



Investor Teleconference Presentation Fourth Quarter 2009

January 27, 2010

Forward Looking Statements

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 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 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.

Full Year Results

				<u>YOY</u>
(\$MM)	<u>2009⁽¹⁾</u>	<u>2008⁽¹⁾</u>	<u>Δ%</u>	
Sales	\$ 8,956	\$10,796	-17%	Sales Growth - 17%
Adj. Operating Profit	\$1,881	\$2,077	- 9%	Volume - 10%
Adj. Operating Margin	21.0%	19.2%	+180 bp	Price/Mix/Other + 2%
Adj. Net Income⁽²⁾	\$1,247	\$1,336	- 7%	Cost Pass-thru - 4%
Adj. Diluted EPS⁽²⁾	\$ 3.99	\$ 4.20	- 5%	Currency - 5%
Operating Cash Flow	\$2,168	\$2,038	+ 6%	Acq/Div 0%
After-Tax ROC⁽³⁾	13.8%	15.3%		
ROE⁽³⁾	27.0%	26.8%		

- ◆ **Strong earnings performance relative to sales decline**
 - Higher price and cost reduction offset volume decline due to global recession
- ◆ **Record operating margin**
- ◆ **Record operating cash flow**

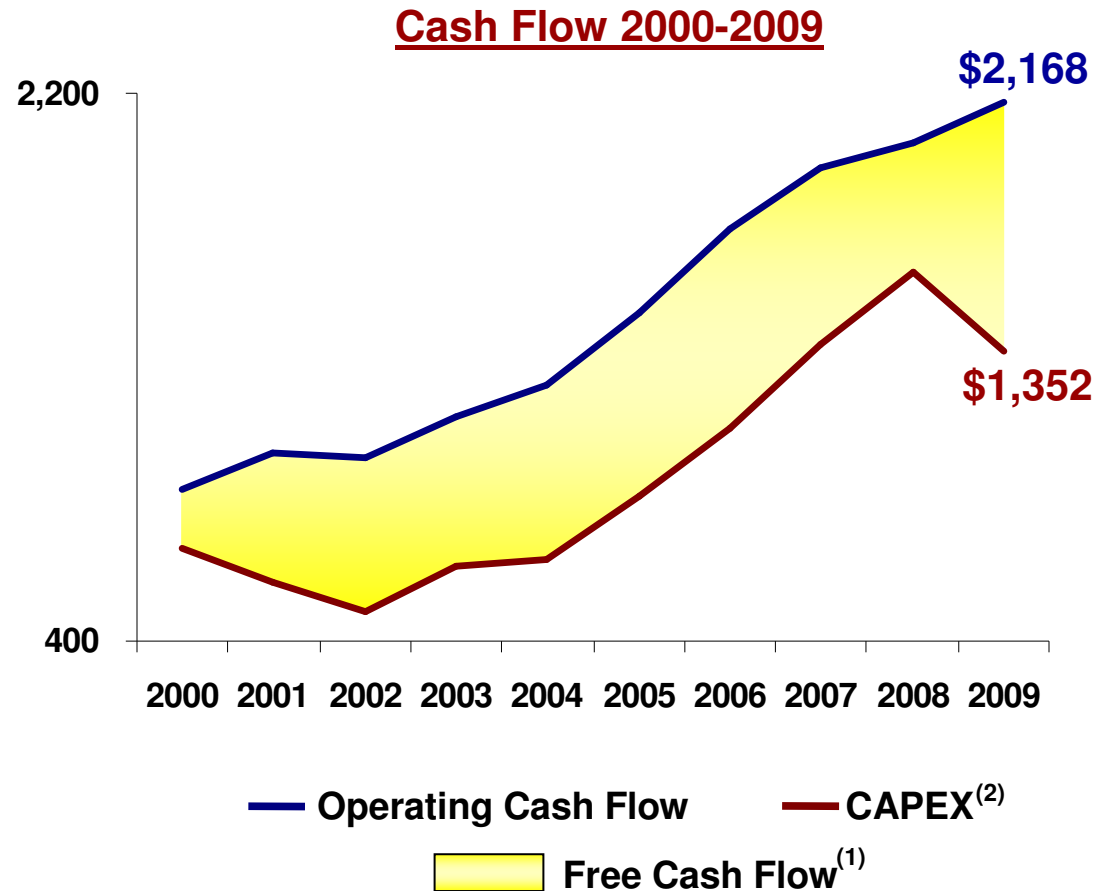
(1) Adjusted amounts are non-GAAP measures. 2009 adjusted amounts exclude Q3 09 Brazil tax amnesty program and other charges; 2008 adjusted amounts exclude Q4 08 cost reduction program and other charges, and Q1 08 pension settlement charge. See Appendix.

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

(3) Non-GAAP measures. See Appendix.

Record Cash Flow Generation in 2009

- ◆ Record operating cash flow
- ◆ Free cash flow⁽¹⁾ of \$816MM, after capex
- ◆ Uses of free cash
 - Acquisitions \$131MM
 - Net share repurchases \$141MM
 - Dividends \$491MM
- ◆ Increased quarterly dividend by 13% in Q1 10



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

2) Excludes Leased Asset Purchase in 2003

Fourth Quarter Results

					<u>YOY</u>	<u>Q4 vs Q3</u>
	Fourth Quarter 2009	Adj. Third Quarter 2009⁽³⁾	Adj. Fourth Quarter 2008⁽³⁾	Sales Growth	0%	+ 5%
(\$MM)				Volume	- 4%	+ 2%
Sales	\$2,407	\$2,288	\$2,403	Price/Mix/Other	0%	0%
Operating Profit	\$ 512	\$ 480	\$ 491	Cost pass-thru	- 2%	+ 1%
Operating Margin	21.3%	21.0%	20.4%	Currency	+ 6%	+ 2%
Net Income⁽¹⁾	\$ 340	\$ 318	\$ 314	Acq/Div	0%	0%
Diluted EPS⁽¹⁾	\$ 1.09	\$ 1.02	\$ 1.01			
After-Tax ROC⁽²⁾	14.1%	13.6%	14.7%			
ROE⁽²⁾	26.2%	26.2%	28.2%			

- ◆ Sales in line with prior year, OP +4% due to significant cost reduction
- ◆ Overall volumes -4% YOY and +2% v. Q3 09
- ◆ Volumes ~10% below peak levels in 2008

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

(2) Non-GAAP measures. See Appendix.

(3) Q3 09 and Q4 08 amounts, other than Sales, are non-GAAP measures and are adjusted to exclude the Brazil tax amnesty program and other charges in Q3 09 and the cost reduction program and other charges in Q4 08. See Appendix.

North America

(\$MM)	Fourth Quarter <u>2009</u>	Third Quarter <u>2009</u>	Fourth Quarter <u>2008</u>
Sales	\$1,180	\$1,162	\$1,355
Segment OP	\$ 261	\$ 263	\$ 267
Operating Margin	22.1%	22.6%	19.7%

- ◆ Sales to metals markets above prior year against a very weak Q4 08
- ◆ Sales to chemical markets lower YOY and higher vs. Q3 09
- ◆ Sales to manufacturing -16% YOY. Modest sequential improvement
- ◆ Energy lower due to low natural gas prices and reduced oil well services
- ◆ Healthcare and food and beverage relatively stable

	<u>YOY</u>	<u>Q4 vs Q3</u>
Sales Growth	- 13%	+ 2%
Volume	- 6%	0%
Price/Mix/Other	- 1%	0%
Cost pass-thru	- 6%	+ 1%
Currency	0%	+ 1%
Acq/Div	0%	0%

North America Business Trends – Q4 09 YOY

On-site

- ◆ On-site sales - 15%, ex-FX
 - Cost pass-through impact - 19%
- ◆ On-site volumes + 4%
- ◆ Higher sequentially due to improved demand from chemicals

Merchant

- ◆ Merchant sales -10%, ex-FX
- ◆ Merchant volumes -10%
- ◆ Overall volumes relatively flat sequentially due to lower oil well services

Packaged

- ◆ Packaged gases sales - 16%, ex-FX
- ◆ PDI SSS - 17%; Gases SSS - 10%, hardgoods - 30%
- ◆ Sequential sales per day stable
- ◆ January sales trends indicate slight sequential improvement

Europe

(\$MM)	<u>Fourth Quarter 2009</u>	<u>Third Quarter 2009</u>	<u>Fourth Quarter 2008</u>
Sales	\$351	\$323	\$322
Segment OP	\$ 76	\$ 68	\$ 83
Operating Margin	21.7%	21.1%	25.8%

- ◆ Economic recovery progressing led by Germany. In December, total volumes were above prior year
- ◆ Higher on-site volumes sequentially due to improvement in steel and chemicals
- ◆ Sequential growth in merchant volumes due to new business from applications
- ◆ Packaged gases still weak, construction markets lagging
- ◆ Prior year Q4 08 included \$4MM net FX hedge gains

	<u>YOY</u>	<u>Q4 vs Q3</u>
Sales Growth	+ 9%	+ 9%
Volume	- 4%	+ 3%
Price/Mix/Other	0%	0%
Cost pass-thru	+ 2%	+ 1%
Currency	+ 10%	+ 5%
Acq/Div	+ 1%	0%

South America

(\$MM)	Fourth Quarter <u>2009</u>	Third Quarter <u>2009</u>	Fourth Quarter <u>2008</u>
Sales	\$461	\$ 436	\$382
Segment OP	\$111	\$ 94	\$ 87
Operating Margin	24.1%	21.6%	22.8%

	<u>YOY</u>	<u>Q4 vs Q3</u>
Sales Growth	+ 21%	+ 6%
Volume	- 10%	- 1%
Price/Mix/Other	+ 4%	+ 1%
Cost pass-thru	+ 2%	0%
Currency	+ 25%	+ 6%
Acq/Div	0%	0%

- ◆ Continued economic recovery in Brazil; November IP +5% and interest rates remain at historic lows
- ◆ On-site and merchant volumes higher YOY and vs. Q3 09, but still ~10% below peak levels in 2008
- ◆ Packaged gases lower YOY and vs. Q3 09. Volume recovery lagging, plus normal seasonal slowdown
- ◆ Operating margin improvement from pricing and cost reduction, mitigating impact of lower volumes
- ◆ Prior year Q4 08 OP included \$9MM net FX hedge gains

Asia

(\$MM)	<u>Fourth Quarter 2009</u>	<u>Third Quarter 2009</u>	<u>Fourth Quarter 2008</u>
Sales	\$274	\$232	\$209
Segment OP	\$ 42	\$ 37	\$ 34
Operating Margin	15.3%	15.9%	16.3%
	<u>YOY</u>	<u>Q4 vs Q3</u>	
Sales Growth	+ 31%	+ 18%	
Volume	+ 16%	+ 7%	
Price/Mix/Other	- 3%	0%	
Cost pass-thru	+ 4%	+ 2%	
Currency	+ 3%	+ 2%	
Equipment sale	+ 11%	+ 7%	
Acq/Div	0%	0%	

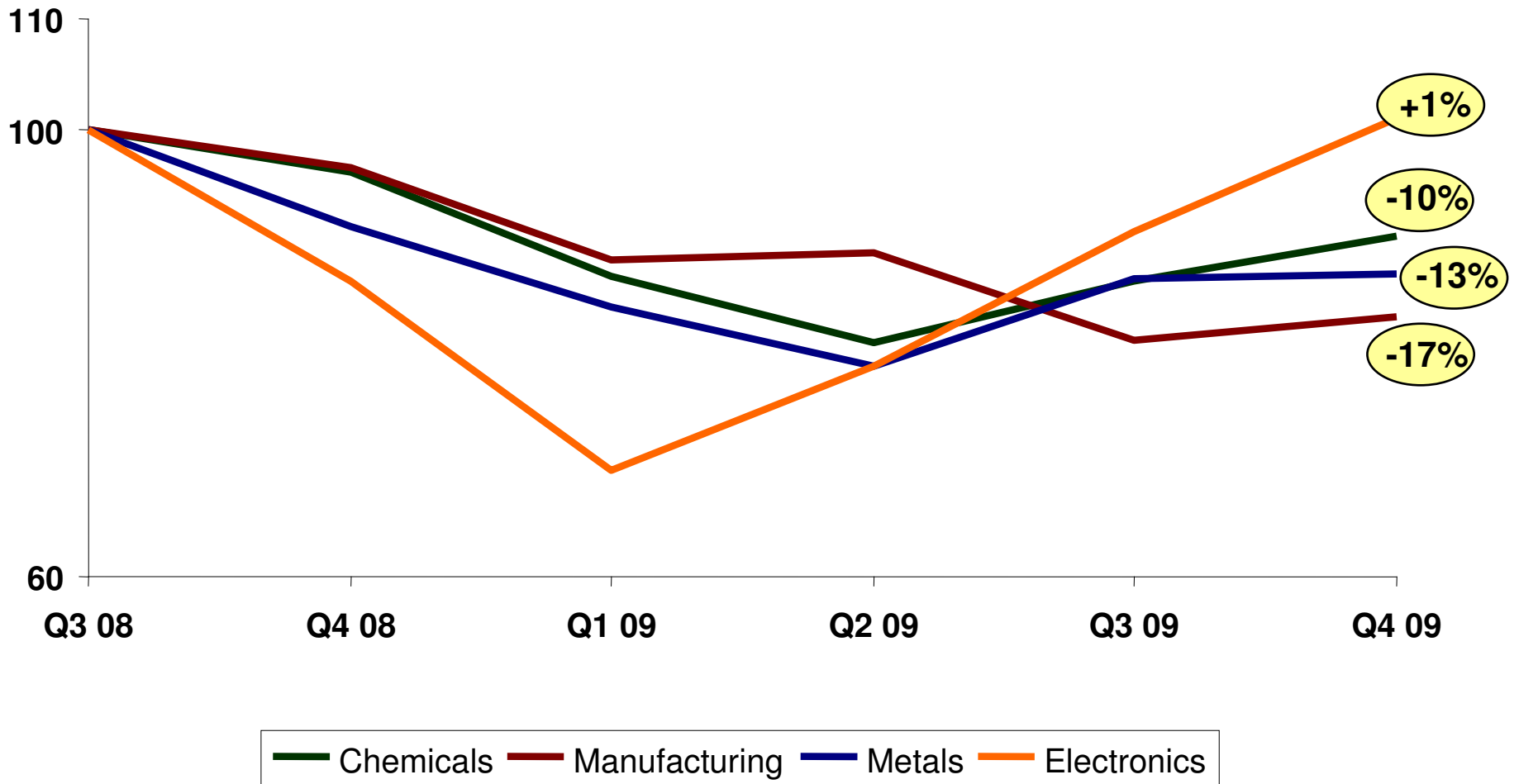
- ◆ Higher YOY sales to electronics, manufacturing and chemicals
- ◆ Electronics sales +46% YOY and +18% vs. Q3 09, ex-FX
- ◆ Growth in on-site volumes YOY and vs. Q3 09 in India, China and Korea due to continued economic recovery and plant start-ups
- ◆ Overall merchant volumes higher YOY and vs. Q3 09
- ◆ Strong business development pipeline

Surface Technologies

(\$MM)	Fourth Quarter <u>2009</u>	Third Quarter <u>2009</u>	Fourth Quarter <u>2008</u>
Sales	\$141	\$135	\$135
Segment OP	\$ 22	\$ 18	\$ 20
Operating Margin	15.6%	13.3%	14.8%

- ◆ Strong EBPVD jet engine volumes
- ◆ Lower industrial gas turbine volumes YOY. Expect pick-up in H2 10
- ◆ Sequential improvement in industrial coatings for steel and auto markets
- ◆ Sermatech acquisition contributed \$22MM sales in Q4 09

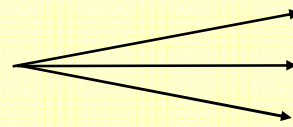
Global End-Market Trends – “Peak to Trough”



Indexed sales adjusted for currency

Capital Investment

2010F: About \$1.4 B

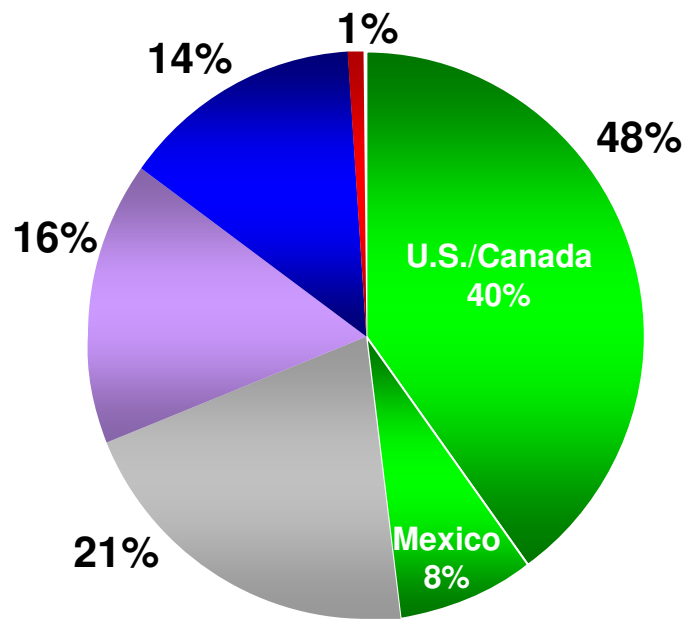
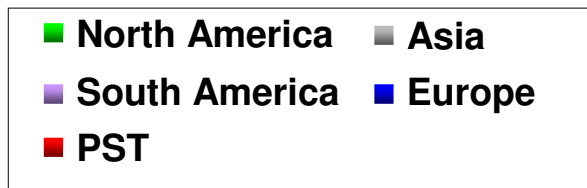


Growth ~ 75%

Maintenance ~ 20%

Cost Reduction ~ 5%

Growth Capex by Region



- ◆ Strong project backlog – 40 large on-site projects
– >\$2 B in capital
- ◆ ~45% of growth capex in emerging markets
- ◆ Diverse end markets – energy, metals, electronics, manufacturing, chemicals
- ◆ Project start-ups will drive 3-5% revenue growth in 2010-2011

Financial Outlook

First Quarter 2010

- ◆ Adjusted diluted EPS in the range of \$1.05 to \$1.10*
 - Excludes the impact of a (\$0.08) one-time charge resulting from Venezuela currency devaluation, and any potential effect from participation in a tax amnesty program recently announced by the State of Rio de Janeiro, Brazil

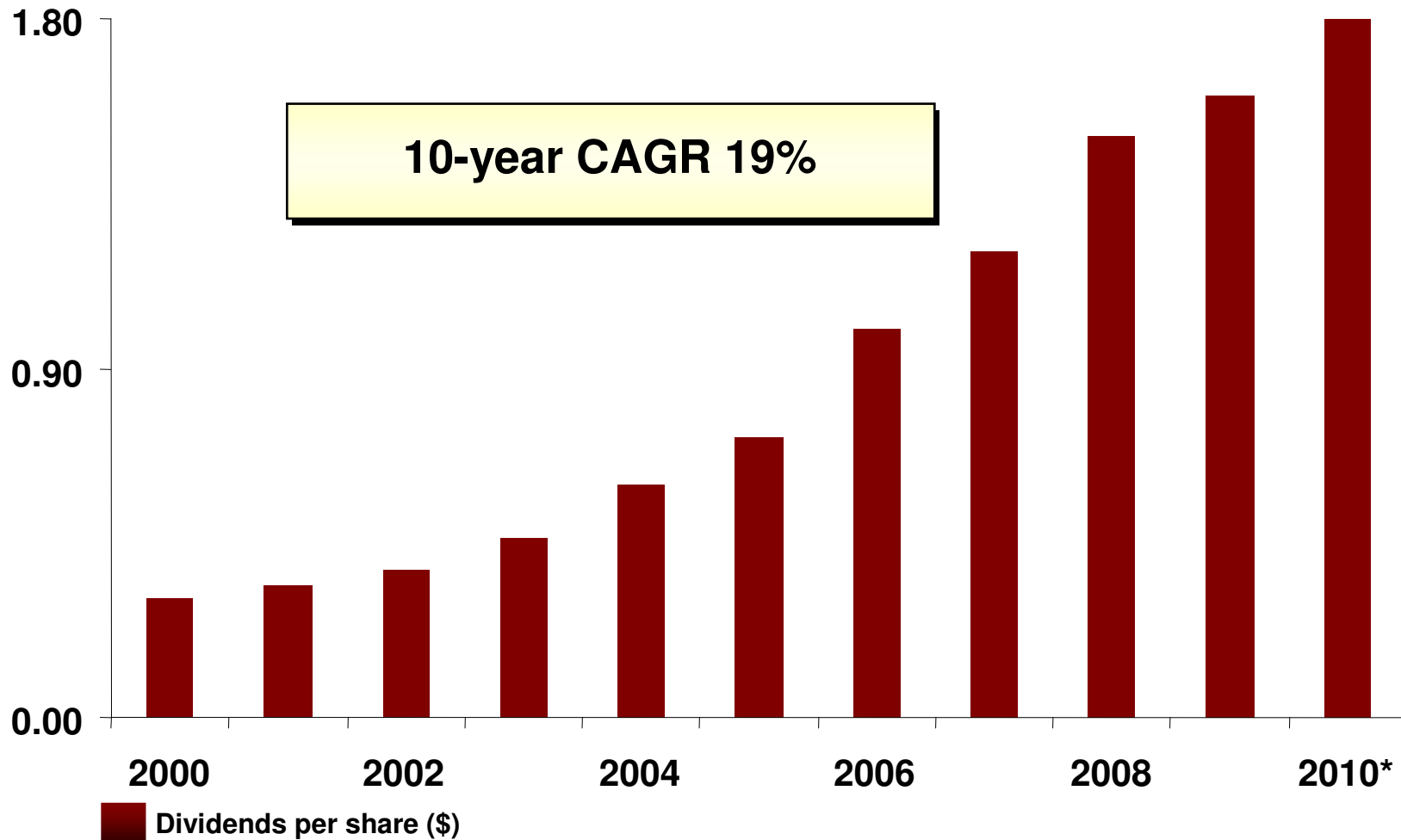
Full Year 2010

- ◆ Sales in the area of \$10 billion
- ◆ Adjusted diluted EPS in the range of \$4.43 to \$4.63*
 - Excludes the impact of a (\$0.08) one-time charge resulting from Venezuela currency devaluation in the first quarter, and any potential effect from participation in a tax amnesty program recently announced by the State of Rio de Janeiro, Brazil
- ◆ Tax rate about 28%
- ◆ CAPEX of about \$1.4 billion

*Non-GAAP measures. See Appendix

APPENDIX

Dividend Growth



17th consecutive annual increase

*Proforma – assumes Q1 dividend rate for full year 2010

Global End-Market Trends

Q4 09 Sales Growth (ex-FX, ACQ)

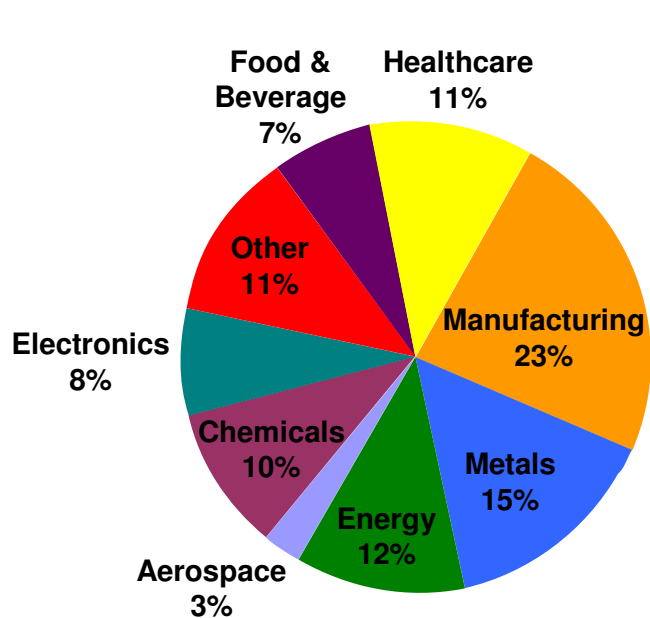
FY 2009 YOY Sales Growth

	<u>YOY</u>	<u>Vs. Q3 09</u>		<u>Ex-FX, Acq</u>
Energy ⁽¹⁾	- 13%	- 3%	0%	+ 3%
Electronics	+ 13%	+ 12%	- 15%	- 12%
Chemicals	- 4%	+ 6%	- 20%	- 15%
Metals	+ 1%	+ 2%	- 19%	- 14%
Manufacturing	- 11%	+ 4%	- 20%	- 15%
Healthcare	- 5%	- 2%	- 7%	+ 1%
Aerospace	- 3%	- 10%	+ 1%	- 4%
Food and Bev.	- 3%	+ 3%	- 11%	- 4%

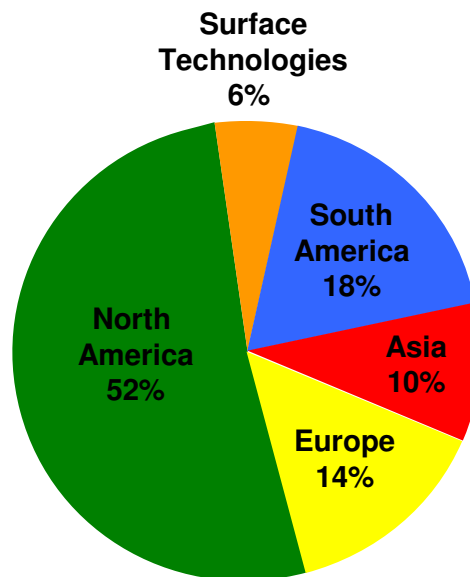
(1) Excluding natural gas pass-through

2009 Sales Breakdown

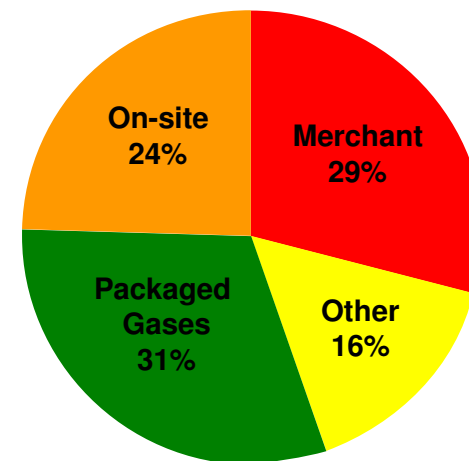
End Markets



Geographies



Distribution Method



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. Special 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 2010 first quarter Venezuelan currency devaluation, the 2009 third quarter Brazil tax amnesty program and other charges, the 2008 fourth quarter cost reduction program and other charges and the 2008 first quarter pension settlement charge which helps investors understand underlying performance on a comparable basis.

	2009					2008				
	Year	Q4	Q3	Q2	Q1	Year	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.										
Total debt	\$ 5,055	\$ 5,055	\$ 5,235	\$ 5,107	\$ 5,045	\$ 5,025	\$ 5,025	\$ 4,944	\$ 4,596	\$ 4,574
Equity:										
Praxair, Inc. shareholders' equity	5,315	5,315	5,085	4,638	4,073	4,009	4,009	4,891	5,671	5,209
Noncontrolling interests	333	333	322	308	302	302	302	307	317	344
Total equity	5,648	5,648	5,407	4,946	4,375	4,311	4,311	5,198	5,988	5,553
Total Capital	\$ 10,703	\$ 10,703	\$ 10,642	\$ 10,053	\$ 9,420	\$ 9,336	\$ 9,336	\$ 10,142	\$ 10,584	\$ 10,127
Debt to capital ratio	47.2%	47.2%	49.2%	50.8%	53.6%	53.8%	53.8%	48.7%	43.4%	45.2%

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)	\$ 1,881	\$ 512	\$ 480	\$ 447	\$ 442	\$ 2,077	\$ 491	\$ 544	\$ 543	\$ 499
Less: adjusted income taxes (a)	(482)	(133)	(126)	(109)	(114)	(530)	(126)	(139)	(137)	(128)
Less: tax benefit on interest expense	(37)	(9)	(9)	(9)	(10)	(56)	(14)	(14)	(15)	(13)
Add: income from equity investments	24	6	7	6	5	36	8	11	8	9
Net operating profit after-tax (NOPAT)	\$ 1,386	\$ 376	\$ 352	\$ 335	\$ 323	\$ 1,527	\$ 359	\$ 402	\$ 399	\$ 367
Beginning capital		\$ 10,642	\$ 10,053	\$ 9,420	\$ 9,336		\$ 10,142	\$ 10,584	\$ 10,127	\$ 9,655
Ending capital		\$ 10,703	\$ 10,642	\$ 10,053	\$ 9,420		\$ 9,336	\$ 10,142	\$ 10,584	\$ 10,127
Average capital		\$ 10,673	\$ 10,348	\$ 9,737	\$ 9,378		\$ 9,739	\$ 10,363	\$ 10,356	\$ 9,891
Average capital - 5 quarter average	\$ 10,031					\$ 9,969				
ROC %	13.8%	3.5%	3.4%	3.4%	3.4%	15.3%	3.7%	3.9%	3.9%	3.7%
ROC % (annualized)	13.8%	14.1%	13.6%	13.8%	13.8%	15.3%	14.7%	15.5%	15.4%	14.8%

Non-GAAP Measures, cont.

	2009					2008				
	Year	Q4	Q3	Q2	Q1	Year	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)	\$ 1,247	\$ 340	\$ 318	\$ 299	\$ 290	\$ 1,336	\$ 314	\$ 355	\$ 349	\$ 318
Beginning Praxair, Inc. shareholders' equity		\$ 5,085	\$ 4,638	\$ 4,073	\$ 4,009		\$ 4,891	\$ 5,671	\$ 5,209	\$ 5,142
Ending Praxair, Inc. shareholders' equity		\$ 5,315	\$ 5,085	\$ 4,638	\$ 4,073		\$ 4,009	\$ 4,891	\$ 5,671	\$ 5,209
Average Praxair, Inc. shareholders' equity		\$ 5,200	\$ 4,862	\$ 4,356	\$ 4,041		\$ 4,450	\$ 5,281	\$ 5,440	\$ 5,176
Average Praxair shareholders' equity - 5 quarter average	\$ 4,624					\$ 4,984				
ROE %	27.0%	6.5%	6.5%	6.9%	7.2%	26.8%	7.1%	6.7%	6.4%	6.1%
ROE % (annualized)	27.0%	26.2%	26.2%	27.5%	28.7%	26.8%	28.2%	26.9%	25.7%	24.6%

(a) **Adjusted Operating Profit and Operating Profit Margin, Income Taxes, Effective Tax Rate, Net income - Praxair, Inc. Diluted EPS, and 2010 Diluted EPS Guidance**

	Year	Third Quarter	Year	Fourth Quarter	First Quarter
	2009	2009	2008	2008	2008
Adjusted Operating Profit and Operating Profit Margin					
Reported operating profit	\$ 1,575	\$ 174	\$ 1,883	\$ 314	\$ 482
Add: Brazil tax amnesty program and other charges (b)	306	306	194	177	17
Adjusted operating profit	\$ 1,881	\$ 480	\$ 2,077	\$ 491	\$ 499
Reported 2009 fourth quarter operating profit				\$ 512	
Percentage change from 2008 fourth quarter				4%	
Percentage change from 2008 year	(9)%				
Reported sales	\$ 8,956	\$ 2,288	\$ 10,796	\$ 2,403	\$ 2,663
Adjusted operating profit margin	21%	21%	19%	20%	19%
Adjusted Income Taxes					
Reported income taxes	\$ 169	\$ (187)	\$ 465	\$ 67	\$ 122
Add: Brazil tax amnesty program and other charges (b)	313	313	65	59	6
Adjusted income taxes	\$ 482	\$ 126	\$ 530	\$ 126	\$ 128
Adjusted Effective Tax Rate					
Reported income before income taxes and equity investments	\$ 1,442	\$ 142	\$ 1,685	\$ 265	\$ 435
Add: Brazil tax amnesty program and other charges (b)	306	306	194	177	17
Adjusted income before income taxes and equity investments	\$ 1,748	\$ 448	\$ 1,879	\$ 442	\$ 452
Adjusted income taxes (above)	\$ 482	\$ 126	\$ 530	\$ 126	\$ 128
Adjusted effective tax rate	28%	28%	28%	29%	28%
Adjusted Net Income - Praxair, Inc.					
Reported net income - Praxair, Inc.	\$ 1,254	\$ 325	\$ 1,211	\$ 200	\$ 307
Less: Brazil tax amnesty program and other charges (b)	(7)	(7)	125	114	11
Adjusted net income - Praxair, Inc.	\$ 1,247	\$ 318	\$ 1,336	\$ 314	\$ 318
Reported 2009 fourth quarter net income - Praxair, Inc.				\$ 340	
Percentage change from 2008 fourth quarter				8%	
Percentage change from 2008 year	(7)%				
Adjusted Diluted EPS					
Diluted weighted average shares	312,382	312,182	318,302	310,719	320,409
Reported diluted EPS	\$ 4.01	\$ 1.04	\$ 3.80	\$ 0.64	\$ 0.96
Less: Brazil tax amnesty program and other charges (b)	(0.02)	(0.02)	0.40	0.37	0.03
Adjusted diluted EPS	\$ 3.99	\$ 1.02	\$ 4.20	\$ 1.01	\$ 0.99
Reported 2009 fourth quarter diluted EPS				\$ 1.09	
Percentage change from 2008 fourth quarter				8%	
Percentage change from 2008 year	(5)%				

Non-GAAP Measures, cont.

Adjusted 2010 Diluted EPS Guidance

Diluted EPS guidance GAAP
 Add: Venezuela currency devaluation charge (b)
 Adjusted diluted EPS guidance

	First Quarter 2010		Full Year 2010	
	Low End	High End	Low End	High End
Diluted EPS guidance GAAP	\$ 0.97	\$ 1.02	\$ 4.35	\$ 4.55
Add: Venezuela currency devaluation charge (b)	0.08	0.08	0.08	0.08
Adjusted diluted EPS guidance	\$ 1.05	\$ 1.10	\$ 4.43	\$ 4.63

- (b) Represent non-GAAP adjustments to eliminate the impact of (i) 2009 third quarter Brazil tax amnesty program and other charges, (ii) 2008 fourth quarter cost reduction program and other charges, (iii) 2008 first quarter pension settlement charge, and (iv) 2010 first quarter Venezuela currency devaluation charge. The company does not believe these items are indicative of on-going business trends and, accordingly, their impacts are excluded from the adjusted non-GAAP amounts so that investors can better evaluate and analyze historical and future business trends on a consistent basis.
- (i) The 2009 third quarter and year-to-date periods include a net after-tax benefit of \$7 million (\$306 million pre-tax charge offset by a \$313 million tax benefit), or \$0.02 per diluted share, related to a third quarter Federal tax amnesty program in Brazil (referred to as the "Refis Program") and other charges. The net after-tax benefit includes the impacts of management's decision to settle numerous outstanding Federal tax cases under the Refis Program (primarily for sales and value-added taxes), the impact of a reversal of remaining valuation allowances on deferred income tax assets for NOL carryforwards of a Brazilian subsidiary and the impact of charges for other Brazilian government-related matters. These matters resulted in a pre-tax charge of \$282 million, an income tax benefit of \$329 million, and a net income tax benefit of \$47 million. The net income tax benefit is due to the net operating loss carryforward (NOL) utilization to settle interest obligations and reversal of the remaining NOL deferred tax asset valuation allowances. Other special items include a pre-tax charge of \$24 million (\$16 million after-tax) for a business restructure in Brazil and a charge of \$24 million to income taxes relating to an entity reorganization and other recent developments in North America and Europe.
- (ii) The 2008 fourth quarter includes cost reduction program and other charges of \$177 million (\$114 million after-tax and noncontrolling interests, or \$0.37 per diluted share). (See Note 2 on page 56 of Praxair's 2008 Annual Report on Form 10-K)
- (iii) A pension settlement charge of \$17 million (\$11 million after-tax or \$0.03 per diluted share) was recorded in the 2008 first quarter related to lump sum benefit payments made from the U.S. supplemental pension plan to a number of recently retired senior managers, including Praxair's former chairman and chief executive officer. (See Note 17 on page 80 of Praxair's 2008 Annual Report on Form 10-K)
- (iv) On January 8, 2010, Venezuela announced a devaluation of the Venezuelan bolivar and created a two tier exchange rate system. Under the new system, a 2.60 exchange rate between the bolivar and US dollar will apply for essential goods while an exchange rate of 4.30 will apply for all remaining sectors, including Praxair's operations. As a result of the devaluation, the company will incur a one-time charge of approximately \$0.08 per diluted share in the first quarter of 2010 due primarily to the remeasurement of the local Venezuelan balance sheet to reflect the new official rate of 4.30.