

PRAXAIR INC
Form PRE 14A
March 03, 2008

**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-11(c)
or Section 240.14a-2.

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):

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

(3) Filing Party:

(4) Date Filed:

39 Old Ridgebury Road
Danbury, Connecticut 06810-5113

***NOTICE OF ANNUAL MEETING OF SHAREHOLDERS
TO BE HELD APRIL 22, 2008***

Dear Praxair Shareholder:

The Annual Meeting of Shareholders of Praxair, Inc. will be held at 9:30 a.m. on Tuesday, April 22, 2008 in the Grand Ballroom of the Sheraton Danbury, 18 Old Ridgebury Road, Danbury, Connecticut, for the following purposes:

1. To elect eight directors to the Board of Directors.
2. To consider and vote upon an amendment to Praxair's certificate of incorporation regarding the election of directors by majority vote.
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 February 28, 2008 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 using one of the following methods:

1. **Electronically on the Internet** (if instructions for this method are included in this package), **OR**
2. **By telephone** (if instructions for this method are included in this package), **OR**
3. By signing and dating the **proxy/voting instruction card** enclosed in this package and returning it in the postage-paid envelope that is provided.

The giving of such proxy does not affect your right to vote in person if you attend the meeting.

We encourage 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 14, 2008

WHETHER OR NOT YOU EXPECT TO ATTEND THE ANNUAL MEETING IN PERSON, PLEASE PROMPTLY COMPLETE AND SUBMIT A PROXY, EITHER BY INTERNET, BY TELEPHONE OR BY MAIL.

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39 Old Ridgebury Road
Danbury, Connecticut 06810-5113

PROXY STATEMENT

Annual Meeting of Shareholders

Tuesday, April 22, 2008

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 Sheraton Danbury, 18 Old Ridgebury Road, Danbury, Connecticut on April 22, 2008, at 9:30 a.m. or any adjournment or postponement thereof (the Annual Meeting). This Proxy Statement and the enclosed form of proxy are first being sent to shareholders on or about March 14, 2008. The enclosed proxy is solicited on behalf of the Board of Directors of Praxair.

Matters to be Considered at the Annual Meeting

Item 1: Election of Directors

Eight directors will be elected to serve until the 2009 annual meeting of shareholders, and until their successors are elected and qualify. The terms of the following seven present directors expire this year and each of them has been nominated for re-election for a one-year term: Edward G. Galante, Ira D. Hall, Raymond W. LeBoeuf, Larry D. McVay, Wayne T. Smith, H. Mitchell Watson, Jr., and Robert L. Wood. Mr. Angel's and Ms. Gargalli's terms expire in 2009. They were elected in 2006 for three-year terms under Praxair's previous staggered or classified board structure that is being phased-out through 2009. Beginning with the 2009 annual meeting, all director nominees may be elected to a one-year term and until his or her successor is elected and qualifies.

In addition, Nance K. Dicciani has been nominated for election as a director for the first time at the Annual Meeting. If elected, Ms. Dicciani's term will begin on September 1, 2008, as she cannot join the Board until then due to prior commitments. As your Board has already approved Ms. Dicciani for service on the Board, it believes that it is a good practice to have shareholders vote upon her election at the Annual Meeting rather than the Board electing her after the Annual Meeting.

Ronald L. Kuehn, Jr. and G. Jackson Ratcliffe, Jr. will retire from the Board pursuant to your Board's director retirement policy. Messrs. Kuehn and Ratcliffe have served on the Board since the Company first became a public company in 1992, and the Company thanks them for their valuable and dedicated service.

Your Board recommends that Edward G. Galante, 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, and that **Nance K. Dicciani be elected** for a term beginning on September 1, 2008, and in each case until the 2009 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 and the other members of 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 the vote of the holders of a majority of the shares of Praxair common stock present in person or by proxy and entitled to vote at the Annual Meeting. See the vote counting rules on page 4 of this Proxy Statement.

Item 2: Proposal to Approve an Amendment to Praxair's Certificate of Incorporation Regarding the Election of Directors by Majority Vote

Your Board has approved an amendment to Article VI, Section A of Praxair's Restated Certificate of Incorporation and deems it advisable that shareholders approve the amendment. The purpose of the amendment is to conform the Restated Certificate of Incorporation to the director election standards that your Board recently adopted by amending Praxair's Bylaws to require that directors be elected (i) by a majority vote of the shareholders in uncontested elections, and (ii) by a plurality vote of the shareholders in contested elections, as more fully discussed below.

In December 2007, your Board adopted a majority vote standard for the election of directors by amending Article I, Section 6 of Praxair's Bylaws to require that in uncontested elections, director nominees be elected by a majority of the votes cast at an annual meeting (i.e., the director nominees must receive more for votes than against votes). In contested elections (i.e., when there are more director nominees than the number of Board seats approved by the Board), the amended Bylaws require that director nominees be elected by a plurality vote. Prior to the amendment, the Bylaws required directors to be elected by a plurality of the votes cast in uncontested and contested elections. Under plurality voting, director nominees receiving the most for votes are elected and, in uncontested elections and unlike majority voting, votes cast to withhold authority to vote have no impact. The Board also amended its Corporate Governance Guidelines to require that an incumbent director who does not receive the requisite majority vote must tender his/her resignation (See Corporate Governance and Board Practices *Director Election and Resignation Policy* below).

The proposed amendment to the Restated Certificate of Incorporation would clarify that the applicable director election standards are those set forth in the Bylaws, including (i) the majority vote standard in uncontested elections, and (ii) the plurality vote standard in contested elections. Currently, the Restated Certificate of Incorporation does not have a plurality vote standard for contested elections, and it is uncertain how a contested election would be resolved under applicable law. Therefore, if adopted, the amendment would conform the Restated Certificate of Incorporation to the director majority vote standard in the Bylaws, and also preserve the plurality vote standard in the Bylaws in the case of a contested election.

The text of the proposed amendment to the Restated Certificate of Incorporation is attached as Appendix 3 to this Proxy Statement. The Bylaws, as amended, were filed in their entirety as Exhibit 3.02 to Praxair's Form 8-K dated December 12, 2007 filed with the Securities and Exchange Commission (SEC). For ease of reference, Article I, Section 6 of the Bylaws, as amended, is set forth in Appendix 4.

If approved by our shareholders, the amendment would become effective as soon as reasonably practicable after the Annual Meeting by the filing of an Amended and Restated Certificate of Incorporation with the Secretary of State of the State of Delaware.

Your Board recommends that you vote FOR this item 2, the proposal to amend the Certificate of Incorporation regarding the election of directors by majority vote.

In order for this proposal to be adopted by the shareholders, at least a majority of the issued and outstanding shares of Praxair common stock entitled to vote on the matter must be voted in its favor. See the vote counting rules at page 4 of this Proxy Statement.

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

By New York Stock Exchange (NYSE) and 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 at 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 4 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.

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 February 28, 2008 will be entitled to vote at the Annual Meeting. As of that date, a total of 313,273,617 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 and mailing it in the postage-paid envelope provided. Check your proxy card or the information forwarded by your bank, broker or other holder of record to see which options are available to you. Please be aware that, if you vote over the Internet, you may incur costs such as telecommunication

and Internet access charges for which you will be responsible. The Internet and telephone voting procedures are designed to authenticate shareholders and to allow shareholders to confirm that their instructions have been properly recorded.

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 4 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 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.

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 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 (Amendment to the Certificate of Incorporation) your broker is entitled to vote your shares on this matter if no instructions are received from you. However, broker non-votes and abstentions will have the effect of a vote against this proposal because in order to be approved, it requires the affirmative vote of the holders of a majority of the shares issued and outstanding.
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, Inc., 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.

How to Receive Your Annual Report and Proxy Statement On-Line

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 you 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 2008 Annual Report, meeting notice, and the proxy statement for the 2009 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 Investor Relations Department at Praxair, Inc., 39 Old Ridgebury Road, M-2, Danbury, CT 06810-5113.

SEC and NYSE rules allow Praxair to provide shareholders the proxy statement and annual report by posting them on an Internet site without the above-described consent from you. However, Praxair would notify shareholders by mail of this Internet availability, and you would still be able to request a paper copy. For the 2008 Annual Meeting, Praxair will not suspend mail deliveries of the proxy statement and annual report as permitted under these rules.

Shareholders Sharing An Address

If you share an address with another shareholder, you may receive only one set of proxy materials (including this Proxy Statement and the annual report to shareholders) unless you have provided contrary instructions. If you wish to receive a separate set of proxy materials now or in the future, you may contact us at the address cited above. Similarly, if you share an address with another shareholder and have received multiple copies of our proxy materials, you may contact us at the above address to request delivery of a single copy of these materials.

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 February 28, 2008 by each Director, Director nominee, and certain Executive Officers. No Director, Director nominee, or Executive Officer of Praxair beneficially owned more than 1% of Praxair's common stock, and Directors, Director nominee, and Executive Officers of Praxair as a group (21 persons) beneficially owned approximately 1% 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	43,805	59,508	103,313	1,012,932
Ricardo S. Malfitano	Executive Vice President	26,564	10,157	36,721	449,666
James S. Sawyer	Executive Vice President & Chief Financial Officer	23,959	10,753	34,712	265,889
James J. Fuchs	Senior Vice President	16,241	925	17,166	135,266
James T. Breedlove	Senior Vice President, General Counsel & Secretary	12,202	481	12,683	129,932
Nance K. Dicciani(4)	Director Nominee	-0-	-0-	-0-	-0-
Edward G. Galante(4)	Director	3,000	615	3,615	-0-
Claire W. Gargalli	Director	3,463	9,232	12,695	42,446
Ira D. Hall	Director	1,500	903	2,403	12,446
Ronald L. Kuehn, Jr.	Director	16,602	36,848	53,450	47,446
Raymond W. LeBoeuf	Director	2,000	35,818	37,818	42,446
Larry D. McVay(4)	Director	650	240	890	-0-
G. Jackson Ratcliffe, Jr.	Director	3,923	53,040	56,963	7,446
Wayne T. Smith	Director	10,000	16,552	26,552	25,263
H. Mitchell Watson, Jr.	Director	910	30,398	31,308	12,446
Robert L. Wood	Director	1,200	606	1,806	12,446

Total		166,019	266,076	432,095	2,196,070
Directors, Director Nominee and Executive Officers as a group	(21 persons)	191,051	267,241	452,851	2,596,701

(1) Reported shares include 22,952 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 February 28, 2008.

(4) Ms. Dicciani has been nominated for election as a director for the first time at the Annual Meeting. Messrs. Galante and McVay were elected as directors effective December 1, 2007, and January 1, 2008, respectively.

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, 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 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. Your Board has applied these standards to all of the incumbent non-management directors, and to Ms. Dicciani who has been nominated for election as a director for the first time, 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. Mr. LeBoeuf had served in this capacity from 2005-2007.

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. As noted above, Ronald L. Kuehn, Jr. and G. Jackson Ratcliffe, Jr. will retire from the Board in 2008 in accordance with this policy. 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. In December 2007, your Board adopted amendments to Praxair's Bylaws that 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 also amended its Corporate Governance Guidelines to 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.

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 the Board's oversight and guidance on specific issues. Therefore, in most circumstances, Your 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 2007 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.

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 2007 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 2007 and a description of the Company's director compensation program, are presented at pages 52 to 53 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.

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, 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. The employment of Mr. Ratcliffe's son-in-law in a non-executive position as disclosed below under Certain Relationships and Transactions does 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.

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.

As noted above, Messrs. Kuehn and Ratcliffe are retiring from the Board and are not seeking reelection at the Annual Meeting. In 2007, the Board determined that each of them was independent and that the following transactions and relationships did not impair the ability of either of these directors to exercise independent judgement as a director: (a) ordinary course sales of products to, or purchases of products from, the company of which Mr. Kuehn is the non-executive Chairman that were no more than 1.4% of the other company's, and less than 1% of Praxair's, consolidated revenues for the last three fiscal years; and (b) the Company's employment of Mr. Ratcliffe's son-in-law in a non-executive position whose cash compensation was in the range of \$115,000 to \$135,000 for 2007.

In determining that each other non-management director and director nominee is independent, your Board considered the following circumstances and relationships of those directors and nominees who had any direct or indirect relationship with the Company: in the ordinary course of its business, Praxair sells products to, or purchases products from, the companies of which Ms. Dicciani and Messrs. Smith and Wood are executive officers. 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 or director nominee's company's consolidated revenues. Therefore, your Board has determined that such relationships are not material and do not otherwise impair the ability of either of these directors or the director nominee to exercise his/her independent judgment as a director.

Section 16(a) Beneficial Ownership Reporting Compliance

Based solely upon