

PRAXAIR INC
Form DEF 14A
March 16, 2010

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**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

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))

Definitive Proxy
Statement

Definitive
Additional Materials

Soliciting Material
Pursuant to
Section 240.14a-12.

PRAXAIR, INC.

(Name of Registrant as Specified In Its Charter)

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

Payment of Filing Fee (Check the appropriate box):

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:

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

(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):

(4) Proposed maximum aggregate value of transaction:

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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:

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

(3) Filing Party:

(4) Date Filed:

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39 Old Ridgebury Road
Danbury, Connecticut 06810-5113

Dear Praxair Shareholder,

I am pleased to invite you to attend Praxair's 2010 Annual Meeting of Shareholders on Tuesday, April 27, 2010. The meeting will be held at 9:30 a.m. in the Grand Ballroom of the Danbury Plaza Hotel, 18 Old Ridgebury Road, Danbury, Connecticut.

This proxy statement provides information on Praxair's governance framework, the Company's executive compensation program, and the backgrounds of candidates for the Board of Directors. These disclosures reflect Praxair's commitment to strong governance processes, including independent and active Board oversight, transparent reporting, and accountability to shareholders.

With respect to oversight, I am pleased to report that Praxair's Board continues to play a key role in shaping the Company's strategic vision, and in guiding its approach to assessing and managing risk. The Board has provided valuable counsel on leadership development and succession planning, and has emphasized performance-based executive compensation. The Board's leadership has reinforced the Company's culture of compliance and integrity. In these and other ways, the Board is dedicated to serving shareholder interests through sound corporate governance.

For more information on our governance practices, please visit our website, www.praxair.com. I look forward to sharing further information about Praxair at the Annual Meeting. Whether or not you plan to attend, I encourage you to vote your proxy as soon as possible so that your shares will be represented at the meeting.

Sincerely,

Stephen F. Angel
Chairman, President & Chief Executive Officer

March 16, 2010

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39 Old Ridgebury Road
Danbury, Connecticut 06810-5113

***NOTICE OF ANNUAL MEETING OF SHAREHOLDERS
TO BE HELD APRIL 27, 2010***

Dear Praxair Shareholder:

The Annual Meeting of Shareholders of Praxair, Inc. will be held at 9:30 a.m. on Tuesday, April 27, 2010 in the Grand Ballroom of the Danbury Plaza Hotel, 18 Old Ridgebury Road, Danbury, Connecticut, for the following purposes:

1. To elect nine directors to the Board of Directors.
2. To ratify the appointment of the independent auditor.
3. 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 1, 2010 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 form 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.

If you own shares in a brokerage account, your vote is even more important this year because of recent New York Stock Exchange rule changes. Unlike in previous years, your broker cannot vote your shares on the proposal to elect Praxair's directors unless you provide voting instructions to your broker. Therefore, it is very important that you exercise your right as a shareholder and vote on all proposals, including the election of directors.

BY ORDER OF THE BOARD OF DIRECTORS

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

March 16, 2010

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39 Old Ridgebury Road
Danbury, Connecticut 06810-5113

PROXY STATEMENT

Annual Meeting of Shareholders

Tuesday, April 27, 2010

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 27, 2010, 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 16, 2010. 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

Nine directors will be elected to serve until the 2011 annual meeting of shareholders, and until their successors are elected and qualify. Nine incumbent directors have been nominated for re-election for a one-year term, and one director, H. Mitchell Watson, Jr., has retired from the Board pursuant to the Board's director retirement policy. Mr. Watson had served on the Board since the Company first became a public company in 1992, and the Company thanks him for his valuable and dedicated service. **The 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, and Robert L. Wood, each be elected** to serve for a one-year term, until the 2011 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. Qualifications and biographical data for each of these nominees is presented beginning at page 22 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 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. The Board has determined, however, to seek shareholder ratification of that selection as a good practice in

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order to provide shareholders an avenue to express their views on this important matter. If shareholders fail to ratify the selection, the Audit Committee may reconsider the appointment. 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 17 of this Proxy Statement under the caption The Independent Auditor.

The Board recommends that you vote FOR this Item 2, 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 3: 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.

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**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 27, 2010:

This Proxy Statement and the 2009 Form 10-K and Annual Report are now available for viewing and downloading on the Internet at:

2009 Form 10-K and Annual Report: www.praxair.com/annualreport.

2010 Notice of Meeting and Proxy Statement: 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 2010 Proxy Statement and the 2009 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 that this occurred 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. This will help with Praxair's overall sustainability efforts by reducing paper usage. 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 2010 Annual Report, meeting notice, and the proxy statement for the 2011 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.

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 2009 Form 10-K and Annual Report to shareholders) 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 only a single copy of these materials to your household.

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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 1, 2010 will be entitled to vote at the Annual Meeting. As of that date, a total of 306,188,969 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 2009 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.

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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 not 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 (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 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 1, 2010 record date;
- Please bring a photo ID, if you hold shares of record as of March 1, 2010, 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. After exit, stay left and 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.

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The only person known by Praxair to be a beneficial owner of more than five percent of Praxair's Common Stock is the following:

Name and Address of Beneficial Owner	Number of Shares Beneficially Owned	Percent of Shares Outstanding(a)
BlackRock, Inc 40 East 52nd Street New York, NY 10022	17,765,001(b)	5.80%

(a) Based on 306,188,969 total shares outstanding on March 1, 2010 excluding shares held for the account of Praxair.

(b) Holdings as of December 31, 2009 as reported in SEC Schedule 13G by BlackRock, Inc. According to this report, BlackRock, Inc. and certain of its subsidiaries had sole voting power and sole investment power as to all of the reported shares.

Directors and Executive Officers

The table below sets forth the beneficial ownership of Praxair's Common Stock as of March 1, 2010 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 1.0% 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	89,878	62,908	152,786	1,185,969
Ricardo S. Malfitano	Executive Vice President	35,432	10,737	46,169	497,499
James S. Sawyer	Executive Vice President & Chief Financial Officer	24,307	4,567	28,874	180,153
James J. Fuchs	Senior Vice President	13,419	1,208	14,627	178,519
James T. Breedlove		35,301	830	36,131	206,240

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	Senior Vice President, General Counsel & Secretary				
Nance K. Dicciani	Director	2,283	1,874	4,157	2,048
Edward G. Galante	Director	3,000	3,379	6,379	4,483
Claire W. Gargalli	Director	3,474	10,389	13,863	43,568
Ira D. Hall	Director	1,500	3,876	5,376	23,568
Raymond W. LeBoeuf	Director	2,000	40,386	42,386	43,568
Larry D. McVay	Director	1,910	1,015	2,925	4,123
Wayne T. Smith	Director	10,000	20,189	30,189	23,568
H. Mitchell Watson, Jr.	Director	948	33,212	34,160	18,568
Robert L. Wood	Director	2,700	1,397	4,097	23,568
Total		226,152	195,967	422,119	2,435,442
Directors and Executive Officers as a group	(18 persons)	258,071	196,784	454,855	2,849,027

(1) Reported shares include 23,917 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 Praxair common stock.

(3) Stock Options represent shares that may be acquired upon exercise of options exercisable within 60 days of March 1, 2010.

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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. Consistent with those guidelines, the Board has adopted the following policies and practices, among others:

Business Integrity and Ethics. One of the 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 public website, 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 (CEO), Chief Financial Officer, and Controller.

Director Independence. The 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. The 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 & CEO), and has determined that all of these directors qualify as independent. The 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. As set forth in Corporate Governance Guidelines attached to this Proxy Statement as Appendix 1, the Board believes that the best leadership model for the Company is that of a combined Chairman & CEO, balanced by certain practices and policies to assure effective independence in the Board's oversight, advice and counsel.

The Governance & Nominating Committee (consisting entirely of independent directors) periodically examines the Board leadership structure as well as other governance practices and conducts an annual assessment of Board and Committee effectiveness. The Governance & Nominating Committee has determined that the present leadership structure continues to be effective and appropriate, as demonstrated by the Company's sustained superior performance relative to its peers over a number of years.

The Board believes that the substantive duties of the Chairman, including calling and organizing meetings and preparing agendas, are best performed by one who has day-to-day familiarity with the business issues confronting the Company and an understanding of the specific areas in which management seeks advice and counsel from the Board.

Board independence is achieved by the appointment by the independent directors of an Executive Session Presiding Director (Presiding Director) and by other practices set forth in the Corporate Governance Guidelines and described more fully below. These practices assure effective independent oversight as well as effective independent leadership while maintaining (1) practical efficiency, (2) the responsibility of each independent director to assert leadership when appropriate according to his or her background and expertise, and (3) appropriate authority on the part of each independent Committee Chair within the scope of his or her Committee's subject matter responsibility.

The Presiding Director assures that appropriate independence is brought to bear on important Board and governance practices. The Presiding Director's duties and responsibilities are summarized in the Corporate Governance Guidelines and in the Presiding Director's appointing resolutions (cited below).

There are other sources of independence for the Board in addition to the Presiding Director's leadership. The Presiding Director's duties are complemented by (1) the strong leadership vested in, and exercised by, the Board's independent Committee Chairs with respect to the matters overseen by their Committees, and (2) the responsibility of each director to assert leadership according to his or her particular experience and expertise. Among the reasons to maintain a strong Committee structure and leadership is the diversity

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of issues and risks confronted by a global industrial company. The Board believes that exercising Board leadership and oversight through Committees is the most effective method of ensuring that these matters receive the diverse expertise and attention they deserve.

In addition, the Board is strengthened by the responsibility of each director to communicate candid advice and counsel directly to the CEO. This approach assures that each director is free to exercise and express independent judgment without filtering, and enables the valuable expression of a diversity of views in Board meetings.

Finally, it is recent practice for the independent directors to appoint as the Presiding Director the Chair of the Board's Governance & Nominating Committee. This practice is in recognition of the Committee's oversight of the Board's and the Company's overall governance practices. The duties of the Chair of the Governance & Nominating Committee complement and unify the duties of the Presiding Director in most respects.

The Board's resolutions appointing the Presiding Director specify the following roles and responsibilities:

Serve as Chairman of any formal private meetings of all of the non-management directors,

Serve as the contact by which interested parties may make their concerns known to the Board's non-management directors as required by the NYSE Listing Standards and act as a spokesperson for the Board in engagements with shareholders or external parties as required,

Conduct performance reviews of the CEO based on contributions from the Compensation & Management Development Committee and other non-management directors,

Serve as temporary acting Chairman in the event of unavailability or incapacitation of the Chairman,

Serve as an advisor or liaison to the CEO to provide a sense of the non-management directors regarding governance or Board matters in cases where direct communication of such sentiment is inappropriate or awkward or where the CEO requests a consensus or collective judgment of the non-management directors,

Provide leadership to the Board in the event of a crisis or other event or circumstance which would make management leadership inappropriate or ineffective, in which cases the Presiding Director shall have the authority to convene meetings of the full Board or of the non-management directors, and

Review with the Chairman in advance of each Board meeting the agenda and such other matters pertaining to the meeting and its agenda as the Presiding Director may request.

Board Role in Risk Oversight. At least annually, the full Board reviews the Company's risk identification, assessment and management processes and the guidelines and policies by which key risks are managed. As part of that review, the Board discusses (1) the key enterprise risks that management has identified, (2) management accountability for managing or mitigating each risk, (3) the steps being taken to manage each risk, and (4) which Board Committees will oversee each risk area on an ongoing basis.

The risk factors disclosed in Item 1A of the Company's Form 10-K and Annual Report illustrate the diversity of the risks faced by a global industrial company and illustrate the need for a strong Board Committee structure to oversee the management of risks in specific subject areas. Each Committee's calendar of recurring meeting agenda topics addresses risk areas pertinent to the Committee's subject-matter responsibilities. These areas include: financing and currency exchange risks (Finance & Pension Committee), compensation risks, and executive development and retention (Compensation & Management Development Committee), regular review of the Board's governance

practices and the Company's sustainability (Governance & Nominating Committee), and internal controls, investigations, and integrity standards compliance (Audit Committee). Other risk areas are regularly reviewed by the full Board. These include: safety and environmental risk (covered at each Board meeting), economic, market and

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competitive risk (part of business operating reports at each Board meeting, and the annual operating and strategic reviews), and compliance risks (supplementing reporting within the Audit Committee). In addition, risk identification and assessment is integrated into Board decision-making with respect to capital projects and acquisitions, entry into new markets, financings, and cash flow analysis, among other things.

In Committee meetings and full Board deliberations, each director brings his or her particular operating, financial, management development, and other experiences and expertise to bear in assessing management's response to specific risks and in providing advice and counsel with respect to risk mitigation and management.

Mandatory Director Retirement. The 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 or her 72nd birthday. The Board also has a policy against service on the Board by an officer of the Company after his or her retirement, resignation or removal as an officer.

Limits to Service on Other Boards. The 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 Chairman & CEO may not serve on more than two additional public company boards.

Director Nomination Process. For a description of the Board's policy regarding nominees for election as directors, see The Governance & Nominating Committee on page 20 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. The 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 or 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. The Board believes that the most efficient means for shareholders and other interested parties to raise issues and questions 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.

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

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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 solicitations or which contain offensive material. A summary of communications received will be periodically provided to the Presiding Director who will make the final determination regarding the disposition of any such communication.

The Board believes that the Company should speak with one voice and has empowered management to speak on the Company's behalf subject to the 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 2009 annual meeting.

Policy Statement on Rights Agreements. The 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. The 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 four 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 5-year transition period afforded to them to do so; and most substantially exceed the guideline. In addition, any new non-management director must, no later than the effective date of his or her election, acquire, using his or her own personal assets, shares of the Company's stock equal in value to the base cash retainer then in effect.

Executive Stock Ownership Guidelines. The 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.