

PRAXAIR INC  
Form DEF 14A  
March 17, 2009

**Table of Contents**

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549**

**SCHEDULE 14A  
(Rule 14a-101)**

**INFORMATION REQUIRED IN PROXY STATEMENT**

**SCHEDULE 14A INFORMATION**

**PROXY STATEMENT PURSUANT TO SECTION 14(a) OF THE SECURITIES  
EXCHANGE ACT OF 1934 (AMENDMENT NO.       )**

Filed by the Registrant  [X]

Filed by a Party other than the Registrant  [ ]

Check the appropriate box:

[ ] Preliminary Proxy Statement

[ ]

Confidential, for  
Use of the  
Commission Only  
(as permitted by  
Rule 14a-6(e)(2))

[X]

Definitive Proxy  
Statement

[ ]

Definitive  
Additional Materials

[ ]

Soliciting Material  
Pursuant to  
Section 240.14a-12.

**PRAXAIR, INC.**

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(Name of Registrant as Specified In Its Charter)

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(Name of Person(s) Filing Proxy Statement, if other than Registrant)

Payment of Filing Fee (Check the appropriate box):

[X] No fee required.

Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

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(2) Aggregate number of securities to which transaction applies:

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(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11  
(Set forth the amount on which the filing fee is calculated and state how it was determined):

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(4) Proposed maximum aggregate value of transaction:

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(5) Total fee paid:

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Fee paid previously with preliminary materials.

Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

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(2) Form, Schedule or Registration Statement No.:

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(3) Filing Party:

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(4) Date Filed:

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**Table of Contents**

39 Old Ridgebury Road  
Danbury, Connecticut 06810-5113

***NOTICE OF ANNUAL MEETING OF SHAREHOLDERS  
TO BE HELD APRIL 28, 2009***

Dear Praxair Shareholder:

The Annual Meeting of Shareholders of Praxair, Inc. will be held at 9:30 a.m. on Tuesday, April 28, 2009 in the Grand Ballroom of the Danbury Plaza Hotel, 18 Old Ridgebury Road, Danbury, Connecticut, for the following purposes:

1. To elect ten directors to the Board of Directors.
2. To approve the 2009 Praxair, Inc. Long Term Incentive Plan.
3. To ratify the appointment of the independent auditor.
4. To conduct such other business as may properly come before the meeting.

Only holders of Common Stock of Praxair, Inc. of record at the close of business on March 2, 2009 will be entitled to notice of, and to vote at, the meeting or any adjournment or postponement thereof.

It is important that your shares be represented and voted at the meeting. You may vote your shares by means of a proxy as described in the accompanying Proxy Statement. The giving of such proxy does not affect your right to vote in person if you attend the meeting.

**WHETHER OR NOT YOU EXPECT TO ATTEND THE ANNUAL MEETING IN PERSON, PLEASE PROMPTLY SUBMIT A PROXY OR VOTING INSTRUCTION. Most shareholders have a choice of voting over the Internet, by telephone or by using a traditional proxy card. Please refer to the enclosed proxy materials or the information forwarded by your bank, broker or other holder of record to see which voting methods are available to you. We urge you to complete and submit your proxy electronically or by telephone (if those options are available to you) as a means of reducing Praxair's expenses related to the meeting.**

BY ORDER OF THE BOARD OF DIRECTORS

JAMES T. BREEDLOVE,  
*Senior Vice President, General Counsel and  
Secretary*

March 17, 2009

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**PROXY STATEMENT  
TABLE OF CONTENTS**

	<b>PAGE</b>
<u>MATTERS TO BE CONSIDERED AT THE ANNUAL MEETING</u>	
<u>Item 1: Election of Directors</u>	1
<u>Item 2: Proposal to Approve the 2009 Praxair, Inc. Long Term Incentive Plan</u>	1
<u>Item 3: Proposal to Ratify the Appointment of the Independent Auditor</u>	2
<u>Item 4: Other Business</u>	2
<u>AVAILABILITY OF ANNUAL REPORT AND PROXY STATEMENT ON-LINE</u>	3
<u>SHAREHOLDERS SHARING AN ADDRESS</u>	3
<u>PROXY AND VOTING PROCEDURES</u>	4
<u>ATTENDING THE ANNUAL MEETING</u>	5
<u>SHARE OWNERSHIP</u>	
<u>Principal Holders</u>	6
<u>Directors and Executive Officers</u>	6
<u>CORPORATE GOVERNANCE AND BOARD PRACTICES</u>	7
<u>BOARD COMMITTEES</u>	12
<u>The Audit Committee</u>	
<u>Audit Committee Report</u>	15
<u>The Independent Auditor</u>	16
<u>The Compensation &amp; Management Development Committee</u>	17
<u>The Governance &amp; Nominating Committee</u>	18
<u>THE BOARD OF DIRECTORS</u>	
<u>Director Attendance</u>	20
<u>The Directors and Nominees</u>	20
<u>EXECUTIVE OFFICERS</u>	23
<u>EXECUTIVE COMPENSATION</u>	24
<u>Compensation Committee Report</u>	24
<u>Compensation Discussion and Analysis</u>	24
<u>Executive Compensation Tables:</u>	
<u>Table 1: Summary Compensation</u>	37
<u>Table 2: All Other Compensation</u>	38
<u>Table 3: Grants of Plan-Based Awards</u>	39
<u>Table 4: Outstanding Equity Awards at Fiscal Year-End</u>	42
<u>Table 5: Option Exercises and Stock Vested</u>	44
<u>Table 6: Pension Benefits</u>	44
<u>Table 7: Nonqualified Deferred Compensation</u>	48
<u>Potential Payments Upon Termination or Change-in-Control</u>	50
<u>Table 8: Amounts Potentially Payable upon Termination</u>	51
<u>DIRECTOR COMPENSATION</u>	
<u>Director Compensation Program</u>	55
<u>Director Compensation Table</u>	56
<u>INFORMATION REGARDING THE 2009 PRAXAIR, INC. LONG TERM INCENTIVE PLAN</u>	57
<u>MISCELLANEOUS</u>	

<u>Shareholder Proposals for the 2010 Annual Meeting</u>	64
<u>Annual Reports</u>	64
<u>Cost of Proxy Solicitation</u>	64
<u>APPENDIX 1: CORPORATE GOVERNANCE GUIDELINES</u>	1-1
<u>APPENDIX 2: DIRECTOR INDEPENDENCE STANDARDS</u>	2-1
<u>APPENDIX 3: PROPOSED 2009 PRAXAIR, INC. LONG TERM INCENTIVE PLAN</u>	3-1

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**Table of Contents**

39 Old Ridgebury Road  
Danbury, Connecticut 06810-5113

**PROXY STATEMENT**

*Annual Meeting of Shareholders*

*Tuesday, April 28, 2009*

This Proxy Statement is furnished to shareholders of Praxair, Inc. ( Praxair or the Company ) in connection with the solicitation of proxies for the Annual Meeting of Shareholders to be held at the Danbury Plaza Hotel, 18 Old Ridgebury Road, Danbury, Connecticut on April 28, 2009, at 9:30 a.m. or any adjournment or postponement thereof (the Annual Meeting ). This Proxy Statement and a form of proxy are first being sent to shareholders on or about March 17, 2009. Proxies are being solicited on behalf of the Board of Directors of Praxair.

**Matters to be Considered at the Annual Meeting**

***Item 1: Election of Directors***

Ten directors will be elected to serve until the 2010 annual meeting of shareholders, and until their successors are elected and qualify. The terms of the ten incumbent directors expire this year and each of them has been nominated for re-election for a one-year term. **Your Board recommends that Stephen F. Angel, Nance K. Dicciani, Edward G. Galante, Claire W. Gargalli, Ira D. Hall, Raymond W. LeBoeuf, Larry D. McVay, Wayne T. Smith, H. Mitchell Watson, Jr., and Robert L. Wood, each be elected** to serve for a one-year term, until the 2010 annual meeting of shareholders, and until their successors are elected and qualify. Each nominee has agreed to be named in this Proxy Statement and to serve if elected. Biographical data on these nominees to the Board of Directors is presented beginning at page 20 of this Proxy Statement under the caption The Board of Directors. If one or more of the nominees becomes unavailable for election or service as a director, the proxy holders will vote your shares for one or more substitutes designated by the Board of Directors, or the size of the Board of Directors will be reduced.

To be elected, a nominee must receive a majority of the votes cast at the Annual Meeting in person or by proxy by the shareholders entitled to vote (meaning the number of shares voted for a nominee must exceed the number of shares voted against such nominee). See the vote counting rules on page 5 of this Proxy Statement.

***Item 2: Proposal to Approve the 2009 Praxair, Inc. Long Term Incentive Plan***

Your Board, acting upon the recommendation of its independent Compensation & Management Development Committee, has approved the 2009 Praxair, Inc. Long Term Incentive Plan (the 2009 Plan ), subject to shareholder approval at the Annual Meeting. The 2009 Plan is being proposed at this time because the Company anticipates that the existing 2002 Praxair, Inc. Long Term Incentive Plan (the 2002 Plan ) will not have enough shares available to allow the Company to continue to grant long term

**Table of Contents**

incentives such as stock options, restricted stock, performance awards and other equity awards to the Company's officers and other employees beyond 2010. The 2002 Plan is the only plan currently available for the grant of long term equity incentives. If approved by shareholders, the 2009 Plan would replace the 2002 Plan. Thus, as of the Annual Meeting date, the 2002 Plan, and the remaining shares authorized for issuance under it, would not be available for any additional equity grants. Long term incentives previously granted under the 2002 Plan would remain outstanding in accordance with their terms.

Long term incentives are an essential component of Praxair's overall compensation plan for employees. Praxair's use of these incentives has been prudent and responsible by all objective measures and one measure of the effectiveness of this program is the excellent shareholder return performance relative to peers and the S&P 500 Index as shown in the performance graph in the 2008 Form 10-K and Annual Report. Oversight responsibility for the 2009 Plan is vested in the independent Compensation & Management Development Committee of the Board of Directors.

More information about the proposed 2009 Plan is presented at page 57 of this Proxy Statement. The complete text of the 2009 Plan is attached to this Proxy Statement as Appendix 3.

**Your Board recommends that you vote FOR this Item 2, the proposal to approve the 2009 Praxair, Inc. Long Term Incentive Plan.**

In order for this proposal to be adopted by the shareholders, at least a majority of the votes cast at the Annual Meeting in person or by proxy by the shareholders entitled to vote on the matter must be voted in its favor. See the vote counting rules on page 5 of this Proxy Statement.

***Item 3: Proposal to Ratify the Appointment of the Independent Auditor***

Under New York Stock Exchange ( NYSE ) and Securities and Exchange Commission ( SEC ) rules, selection of the Company's independent auditor is the direct responsibility of the Audit Committee. Your Board has determined, however, to seek shareholder ratification of that selection as a good practice in order to provide shareholders an avenue to express their views on this important matter. If shareholders fail to ratify the selection, the Audit Committee will seek to understand the reasons for such failure and will take those views into account in this and future appointments. Even if the current selection is ratified by shareholders, the Audit Committee reserves the right to appoint a different independent auditor at any time during the year if the Audit Committee determines that such change would be in the best interests of the Company and its shareholders.

Information concerning the independent auditor may be found beginning on page 16 of this Proxy Statement under the caption The Independent Auditor.

**Your Board recommends that you vote FOR this Item 3, the proposal to ratify the Audit Committee's selection of the independent auditor.**

In order for this proposal to be adopted by the shareholders, at least a majority of the votes cast at the Annual Meeting in person or by proxy by the shareholders entitled to vote on the matter must be voted in its favor. See the vote counting rules on page 5 of this Proxy Statement.

***Item 4: Other Business***

Praxair knows of no other business that will be considered for action at the Annual Meeting. If any other business calling for a vote of shareholders is properly presented at the meeting, the proxy holders will have the discretion to vote your shares in accordance with their best judgment.





**Table of Contents**

**Availability of Annual Report and  
Proxy Statement On-Line**

**Important Notice Regarding the Availability of Proxy Materials for the Shareholder Meeting to be Held on  
April 28, 2009:**

**This Proxy Statement and the 2008 Form 10-K and Annual Report are now available for viewing and  
downloading on the Internet at:**

**2008 Form 10-K and Annual Report: [www.praxair.com/annualreport](http://www.praxair.com/annualreport)**

**2009 Notice of Meeting and Proxy Statement: [www.praxair.com/proxy](http://www.praxair.com/proxy)**

As allowed by SEC and NYSE rules, Praxair is sending to most shareholders by mail a notice informing them that they can access and download this 2009 Proxy Statement and the 2008 Form 10-K and Annual Report on the Internet at the websites noted above, rather than sending printed copies. If you have received printed copies in the mail, rather than the notice of Internet availability, it is likely because either: (1) you have specifically requested printed copies this year or previously, or (2) Praxair has voluntarily sent you printed copies.

**If you are receiving printed copies you can save Praxair future postage and printing expense** by consenting to receive future annual reports, meeting notices, and proxy statements on-line on the Internet. Most shareholders can elect to view future proxy statements and annual reports over the Internet instead of receiving paper copies in the mail. Those shareholders will be given the opportunity to consent to future Internet delivery when they vote their proxy. For some shareholders, this option is only available if they vote by Internet. If you are not given an opportunity to consent to Internet delivery when you vote your proxy, contact the bank, broker or other holder of record through which you hold your shares and inquire about the availability of such an option for you.

If you consent, your account will be so noted and, when Praxair's 2009 Annual Report, meeting notice, and the proxy statement for the 2010 annual meeting of shareholders become available, you will be notified on how to access them on the Internet. Any prior consent you have given will remain in effect until specifically revoked by you in the manner specified by the bank or broker that manages your account. If you do elect to receive your Praxair materials via the Internet, you can still request paper copies by contacting the bank or broker that manages your account or, if you are a shareholder of record, you may contact us through our stock transfer agent, Registrar and Transfer Company, 10 Commerce Drive, Cranford, NJ 07106. They can also be reached by telephone at (800) 368-5948 or via e-mail at [info@rtco.com](mailto:info@rtco.com).

**Shareholders Sharing An Address**

If you share an address with another shareholder, you may receive only one notice of Internet availability, or one set of printed proxy materials (including this Proxy Statement and the 2008 Form 10-K and Annual Report) unless you have provided contrary instructions. If you wish to receive a separate notice of Internet availability or set of proxy materials now or in the future, you may contact the bank or broker that manages your account or, if you are a shareholder of record, you may contact us at the address cited above. Similarly, if you share an address with another shareholder and have received multiple copies of the notice of Internet availability or proxy materials, you may contact the bank or broker that manages your account or, if you are a shareholder of record, you may contact us at the above address to request delivery of a single copy of these materials.

**Table of Contents**

**Proxy and Voting Procedures**

***Who are the Shareholders Entitled to Vote at this Meeting?***

Common Stock shareholders of record at the close of business on March 2, 2009 will be entitled to vote at the Annual Meeting. As of that date, a total of 307,204,085 shares of Praxair's Common Stock were outstanding and entitled to vote. Each share of Common Stock is entitled to one vote.

***How do I Submit My Vote by Means of a Proxy?***

Your vote is important. Because many shareholders cannot attend the Annual Meeting in person, it is necessary that a large number be represented by proxy. Most shareholders have a choice of voting over the Internet, by using a toll-free telephone number or by completing a proxy card or voting instruction card, as described below.

1. **Vote on the Internet.** If you have Internet access, you may access the Proxy Statement and 2008 Form 10-K and Annual Report and submit your proxy or voting instructions by following the instructions provided in the notice of Internet availability, or if you received printed proxy materials, by following the instructions provided with your proxy materials and on your proxy card or voting instruction card. If you vote on the Internet, you can also request electronic delivery of future proxy materials.
2. **Vote by telephone.** You can also vote by telephone by following the instructions provided on the Internet voting site, or if you received printed proxy materials, by following the instructions provided with your proxy materials and on your proxy card or voting instruction card. Easy-to-follow voice prompts allow you to vote your shares and confirm that your instructions have been properly recorded.
3. **Vote by Mail.** If you received printed proxy materials by mail, you may choose to vote by mail by marking your proxy card or voting instruction card, dating and signing it, and returning it in the postage-paid envelope provided.

***How are the Proxies Voted?***

All shares entitled to vote and represented by a properly completed proxy (either by Internet, telephone or mail) will be voted at the Annual Meeting as indicated on the proxy unless earlier revoked by you. If no instructions are indicated for a matter on an otherwise properly completed proxy from a shareholder of record, the shares represented by that proxy will be voted on that matter as recommended by the Board of Directors. See also the vote counting rules on page 5 of this Proxy Statement. Execution of the proxy also confers discretionary authority on the proxy holders to vote your shares on other matters that may properly come before the Annual Meeting.

***How Can I Revoke my Proxy?***

You may revoke your proxy at any time before it is voted by filing with Praxair's Corporate Secretary a written revocation, by timely delivery of a properly completed, later-dated proxy (including by Internet or telephone), or by voting in person at the Annual Meeting.

***May I Still Vote at the Annual Meeting Even if I Have Submitted a Proxy?***

The method by which you vote will in no way limit your right to vote at the Annual Meeting if you later decide to attend in person. If your shares are held in the name of a bank, broker or other holder of record, you must obtain a proxy, executed in your favor, from the holder of record, to be able to vote at the Annual Meeting. See [Attending the Annual Meeting](#) on page 5 for attendance requirements and directions to the Annual Meeting.

## **Table of Contents**

### ***What is the Necessary Quorum to Transact Business at the Annual Meeting?***

The presence, in person or by proxy, of the holders of a majority of the shares entitled to vote shall constitute a quorum. The shares represented by withhold votes, abstentions and broker non-votes on filed proxies and ballots will be considered present for quorum purposes (for an explanation of broker non-votes, see the vote counting rules below).

### ***How are the Votes Counted for Each Item of Business?***

If you are a shareholder of record and submit a proxy (whether by Internet, telephone or mail) without specifying a choice on any given matter to be considered at this Annual Meeting, the proxy holders will vote your shares according to the Board's recommendation on that matter.

If you hold your shares in a brokerage account, then, under NYSE rules and Delaware corporation law:

1. With respect to Item #1 (Election of Directors), your broker is entitled to vote your shares on this matter if no instructions are received from you. If your broker does not vote (a broker non-vote), this is not considered a vote cast and, therefore, will have no effect on the election of directors. Abstentions may not be specified as to the election of directors.
2. With respect to Item #2 (Approval of the 2009 Praxair, Inc. Long Term Incentive Plan), your broker is not entitled to vote your shares on this matter if no instructions are received from you. However, broker non-votes and abstentions are not considered votes cast and, therefore, will be counted neither for nor against this matter.
3. With respect to Item #3 (Ratification of the Appointment of the Independent Auditor), your broker is entitled to vote your shares on this matter if no instructions are received from you. Broker non-votes and abstentions are not considered votes cast and, therefore, will be counted neither for nor against this matter.

If you hold your shares in the Praxair, Inc., Praxair Distribution, Inc., Praxair Healthcare Services, Inc., Praxair Puerto Rico LLC, or the Dow Chemical Company Employees' savings plan, and if the plan trustee receives no voting instructions from you, then, under the applicable plan trust agreement, the plan trustee must vote your shares in the same proportion on each matter as it votes the shares for which it has received instructions.

## **Attending the Annual Meeting**

### ***Admission Requirements***

You may attend the Annual Meeting whether or not you want to vote your shares at the Annual Meeting or by proxy. However, only shareholders and their accompanying guests, and the invited guests of Praxair, will be granted admission to the Annual Meeting. To assure admittance:

- If you hold shares of Praxair, Inc. common stock through a broker, bank or other nominee, please bring a copy of your broker, bank or nominee statement evidencing your ownership of Praxair common stock as of the March 2, 2009 record date.
- Please bring a photo ID, if you hold shares of record as of March 2, 2009, including shares in certificate or book form or in the Praxair, Inc. Dividend Reinvestment and Stock Purchase Plan.

- Please bring your Praxair ID if you are an employee shareholder.

***Directions***

***From Points West of Danbury, CT:*** Take I-84 East to Exit 2 (Mill Plain Road) in Danbury. Go to the bottom of the ramp and turn left. Go to the second light and turn right (Mill Plain Road). Go to the next light and turn right (Old Ridgebury Road). Go up the hill and the Danbury Plaza Hotel is on your left.

***From Points East of Danbury, CT:*** Take I-84 West to Exit 2A (Old Ridgebury Road) in Danbury. The exit ramp circles around and up over the highway. The Danbury Plaza Hotel is on your left.

**Table of Contents****Share Ownership*****Principal Holders***

Praxair does not presently know of any person who is the beneficial owner of more than five percent of Praxair's Common Stock.

***Directors and Executive Officers***

The table below sets forth the beneficial ownership of Praxair's Common Stock as of March 2, 2009 by each director and certain executive officers. No director or executive officer of Praxair beneficially owned more than 1% of Praxair's common stock, and directors and executive officers of Praxair as a group (18 persons) beneficially owned approximately 0.9% of the outstanding shares as of that date.

Name	Position	SHARES BENEFICIALLY OWNED AND OTHER EQUITY INTERESTS			
		Common Stock(1)	Deferred Stock(2)	Total	Stock Options(3)
Stephen F. Angel	Chairman, President & Chief Executive Officer	81,233	61,182	142,415	999,299
Ricardo S. Malfitano	Executive Vice President	32,371	10,357	42,728	420,432
James S. Sawyer	Executive Vice President & Chief Financial Officer	31,986	8,429	40,415	118,716
James J. Fuchs	Senior Vice President	20,655	1,082	21,737	122,199
James T. Breedlove	Senior Vice President, General Counsel & Secretary	33,123	679	33,802	132,633
Nance K. Dicciani(4)	Director	2,250	1,080	3,330	-0-
Edward G. Galante	Director	3,000	2,516	5,516	1,475
Claire W. Gargalli	Director	3,468	10,165	13,633	43,556
Ira D. Hall	Director	1,500	2,915	4,415	18,556
Raymond W. LeBoeuf	Director	2,000	38,586	40,586	43,556
Larry D. McVay	Director	1,883	934	2,817	1,295
Wayne T. Smith	Director	10,000	18,901	28,901	33,556
H. Mitchell Watson, Jr.	Director	928	32,495	33,423	18,556
Robert L. Wood	Director	1,200	1,367	2,567	18,556
Total		225,597	190,688	416,285	1,972,385

Directors and Executive Officers as a group	(18 persons)	248,038	191,367	439,405	2,325,583
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(1) Reported shares include 23,403 unvested restricted shares for which Mr. Angel has sole voting power and that will vest on April 23, 2011.

(2) **Deferred Stock** represents stock price-based units into which deferred compensation has been invested pursuant to the deferred compensation plans for management and for non-employee directors. Holders have no voting rights with respect to Deferred Stock. The value of Deferred Stock units varies with the price of Praxair's common stock and, at the end of the deferral period, the units are payable in stock.

(3) **Stock Options** represent shares that may be acquired upon exercise of options exercisable within 60 days of March 2, 2009.

(4) Dr. Dicciani was elected a director effective September 1, 2008.



**Table of Contents**

**Corporate Governance and Board Practices**

**Praxair's Governance Principles.**

Praxair operates under Corporate Governance Guidelines which are set forth in Appendix 1 to this Proxy Statement and are posted at Praxair's public website, [www.praxair.com](http://www.praxair.com). Consistent with those guidelines, your Board has adopted the following policies and practices, among others:

***Business Integrity and Ethics.*** One of your Board's first acts upon Praxair's launch as a public company was to adopt policies and standards regarding Compliance with Laws and Business Integrity and Ethics. The current version of the Board's policy in these areas is posted at Praxair's website, [www.praxair.com](http://www.praxair.com) and is available in print to any shareholder who requests it. This Code of Ethics applies to Praxair's directors and to all employees, including Praxair's Chief Executive Officer, Chief Financial Officer, and Controller.

***Director Independence.*** Your Board has adopted independence standards for service on Praxair's Board of Directors which are set forth in Appendix 2 to this Proxy Statement and are posted at Praxair's public website, [www.praxair.com](http://www.praxair.com). Your Board has applied these standards to all of the incumbent non-management directors (all incumbent directors are non-management except for Mr. Angel, the Company's Chairman and CEO), and has determined that all of them are independent. Your Board is not otherwise aware of any relationship with the Company or its management that could potentially impair a director's exercise of independent judgment. See also related information which is presented in this Proxy Statement under the caption "Certain Relationships and Transactions."

***Board Leadership.*** The independent directors elected Claire W. Gargalli as Executive Session Presiding Director effective January 1, 2008. Ms. Gargalli presides over private meetings of the non-management directors and performs other duties, including conducting a performance review of the Chief Executive Officer.

***Mandatory Director Retirement.*** Your Board's policy is that a director who has attained the age of 72 must retire from the Praxair Board prior to the first annual shareholders meeting held after his/her 72nd birthday. Your Board also has a policy against service on the Board by an officer of the Company after his/her retirement, resignation or removal as an officer.

***Limits to Service on Other Boards.*** Your Board's policy is that no non-management director may serve on more than five additional public company boards and no member of the Audit Committee may serve on more than two additional public company audit committees. Also, the Chief Executive Officer may not serve on more than two other public company boards.

***Director Nomination Process.*** For a description of your Board's policy regarding nominees for election as directors, see "The Governance & Nominating Committee" on page 18 of this Proxy Statement.

***Director Election and Resignation Policy.*** Praxair's Certificate of Incorporation and Bylaws require a director nominee to receive a majority of the votes cast at an annual meeting in order to be elected (meaning a greater number of "for" votes than "against" votes) in an uncontested election of directors. Your Board's Corporate Governance Guidelines require that any director nominee who is then serving as a director must tender his or her resignation if he/she fails to receive this majority vote. The Governance & Nominating Committee of the Board would then consider the resignation offer and recommend to the Board whether to accept or reject the resignation, or whether other action should be taken. The Board would take action on the committee's recommendation within 90 days following certification of the vote, and promptly thereafter publicly disclose its decision and the reasons therefor.

***Communications with the Board.*** Your Board believes that the most efficient means for shareholders and other interested parties to raise issues and questions and to get a response is to direct such communications to the Company through its Investor Relations Department or other methods as described in the **Contact Us** section of the Company's public website, [www.praxair.com](http://www.praxair.com).

**Table of Contents**

If, notwithstanding these methods, a shareholder or other interested party wishes to direct a communication specifically to the Company's Board of Directors, then the following means are available (to ensure that the communication is properly directed in a timely manner, it should be clearly identified as intended for the Board):

- (1) Telephone (Voice Mail):  
1-800-719-0719 within the U.S.A., or  
+1(203) 837-2960 for outside the U.S.A.
- (2) Mail:  
Praxair, Inc.  
Attn: Board of Directors  
P.O. Box 2478  
Danbury, CT, U.S.A. 06813-2478
- (3) E-mail:  
praxair\_integrity@praxair.com

The above addresses are supervised by the Company's Security Department which will promptly forward to the Corporate Secretary's Office any communication intended for the Board. The Corporate Secretary's Office will collect and organize all such communications, deleting any that are sales or other solicitations and any which contain offensive material. A summary of communications received will be periodically provided to the Executive Session Presiding Director who will make the final determination regarding the disposition of any such communication.

Your Board believes that the Company should speak with one voice and has empowered management to speak on the Company's behalf subject to your Board's oversight and guidance on specific issues. Therefore, in most circumstances, the Board will not respond directly to inquiries received in this manner but may take into consideration ideas, concerns and positions that are presented in a concise, clear, supported and constructive manner.

***Director Attendance at the Annual Shareholders Meeting.*** Absent extenuating circumstances, each member of the Board is expected to attend the Annual Meeting of Shareholders. All of the then incumbent directors attended the 2008 annual meeting.

***Policy Statement on Rights Agreements.*** Your Board will adopt or materially amend a Stockholder Protection Rights Agreement only if, in the exercise of its fiduciary responsibilities under Delaware law, and acting by a majority of its independent directors, it determines that such action is in the best interests of Praxair's shareholders. If the Board adopts or materially amends a Stockholder Protection Rights Agreement, it will submit such action to a non-binding shareholder vote as a separate ballot item at the first annual meeting of shareholders occurring at least six months after such action.

***Director Stock Ownership Guidelines.*** Your Board's policy is that non-management directors must acquire and hold during their service as a Praxair Board member shares of the Company's stock equal in value to at least 5 times the base cash retainer for non-management directors. Directors have five years from their initial election to meet this guideline. As shown in the stock ownership table presented at page 6 of this Proxy Statement under the caption "Share Ownership," all non-management directors have met this guideline or are within the transition period; and most substantially exceed the guideline. In addition, any new non-management director must, no later than the effective date of his/her election, acquire, using his/her own personal resources, shares of the Company's stock equal in value to the base cash retainer then in effect.

***Executive Stock Ownership Guidelines.*** Your Board believes that it is important for executive officers to acquire a substantial ownership position in Praxair. In this way, their interests will be more closely aligned with those of shareholders. Significant stock ownership focuses the executives' attention on managing Praxair as equity owners.

**Table of Contents**

Accordingly, stock ownership guidelines have been established for the Company's officers as follows. Twenty-two executives are currently covered under this stock ownership policy. Individuals are expected to meet the applicable guideline no more than five years after first becoming subject to it.

	Shares To Be Owned
Chief Executive Officer	100,000
Executive Vice Presidents	30,000
Chief Financial Officer	25,000
Senior Vice Presidents	20,000
Other Executive Officers	10,000-15,000
Other Officers	5,000

As of the date of this Proxy Statement, all covered individuals have met or exceeded their guidelines, where permitted by law, or are within their compliance periods. Stock ownership of the five most highly compensated Executive Officers in 2008 can be found in the table presented at page 6 of this Proxy Statement under the caption "Share Ownership."

***Succession Planning and Personnel Development.*** Under the leadership of the Compensation & Management Development Committee, it is your Board's practice to annually conduct a formal Succession Planning and Personnel Development session in which evaluations of senior executives are reviewed with respect to their potential for promotion into senior leadership positions, including that of the CEO. In addition, a wide variety of senior executives are purposely exposed to your Board by way of Board and Committee presentations and directors have unrestricted access to management for management assessment and development as well as for information gathering.

***CEO Performance Evaluation.*** Your Board has in place a process whereby the Executive Session Presiding Director conducts a performance review at least annually of the Chief Executive Officer taking into account the views of all of the other independent directors. This is in addition to the evaluation inherent in the Compensation & Management Development Committee's determination of the CEO's compensation.

***Strategy Review and Oversight.*** It is your Board's practice to conduct a full-day session at least annually to review the strategies of the Company overall and of its key business components and to provide advice and counsel to management regarding the strategic issues facing the Company. Throughout the year, management reports to your Board on the status of significant strategic initiatives and issues.

***Board Effectiveness Assessment.*** As set forth in the Corporate Governance Guidelines and under the leadership of the Governance & Nominating Committee, your Board assesses its effectiveness at least annually. Typically, this assessment includes evaluating its effectiveness in the areas of Performance of Core Responsibilities, Decision-making Support, the Quality of Deliberations, and Director Performance, as well as consideration of additional Board practices and policies recommended as best practices by recognized governance authorities. In addition, directors are given measures of individual director effectiveness for purposes of self-assessment, reflection and self-improvement.

***Auditor Independence.*** Your Board recognizes the importance of ensuring the independence of the Company's independent auditor. See page 16 of this Proxy Statement under the caption "The Independent Auditor" for a summary of some of the policies designed to monitor and support such independence.

**Director Compensation.** The compensation paid to non-management directors in 2008 and a description of the Company's director compensation program are presented at pages 55 to 56 of this Proxy Statement under the caption Director Compensation. The principles used by the Board in determining director compensation are set forth in the Board's Corporate Governance Guidelines included in Appendix 1 to this Proxy Statement.

**Table of Contents**

***Review, Approval or Ratification of Transactions with Related Persons***

*Relevant Policies.* The Company's Compliance with Laws and Business Integrity and Ethics Policy ( Ethics Policy, ) prohibits employees, officers and Board members from having a personal, financial or family interest that could in any way prevent the individual from acting in the best interests of the Company (a conflict of interest ) and provides that any conflict of interest waiver relating to Board members or executive officers may be made only after review and approval by the Board upon the recommendation of its Governance & Nominating Committee.

In addition, the Board's Corporate Governance Guidelines (attached as Appendix 1 to this Proxy Statement) require that any related party transaction by an executive officer or director be pre-approved by a committee of independent and disinterested directors. For this purpose, a related party transaction means any transaction or relationship that is reportable under the SEC's Regulation S-K, Item 404 or that, in the case of a non-management director, would violate the Board's independence standards.

*Reporting and Review Procedures.* To implement the foregoing policies, the Governance & Nominating Committee has adopted a written procedure for the Handling of Potential Conflicts of Interests which specifies a process for the referral of potential conflicts of interests to the Board and standards for the Board's evaluation of those matters. This policy applies to any transaction or relationship involving an executive officer, a member of the Board of Directors, a nominee for election as a director of the Company, or a family member of any of the foregoing which (1) could violate the Company's Ethics Policy provisions regarding conflicts of interest, (2) would be reportable under the SEC's disclosure rules, or (3), in the case of a non-management director, would violate the Board's independence standards.

In summary, under this procedure, potential conflicts of interest are reported to the Corporate Secretary for preliminary analysis to determine whether referral to the Governance & Nominating Committee is appropriate. Potential conflicts of interest can be self-identified by the director or executive officer or may arise from internal audits, the integrity hotline or other referrals, or through periodic due diligence conducted by the Corporate Secretary's office. The Governance & Nominating Committee then examines the facts and circumstances of each matter referred to it and makes a final determination as to (1) whether the transaction or relationship would (or does) constitute a violation of the conflicts of interest provisions of the Company's Ethics Policy, and (2) whether the transaction or relationship should be approved or ratified and the conditions, if any, of such approval or ratification. In determining whether a transaction or relationship constitutes a violation of the conflicts of interest provisions of the Company's Ethics Policy, the Governance & Nominating Committee considers, among other factors, the materiality of the transaction or relationship to the individual's personal interest, whether the individual's personal interest is materially adverse to or competitive to the interests of the Company, and whether the transaction or relationship materially interferes with the proper performance of the individual's duties or loyalty to the Company. In determining whether to approve or ratify a transaction or relationship, the Governance & Nominating Committee considers, among other factors, whether the matter would constitute a violation of the conflicts of interest provisions of the Company's Ethics Policy, whether the matter would violate the NYSE listing standards, the expected practical impact of the transaction or relationship on the individual's independence of judgment or ability to act in the best interests of the Company, the availability, practicality and effectiveness of mitigating controls or safeguards such as recusal, restricted access to information, reassignment etc., and the best interests of the Company and its shareholders generally.

*Application of Policies & Procedures.* During 2008, the Company employed in a non-executive position, the son-in-law of G. Jackson Ratcliffe, who retired from the Board in April 2008. The 2008 cash compensation paid to Mr. Ratcliffe's son-in-law was in the range of \$175,000 to \$200,000. This employment did not violate the Company's Ethics Policy or the Board's independence standards. In addition, his hiring predated the Board's 2004 adoption of the self-imposed requirement that certain relationships reportable under SEC rules be pre-approved by a committee of independent and disinterested directors.





**Table of Contents**

***Certain Relationships and Transactions***

When determining whether any director or nominee is independent, your Board considers all facts and circumstances and any relationships that a director or nominee may have with the Company, directly or indirectly, other than serving as a director. To assist your Board in making independence determinations, it also applies the independence standards set forth in Appendix 2 to this Proxy Statement.

In determining that each non-management director and director nominee is independent, in February 2009, your Board considered the following circumstances and relationships of those directors and nominees who then had any direct or indirect relationship with the Company: (a) in the ordinary course of its business, Praxair sells products to the company of which Mr. Smith is an executive officer; and (b) during 2008, in the ordinary course of business, Praxair sold products to or purchased products from, the companies of which Dr. Dicciani and Mr. Wood are former executive officers (neither currently serve as executive officers of these companies). The dollar value of these transactions is far below the limits set forth in your Board's independence standards and, in each case for the last three fiscal years, were significantly less than 1% of either Praxair's or the director's company's consolidated revenues. Therefore, your Board has determined that such relationships are not material and do not otherwi