 10	\$ 11
Add: Cost reduction program	-	2	2	-
Add: Gain on acquisition	-	-	-	1
Total adjustments	-	2	2	1
Adjusted noncontrolling interest	\$ 15	\$ 54	\$ 12	\$ 12

Adjusted Net Income - Praxair, Inc.

Reported net income - Praxair, Inc.

Add: Venezuela currency devaluation

Add: Pension settlement charge

Less: Income tax benefit

Add: Cost reduction program

Less: Gain on acquisition

Total adjustments

Adjusted net income - Praxair, Inc.

Reported net income - Praxair, Inc.	\$ 391	\$ 1,692	\$ 430	\$ 420
Add: Venezuela currency devaluation	23	-	-	-
Add: Pension settlement charge	-	6	6	-
Less: Income tax benefit	-	(55)	(55)	-
Add: Cost reduction program	-	38	38	31
Less: Gain on acquisition	-	-	-	(37)
Total adjustments	23	(11)	(11)	(6)
Adjusted net income - Praxair, Inc.	\$ 414	\$ 1,681	\$ 419	\$ 414

Adjusted Diluted EPS

Reported diluted EPS

Add: Venezuela currency devaluation

Add: Pension settlement charge

Less: Income tax benefit

Add: Cost reduction program

Less: Gain on acquisition

Total adjustments

Adjusted diluted EPS

Reported diluted EPS	\$ 1.30	\$ 5.61	\$ 1.43	\$ 1.38
Add: Venezuela currency devaluation	0.08	-	-	-
Add: Pension settlement charge	-	0.02	0.02	-
Less: Income tax benefit	-	(0.18)	(0.18)	-
Add: Cost reduction program	-	0.12	0.12	0.10
Less: Gain on acquisition	-	-	-	(0.12)
Total adjustments	0.08	(0.04)	(0.04)	(0.02)
Adjusted diluted EPS	\$ 1.38	\$ 5.57	\$ 1.39	\$ 1.36

Percentage Change in Adjusted Full Year 2013 Diluted EPS Guidance

Diluted EPS guidance

Non-GAAP adjustments:

Add: Venezuela currency devaluation

2013 adjusted diluted EPS

2012 adjusted diluted EPS (see above)

Percentage change from 2012 adjusted amounts

	Full Year 2013	
	Low End	High End
Diluted EPS guidance	\$ 5.82	\$ 5.92
Non-GAAP adjustments:		
Add: Venezuela currency devaluation	0.08	0.08
2013 adjusted diluted EPS	\$ 5.90	\$ 6.00
2012 adjusted diluted EPS (see above)	\$ 5.57	\$ 5.57
Percentage change from 2012 adjusted amounts	6%	8%

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.



MSCI ESG Indices



For further information, please contact:

INVESTOR RELATIONS
Phone: (203) 837-2210
Kelcey_Hoyt@praxair.com

www.praxair.com/investors