Praxair, Inc.

Matthew J. White
Senior Vice President and Chief Financial Officer

Barclays Industrial Select Conference
February 20, 2014
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.
Matthew J. White
Senior Vice President & Chief Financial Officer

Matt White was appointed senior vice president and chief financial officer of Praxair, Inc. in 2014.

White joined Praxair in 2004 as finance director of Praxair’s largest business unit, North American Industrial Gases. In 2008, he became vice president and controller of Praxair, Inc., then was named vice president and treasurer in 2010. In 2011, Matt was named president of Praxair Canada. Before joining Praxair, White was vice president, finance, at Fisher Scientific and before that he held various financial positions, including group controller, at GenTek, a manufacturing and performance chemicals company.

White earned a bachelor of science degree in industrial engineering from Penn State University and a master’s degree in business administration-finance from the University of Delaware. He is a certified public accountant and a CFA charterholder.
Consistent Outperformance

Unique Revenue Model

- No speculative capex
- Long-term contracts – high renewal rates
- No commodity pricing
- Critical product, but low percentage of customer’s cost stack

Strong Profitability and Cash Flow

- Productivity – target at least 5% reduction in cost stack annually
- Integrated supply / distribution density strategy and contract terms drive profitability and high ROC

Source: Factset
*Praxair non-GAAP measure; refer to Annual Report for reconciliation

Barclays Industrial Select Conference – Miami 2/20/2014
Sustaining a Competitive Advantage

High performance culture… takes years to build… tough to emulate

Strategic Focus
- Select geographies – best footprint
- Core industrial gas
- Sale of gas model
- Integrated supply
- Build density

Technology
- Product line advantage
- Total cost of ownership
- Customer applications

Execution
- Operational discipline
- Capital investment
- Safety
- Productivity
- Contract management
- Project execution
- Integrity and compliance

People
- High performers
- Disciplined operators
- Detail-oriented
- Nimble & adaptable
- Excellent leaders
- Non-hierarchical
What do we supply

- We supply customers with atmospheric, process and specialty gases, and related services and technologies
- Atmospheric Gases (oxygen, nitrogen, argon and rare gases)
  - Produced when air is purified, compressed, cooled, distilled and condensed
- Process & Specialty Gases (carbon dioxide, helium, hydrogen, semiconductor process gases, and acetylene)
  - Produced as by-products of chemical production or recovered from natural gas

2013 Sales Breakdown

**End Markets**

- Manufacturing: 24%
- Food & Beverage: 8%
- Healthcare: 8%
- Energy: 13%
- Metals: 17%
- Aerospace: 3%
- Electronics: 8%
- Chemicals: 10%
- Other: 9%

**Geographies**

- North America: 52%
- Europe: 13%
- Asia: 13%
- South America: 17%
- Onsite: 27%
- Merchant: 34%
- Packaged Gases: 30%
- Other: 9%

**Distribution Method**

- Onsite: 27%
- Merchant: 34%
- Packaged Gases: 30%
- Other: 9%
What We Do and Products We Supply

- We supply customers with atmospheric, process and specialty gases, high-performance coatings, and related services and technologies

**Atmospheric Gases**
- Produced when air is purified, compressed, cooled, distilled and condensed
- Oxygen, nitrogen, argon and rare gases

**Process & Specialty Gases**
- Produced as by-products of chemical production or recovered from natural gas
- Carbon dioxide, helium, hydrogen, semiconductor process gases, and acetylene
## Diverse Markets

<table>
<thead>
<tr>
<th>Segment</th>
<th>Contribution</th>
</tr>
</thead>
<tbody>
<tr>
<td>Manufacturing</td>
<td>24%</td>
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<tr>
<td>Cutting – O₂</td>
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<tr>
<td>Welding – O₂, N₂, Ar, H₂, He, blends</td>
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<tr>
<td>Glass – O₂, N₂, Ar, H₂, He</td>
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<tr>
<td>Automotive – O₂, N₂, Ar, H₂, He, Xe, Ne</td>
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<tr>
<td>Metals</td>
<td>17%</td>
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<tr>
<td>Steel production – O₂</td>
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<tr>
<td>Stainless steel – Ar, O₂</td>
<td></td>
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<tr>
<td>Metal finishing / coating – H₂</td>
<td></td>
</tr>
<tr>
<td>Inerting – Ar, N₂</td>
<td></td>
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<tr>
<td>Energy</td>
<td>13%</td>
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<tr>
<td>Refining – H₂</td>
<td></td>
</tr>
<tr>
<td>Natural gas fracturing – N₂</td>
<td></td>
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<tr>
<td>Enhanced oil recovery – N₂, CO₂</td>
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<tr>
<td>LNG in Brazil</td>
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<tr>
<td>Chemicals</td>
<td>10%</td>
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<tr>
<td>Production – O₂, N₂, H₂</td>
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<tr>
<td>Coal gasification – O₂</td>
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<tr>
<td>Syngas production – CO</td>
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<tr>
<td>Process control – specialty gases</td>
<td></td>
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<tr>
<td>Electronics</td>
<td>8%</td>
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<tr>
<td>Semiconductor – process gases</td>
<td></td>
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<tr>
<td>Photovoltaics – N₂, Ar, SiH₄</td>
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<tr>
<td>Flat panel - O₂, N₂, Ar, H₂, He, NH₃</td>
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<tr>
<td>Healthcare</td>
<td>8%</td>
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<tr>
<td>Hospitals – O₂, N₂, CO₂</td>
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<tr>
<td>MRI – He</td>
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<tr>
<td>Sterilization – sterilant gases</td>
<td></td>
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<tr>
<td>Anesthesia – N₂O</td>
<td></td>
</tr>
<tr>
<td>Food &amp; Bev</td>
<td>8%</td>
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<tr>
<td>Carbonation – CO₂</td>
<td></td>
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<tr>
<td>Freezing – N₂, CO₂</td>
<td></td>
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<tr>
<td>Inerting – N₂</td>
<td></td>
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<tr>
<td>Hydrogenation – H₂</td>
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</tbody>
</table>

% of 2013 sales
Advantages of Praxair’s Integrated Model

- **Long-term**: 15 – 20 years
  - Take-or-pay provisions ensure base return
  - Pass-through escalation formulas for energy and inflation preserve return throughout project life

- **Medium-term**: 3 – 7 years
  - Requirements contracts with mix of open contracts, formula and other terms that anticipate changing market conditions
  - Low-cost energy purchase & efficient production drives profitability

- **Short-term**: 1 – 3 years or purchase order contracts
  - Bundle gas, rent, services, equipment and technology to maximize customer value

**CUSTOMERS**
- **On-Site**
- **Merchant**
- **Packaged**

**CONTRACTS**
- **Capital Intensity / Volume**
  - High
  - Low
- **# of Transactions / Contract Flexibility**
  - Low
  - High

Integrated supply & contract terms drive high ROC
North America Unrivalled Integrated Supply Network

- Strength across all three countries: U.S., Canada and Mexico
- Solid growth fundamentals:
  - Metals
  - Manufacturing
  - Energy: Refining and Oil & Gas Services
  - Chemical
- Packaged gas acquisition opportunities

- 500 production plants
- 3,000 distribution vehicles
- Fully-integrated supply system

We are growing and building density
IG Opportunities in US Petchem Industry

Potential for $1B to $2B in IG industry capex going forward

- **Chemical Products**
  - Fuels (via GTL)
  - Methanol
  - Ammonia
  - Acetic Acid
  - Ethylene Oxide/Glycol

- **IG Sales Intensity**
  - Fuels: ++++
  - Methanol: +++
  - Ammonia: +++
  - Acetic Acid: ++
  - Ethylene Oxide/Glycol: ++

- **Natural Gas/Liquids**
  - POX or ATR
  - SMR
  - Ethane Cracking
  - PSA
  - GTL
  - Methanol
  - Ammonia
  - Ethylene Oxide/Glycol
  - Acetic Acid
  - Vinyl Acetate

- **Basic Chemicals**
  - Fertilizers

- **Source**
  - Ethylene

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**Key Terms**

- SMR: Steam Methane Reforming
- POX: Partial Oxidation
- ATR: Autothermal Reforming
- GTL: Gas to Liquids
- PSA: Pressure Swing Adsorption

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**Barclays Industrial Select Conference – Miami 2/20/2014**
Best positioned and preferred supplier

- Unrivaled network, strong #1 position
- 100 years of operations
- Fully-integrated on-site, merchant and packaged gases business

17% 2013 Sales $2.0B

■ Opportunities
  - Domestic demand
  - Vast mineral and hydrocarbon resources - energy and infrastructure projects

■ #1 or #2 position in 8 out of 9 countries

South America

Existing Facility
Pipeline
Backlog

Colombia
Brazil
Peru
Bolivia
Paraguay
Chile
Argentina
Venezuela
Uruguay
Paraguay
Venezuela
Colombia
Brazil
Peru
Bolivia
Chile
Argentina
Venezuela
Uruguay

Barclays Industrial Select Conference – Miami  2/20/2014
Praxair Europe

13% 2013 Sales $1.5B

- Pipeline enclaves: Germany, Belgium, Spain and Italy
- Rightsizing costs in the South, growing in the North, entering Russia
- Diverse end markets: chemicals, manufacturing, healthcare, metals, food and beverage
- Positive price attainment
- Solid project backlog and bidding activity in Russia

Margin upside with recovery… continued targeted investment strategy
More opportunities than expected… execution every bit as tough
Geographic selectivity… density focus… profitable growth

Praxair Asia Sales

- $1.5B
- $2.5B

Quality customers and projects
- Major pipeline systems in China

Praxair Asia

13% 2013 Sales
Praxair Surface Technologies

5% 2013 Sales $0.7B

- Apply high-tech metallic and ceramic coatings
- Supply thermal spray consumables
  - Powder
  - Equipment
- Use technical competencies to solve problems
  - Metallurgy and material science
  - Coating development
  - Application engineering

Mid-single digit growth…strong productivity and ROC
Praxair Investment Criteria

- **Criteria**
  - Guaranteed Cash Flows
    - Cost Reduction – Take or Pay – Merchant
  - Customer & Asset
    - Counter-party risk
    - Underlying asset viability
  - Sovereign Risks
    - Foreign exchange volatility
    - Contractual enforcement
    - Ease of doing business
  - Execution
    - Product line offering
    - Execution complexity
  - Strategic Alignment
    - Density & integrated supply systems
      - Stand alone plants
      - Opportunistic

Lower Risk ← Standard Global Hurdle Rate → Higher Risk
Sample Project Return on Capital

- Annuity-based business model
- Accretive to ROC within ~5 years
- Successive renewals
Strong Backlog - $2.2B Capital

ASU – Air Separation Unit

4Q13 project in backlog

Strong U.S. petchem proposal activity
# Productivity Sources Over the Next Several Years

## Target a 5% Minimum Reduction in Cost Stack Annually

<table>
<thead>
<tr>
<th>Category</th>
<th>Productivity Sources</th>
<th>Cost Range</th>
</tr>
</thead>
<tbody>
<tr>
<td>Plant Efficiency</td>
<td>- Turbomachinery upgrades</td>
<td>$400-450 MM</td>
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<tr>
<td></td>
<td>- Cold box optimization</td>
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<td></td>
<td>- Advanced predictive control monitoring</td>
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<tr>
<td>Distribution and Customer Service</td>
<td>- Dynamic tour scheduling</td>
<td>$100-150 MM</td>
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<td></td>
<td>- Tank optimization</td>
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<td></td>
<td>- Fuel efficiency; on-board computers</td>
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<tr>
<td>Packaged Gases</td>
<td>- Network optimization and improved facilities workflow</td>
<td>$150-200 MM</td>
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<td>- Mobile filling station / automation</td>
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<td></td>
<td>- Asset tracking</td>
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<tr>
<td>Reliability</td>
<td>- Migrate new reliability technologies</td>
<td>$50-100 MM</td>
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<tr>
<td></td>
<td>- Global preventive and predictive maintenance program</td>
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<td></td>
<td>- Vibration monitoring platform</td>
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</tr>
<tr>
<td>Business Process and Procurement</td>
<td>- Sourcing contract management</td>
<td>$500-600 MM</td>
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<td>- Low-cost country sourcing</td>
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<td></td>
<td>- Global business process replication</td>
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</tbody>
</table>

Productivity is sustainable
First Quarter 2014

- EPS in the range of $1.48 to $1.53, +7% to 11% *
  - Lunar New Year, Carnival, refinery customer turnarounds, adverse weather conditions

Full Year 2014

- Sales in the range of $12.3 to $12.8 billion
- EPS in the range of $6.25 to $6.55, +5% to 10% *
- Tax rate of about 28%
- CAPEX in the range of $1.8 to $2.0 billion

*Non-GAAP measures. See January 29, 2014 press release and slides for reconciliations to GAAP amounts.
Balanced use of cash to maximize return to shareholders
20 Years of Growth and Outperformance

**Financial Leverage:** High ROC and cash flow

**Operating Leverage:** Price + productivity > inflation

Continued focus on growing EPS faster than revenue
Strong Dividend Growth

1Q14 announced 21st consecutive annual dividend increase

Annual Dividends
($ MM)

CAGR
20%

~$ 6 Billion Distributed

Praxair Five Year Outlook

Growth from diverse sources… continued leverage down the P&L

Emerging Markets
- Russia
- Emerging Markets
- Mexico oil & gas
- Energy
- Brazil infrastructure
- China gasification
- North America manufacturing
- Growing applications & intensity
- Environmental
- Air & water quality

High performance culture
- Disciplined pricing
- Integrated supply & density
- Energy management
- Sustainable productivity
- P&L accountability

High single-digit sales growth
- Industry-leading ROC
- Increasing free cash flow
- Double-digit EPS growth
- annual net share count reduction

Growing applications & intensity
# Sustainable Development Aligned with Business Strategy

## Sustainable Development Targets 2009-2015

<table>
<thead>
<tr>
<th>Business Drivers</th>
<th>Economic</th>
<th>Environmental</th>
<th>Social</th>
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</thead>
<tbody>
<tr>
<td><strong>ENERGY</strong></td>
<td></td>
<td></td>
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<tr>
<td>$3 Billion</td>
<td></td>
<td>$500 Million</td>
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<tr>
<td>Eco-Portfolio</td>
<td></td>
<td>cumulative savings from Sustainable Productivity</td>
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<td>GHG benefit 2X total GHG emissions</td>
<td>Zero Waste</td>
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<tr>
<td><strong>ENVIRONMENT</strong></td>
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<td>Energy Efficiency</td>
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<td>1.3MM Hours invested in safety training</td>
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<td><strong>EMERGING ECONOMIES</strong></td>
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<tr>
<td><strong>EXECUTION</strong></td>
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