

PRAXAIR INC
Form DEF 14A
March 17, 2009

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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:

(5) Total fee paid:

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:

(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

***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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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

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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.

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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 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

2009 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 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.

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.

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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 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.

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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 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.

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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.

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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, 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 (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.

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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.

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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.

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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.

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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 otherwise impair the ability of any of these directors to exercise his/her independent judgment as a director.

In April 2008, Ronald L. Kuehn, Jr. and G. Jackson Ratcliffe retired from the Board of Directors. In light of their then impending retirements, the Board did not update its earlier determinations that Messrs. Kuehn and Ratcliffe were each independent.

Section 16(a) Beneficial Ownership Reporting Compliance

Based solely upon a review of SEC Forms 3, 4 and 5 furnished to the Company and written representations from the Company's executive officers and directors, the Company believes that those persons complied with all Section 16(a) filing requirements during 2008 with respect to transactions in the Company's stock.

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Board Committees

The Board currently has four standing committees as described in the tables below and each is comprised of only independent directors. The Charters for each of these committees may be found in the Governance section of Praxair's public website, www.praxair.com and are available in print to any shareholder who requests them.

Meetings and Current Members

AUDIT COMMITTEE

Meetings in 2008: 5

Current Members:

Raymond W. LeBoeuf, Chairman

Claire W. Gargalli

Ira D. Hall

Larry D. McVay

H. Mitchell Watson, Jr.

Summary Responsibilities

Assists the Board in its oversight of (a) the independence, qualifications and performance of Praxair's independent auditor, (b) the integrity of Praxair's financial statements, (c) the performance of Praxair's internal audit function, and (d) Praxair's compliance with legal and regulatory requirements. In furtherance of these responsibilities, the Audit Committee, among other duties,

(1) appoints the independent auditor to audit Praxair's financial statements, approves the fees and terms of such engagement, approves any non-audit engagements of the independent auditor, and meets regularly with, and receives various reports from, the independent auditor. The independent auditor reports directly to the Audit Committee;

(2) reviews Praxair's principal policies for accounting and financial reporting and its disclosure controls and processes, and reviews with management and the independent auditor Praxair's annual financial statements prior to their publication;

(3) reviews assessments of Praxair's internal controls, the performance of the Internal Audit function, and the guidelines and policies by which Praxair undertakes risk assessment and risk management; and

(4) reviews the effectiveness of Praxair's compliance with laws, business conduct, integrity and ethics policies and programs.

More information on the Audit Committee's role and conclusions regarding financial reports and on the independent auditor is presented under the captions Audit Committee Report and The Independent Auditor

following this table.

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Meetings and Current Members

**COMPENSATION & MANAGEMENT
DEVELOPMENT COMMITTEE**

Meetings in 2008: 5

Current Members:

Wayne T. Smith, Chairman

Nance K. Dicciani

Edward G. Galante

Robert L. Wood

Summary Responsibilities

Assists the Board in its oversight of (a) Praxair's compensation and incentive policies and programs, and (b) management development and succession, in both cases particularly as they apply to Praxair's executive officers. In furtherance of these responsibilities, the Compensation & Management Development Committee, among other duties,

- (1) determines Praxair's policies relating to the compensation of the executive officers and assesses the competitiveness and appropriateness of their compensation and benefits;
- (2) approves corporate goals relevant to the Chief Executive Officer's (CEO) compensation, evaluates the CEO's performance in light of these goals and sets the CEO's compensation accordingly;
- (3) reviews management's long-range planning for executive development and succession, and develops a CEO succession plan; and
- (4) reviews Praxair's management incentive compensation and equity compensation plans and oversees their administration.

More information on the Compensation & Management Development Committee's processes with respect to executive compensation is presented under the caption

The Compensation & Management Development Committee following this table

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Meetings and Current Members

**GOVERNANCE &
NOMINATING COMMITTEE**

Meetings in 2008: 5

Current Members:

Claire W. Gargalli, Chairperson

Edward G. Galante

Wayne T. Smith

H. Mitchell Watson, Jr.

Robert L. Wood

FINANCE & PENSION COMMITTEE

Meetings in 2008: 3

Current Members:

Ira D. Hall, Chairman

Nance K. Dicciani

Raymond W. LeBoeuf

Larry D. McVay

Summary Responsibilities

Assists the Board in its oversight of (a) the selection, qualifications, compensation and performance of Praxair's directors, (b) Praxair's governance, including the practices and effectiveness of the Board, and (c) various important public policy concerns that affect the Company. In furtherance of these responsibilities, the Committee, among other duties,

(1) recommends to the Board nominees for election as directors, and periodically reviews potential candidates, including incumbent directors;

(2) reviews policies with respect to the composition, organization and practices of the Board, and developments in corporate governance matters generally; and

(3) reviews Praxair's policies and responses to broad public policy issues such as social responsibility, corporate citizenship and sustainable development, and charitable contributions, legislative issues, and important shareholder issues, including management and shareholder proposals offered for shareholder approval.

More information on the Governance & Nominating Committee's director nomination processes is presented under the caption "The Governance & Nominating Committee" following this table.

Assists the Board in its oversight of (a) Praxair's financial position and financing activities, (b) Praxair's financial risk management policies and activities, and (c) the ERISA-qualified, funded plans sponsored by Praxair. In furtherance of these responsibilities, the Finance & Pension Committee, among other duties,

(1) monitors Praxair's financial condition and its requirements for financing, and reviews, and recommends to the Board, the amounts, timing, types and terms of public stock issues and public and private debt issues;

(2) reviews Praxair's foreign exchange and interest rate

exposures, the results of its foreign exchange hedging activities, and Praxair's practices for managing insurable risks;

(3) reviews Praxair's policies on dividends and stock repurchases; and

(4) reviews the investment performance, administration and funded status of Praxair's funded benefit plans and appoints administration and investment committees to act as fiduciaries of such plans.

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The Audit Committee

Audit Committee Report

A principal role of the Audit Committee is to assist the Board of Directors in its oversight of the Company's financial reporting process. The Board of Directors, in its business judgment, has determined that all members of the Audit Committee are independent, as required by applicable listing standards of the NYSE and by your Board's independence standards set forth in Appendix 2 of this Proxy Statement.

As set forth in the Audit Committee's Charter, the management of the Company is responsible for: (1) the preparation, presentation and integrity of the Company's financial statements; (2) the Company's accounting and financial reporting principles; and (3) internal controls and procedures designed to ensure compliance with applicable laws, regulations, and standards, including internal control over financial reporting. The independent auditor is responsible for auditing the Company's financial statements and expressing an opinion as to their conformity with generally accepted accounting principles.

In the performance of its oversight function, the Audit Committee has considered and discussed the audited financial statements with management and the independent auditor. The Audit Committee has also discussed with the independent auditor the matters required to be discussed by the Statement on Auditing Standards No. 61, *Communication with Audit Committees*, as currently in effect.

The Audit Committee has discussed with the independent auditor its independence from the Company and its management. The Audit Committee has received the written disclosures and the letter from the independent auditor required by Independence Standards Board Standard No. 1, *Independence Discussions with Audit Committees*, as currently in effect. The Audit Committee has also received written confirmations from management with respect to non-audit services provided to the Company by the independent auditor in calendar year 2008 and those planned for 2009. The Audit Committee has considered whether the provision of such non-audit services is compatible with maintaining PricewaterhouseCoopers' independence.

In its oversight role for these matters, the Audit Committee relies on the information and representations made by management and the independent auditor. Accordingly, the Audit Committee's oversight does not provide an independent basis to certify that the audit of the Company's financial statements has been carried out in accordance with generally accepted auditing standards, that the financial statements are presented in accordance with generally accepted accounting principles or that the Company's independent auditor is, in fact, independent.

Based upon the reports and discussions described in this report, and subject to the limitations on the role and responsibilities of the Audit Committee referred to above and in the Charter, the Audit Committee recommended to the Board that the audited financial statements be included in the Company's Annual Report on Form 10-K for the year ended December 31, 2008 to be filed with the SEC.

The Audit Committee

Raymond W. LeBoeuf, Chairman
Claire W. Gargalli
Ira D. Hall
Larry D. McVay
H. Mitchell Watson, Jr.

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The Independent Auditor

Auditor Selection and Attendance at the Annual Meeting

PricewaterhouseCoopers LLP served as Praxair's independent auditor for the year ended December 31, 2008 and has been selected by your Board's Audit Committee to serve in such capacity for the year ending December 31, 2009. Representatives of PricewaterhouseCoopers LLP are expected to be present at the Annual Meeting to be available to respond to appropriate questions and to make a statement if they desire.

Audit Partner and Audit Firm Rotation

The Audit Committee's policy is that the audit engagement partner should rotate off the Company's account no less frequently than every five years. During Praxair's 16 1/2 years as a public company, it has had five audit engagement partners. The current engagement partner has been in place since January 1, 2008.

With respect to audit firm rotation, the Audit Committee believes that it is inappropriate to establish a fixed limit on the tenure of the independent auditor. Continuity and the resulting in-depth knowledge of the Company strengthens the audit. Moreover, the mandatory partner rotation policy expressed above, normal turnover of audit personnel, the Audit Committee's policy regarding the hiring of auditor personnel as described below, and the Audit Committee's practices restricting non-audit engagements of the independent auditor as described below, all mitigate against any loss of objectivity that theoretically could arise from a long-term relationship. As provided in the Audit Committee's Charter and as further described below, the Audit Committee continuously evaluates the independence and effectiveness of the independent auditor and its personnel, and the cost and quality of its audit services. The Audit Committee will periodically consider alternatives to ensure that the Audit Committee and the Company's shareholders are receiving the best audit services available.

Auditor Independence

As noted in the Audit Committee Charter and in the Audit Committee Report presented above, the independent auditor reports directly to the Audit Committee and the Audit Committee is charged with evaluating its independence.

Non-Audit Engagement Pre-Approval Policy

To help ensure independence of the independent auditor, the Audit Committee has established a policy whereby all non-audit engagements of the independent auditor must be approved in advance by the Audit Committee or its Chairman, has set forth limitations codifying its bias against such engagements, and has adopted a guideline that, absent special circumstances, the aggregate cost of non-audit engagements in a year should not exceed the audit fees for that year. As noted below in the report on independent auditor fees, such non-audit engagements were approximately 2.1% of audit fees in 2008. All of the Audit-Related Fees, Tax Fees and All Other Fees disclosed below were approved by the Audit Committee.

Hiring Policy Auditor Employees

In addition, the Audit Committee has established a policy whereby no former employee of the independent auditor may be elected or appointed an officer of the Company earlier than two years after termination of the engagement or employment.

Fees Paid to the Independent Auditor

Audit Fees. PricewaterhouseCoopers LLP billed Praxair, Inc. and its affiliates an aggregate amount of \$6,291,000 and \$6,170,000 for professional services rendered in 2008 and 2007, respectively, for the audit of Praxair's annual financial statements, the reviews of the financial statements included in Praxair's reports on Form 10-Q, the opinion regarding the Company's internal controls over financial

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reporting as required by § 404 of the Sarbanes-Oxley Act of 2002, and services that are normally provided by the independent auditor in connection with statutory and regulatory filings or engagements for those fiscal years.

Audit-Related Fees. PricewaterhouseCoopers LLP billed Praxair, Inc. and its affiliates an aggregate amount of \$16,000 and \$42,000 for assurance and related services rendered in 2008 and 2007, respectively, that are reasonably related to the performance of the audit or review of Praxair's financial statements other than the fees disclosed in the foregoing paragraph. These fees related primarily to due diligence services and certifications required by customers and others.

Tax Fees. PricewaterhouseCoopers LLP billed Praxair, Inc. and its affiliates an aggregate amount of \$87,000 and \$57,000 for professional services rendered in 2008 and 2007, respectively, for tax compliance and tax preparation, including preparation of original and amended tax returns, and claims for refunds.

All Other Fees. PricewaterhouseCoopers LLP billed Praxair, Inc. and its affiliates an aggregate amount of \$27,000 and \$110,000 for products and services rendered in 2008 and 2007, respectively, other than those reported in the foregoing paragraphs. These services related primarily to consulting and advice in regard to local country issues for non-U.S. subsidiaries.

The Compensation & Management Development Committee

Executive Compensation

Praxair's Compensation & Management Development Committee of the Board (the Compensation Committee) consists of four non-management directors appointed by your Board who meet the independence requirements of the NYSE and your Board's standards for director independence as set forth at Appendix 2 of this Proxy Statement. Among other duties, the Compensation Committee is responsible for considering and determining executive compensation. Consideration and determination of directors' compensation is the responsibility of the Governance & Nominating Committee of the Board.

Committee Charter and Responsibilities: As set forth in the Compensation Committee's charter, with respect to the compensation of the executive officers reported in this Proxy Statement, the Compensation Committee has the authority to:

determine the policies relating to the executive officers;

determine and authorize the salaries, performance-based variable compensation, long term incentive awards, terms of employment, retirement or severance, benefits, and perquisites of the executive officers; and

review and approve corporate goals and objectives relevant to the CEO's compensation, evaluate the CEO's performance in light of those goals and objectives and set the CEO's compensation level based on this evaluation.

Delegation and CEO Involvement: The Compensation Committee may not delegate any of the foregoing authority to any other persons. With respect to the allocation of compensation and awards to employees other than the executive officers, the Compensation Committee may, and has, delegated authority to the CEO, subject to guidelines established by the Compensation Committee. The CEO does not determine the compensation of any of the executive officers but he does offer for the Compensation Committee's consideration his views on relevant matters as described in more detail in this Proxy Statement in the section captioned Compensation Discussion and Analysis.

Committee Consultant: The Compensation Committee engages a third-party compensation consultant to assist it in such analysis as is necessary to inform and support the Compensation Committee's decisions on executive compensation. For its consideration of 2008 executive compensation, the Compensation Committee engaged Deloitte Consulting. The purpose of the engagement was to provide

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to the Compensation Committee data, analysis and advice with regard to executive compensation. The scope of the consultant's work is described in this Proxy Statement in the section captioned Compensation Discussion and Analysis.

Committee Process for Executive Compensation: With regard to executive compensation, the Compensation Committee generally follows the following schedule and process in its annual cycle of meetings:

October Meeting:

Review trends in executive compensation and the competitiveness of the Company's executive compensation program as presented by the Compensation Committee's consultant.

December Meeting:

Determine the performance-based variable compensation plan for the following plan year including establishment of financial and non-financial goals and payout formulas based on levels of performance against those goals.

Evaluate executive officers' aggregate compensation using a tally sheet approach.

Determine for each executive officer the following elements of his/her direct compensation for the following year: (1) salary adjustment (typically effective on April 1), (2) target performance-based variable compensation (percent of salary) and (3) value and form of long term incentive award.

January Meeting:

Determine performance-based variable compensation earned for the previous plan year based on evaluation of Company and individual performance against the goals previously established by the Compensation Committee.

Determine shares earned for long term performance equity awards based on an evaluation of Company performance against goals previously established by the Compensation Committee.

Determine terms and conditions, including performance conditions as applicable, of long term incentive awards including calculation of the number of equity units to be awarded based on the dollar value to be delivered as established in December.

February Meeting:

Review perquisites and personal benefits available to executive officers.

Review executive officer stock transactions and compliance with stock ownership guidelines.

Review proposed proxy statement disclosures with respect to executive compensation.

The Governance & Nominating Committee

Director Nominations

The Governance & Nominating Committee is comprised of five non-management directors who meet the independence requirements of the NYSE and your Board's standards for director independence set forth in Appendix 2 to this Proxy Statement. Among other duties, the Governance & Nominating Committee has responsibility for the

director nomination process.

The Governance & Nominating Committee will consider candidate nominees for election as a director who are recommended by shareholders. Recommendations should be sent to the Corporate Secretary of Praxair and should include the candidate's name and qualifications and a statement from the candidate that he or she consents to being named in the proxy statement and will serve as a director if elected. In order for any candidate to be considered by the Governance & Nominating Committee and, if nominated,

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to be included in the proxy statement, such recommendation must be received by the Corporate Secretary on or before the date specified on page 64 of this Proxy Statement under the caption Shareholder Proposals for the 2010 Annual Meeting.

The Governance & Nominating Committee believes that the minimum qualifications that must be met by any director nominee include a strong record of integrity and ethical conduct, a record of accomplishment, lack of conflicts that might interfere with the nominee's exercise of independent judgment on matters affecting the Company or its shareholders, and a willingness and ability to represent all shareholders of the Company.

The qualities and skills necessary in a director nominee are governed by the specific needs of the Board at the time the Governance & Nominating Committee determines to add a director to the Board. The specific requirements of the Board will be determined by the Governance & Nominating Committee and will be based on, among other things, the Company's then existing strategies and business, market, geographic and regulatory environments, and the mix of perspectives, experience and competencies then represented by the other Board members; and will take into account the Chief Executive Officer's views as to areas in which management desires additional advice and counsel.

When the need to recruit a director arises, the Governance & Nominating Committee will consult the other directors, the Chief Executive Officer and, on occasion, fee-paid third party recruiting firms to identify potential candidates. The candidate evaluation process may include inquiries as to the candidate's reputation and background, examination of the candidate's experiences and skills in relation to the Board's needs at the time, consideration of the candidate's independence as measured by the Board's independence standards, and other considerations that the Governance & Nominating Committee deems appropriate at the time. Prior to formal consideration by the Governance & Nominating Committee, any candidate who passes such screening would be interviewed by the Governance & Nominating Committee (or the Governance & Nominating Committee Chairman) and by the Chief Executive Officer.

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The Board of Directors

The following pages present information about the persons who comprise Praxair's Board of Directors, all of whom have been nominated for reelection to serve until the 2010 annual meeting and until their successors are elected and qualify. During 2008, the Board held seven meetings.

Director Attendance

During 2008, the nominees for reelection to the Board collectively attended 98% of all Board meetings and meetings of committees of which he or she is a member, and no nominee attended fewer than 82% of such meetings.

The Directors and Nominees

STEPHEN F. ANGEL

Age 53

Director Since 2006

Chief Executive Officer of Praxair, Inc. since January 1, 2007, and Chairman since May 1, 2007. Before becoming the Chief Executive Officer, Mr. Angel served as President & Chief Operating Officer since March 1, 2006, and as Executive Vice President from 2001 to 2006. Prior to joining Praxair in 2001, Mr. Angel was General Manager for the General Electric Company Industrial Systems Power Equipment business from 1999 to 2001, and was General Manager, Marketing and Sales, for GE's Transportation Systems business from 1996 to 1999.

Mr. Angel is a member of the Board of the U.S.-China Business Council and a member of the Business Roundtable, and a member of the Board of Directors and the Executive Committee of the American Chemistry Council.

NANCE K. DICCIANI

Age 61

Director Since 2008

Former President & Chief Executive Officer of Honeywell Specialty Materials, a strategic business group of Honeywell International, Inc., from 2001 until her retirement in 2008. Dr. Dicciani joined Honeywell from Rohm and Haas Company where she was Senior Vice President and Business Group Executive of Chemical Specialties and Director of the European Region, responsible for business strategy and worldwide operations of five business units and for the company's operations and infrastructure in Europe, the Middle East and Africa. Previously, she served as Rohm and Haas' Vice President and General Manager of the Petroleum Chemicals division and headed the company's worldwide Monomers business.

In 2006, President George W. Bush appointed Dr. Dicciani to the President's Council of Advisors on Science and Technology. She has served on the Board of Directors and

Executive Committee of the American Chemistry Council and has chaired its Research Committee. She also serves on the Board of Directors of Rockwood Holdings, Inc. and the Board of Trustees of Villanova University.

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EDWARD G. GALANTE

Age 58

Director Since 2007

Former Senior Vice President and a member of the Management Committee of ExxonMobil Corporation from 2001 until his retirement in 2006. His principal responsibilities included the worldwide downstream business Refining & Supply, Fuels Marketing, Lubricants and Specialties, and Research and Engineering. Immediately prior to this, Mr. Galante was Executive Vice President of ExxonMobil Chemical Company.

Mr. Galante is a director of Foster Wheeler Ltd. He also serves on the Boards of Junior Achievement Worldwide, the United Way Foundation of Metropolitan Dallas, and as a Trustee of Northeastern University. He also serves as an Executive in Residence in Northeastern's College of Business Administration.

CLAIRE W. GARGALLI

Age 66

Director Since 1992

Former Vice Chairman, Diversified Search Companies (executive search consultants) from 1990 to 1998. Ms. Gargalli has been Praxair's Executive Session Presiding Director since January 1, 2008.

Ms. Gargalli is a director of Baker Hughes, Inc. and Virginia National Bank. She is also a trustee emeritus of both Carnegie Mellon University and Middlebury College.

IRA D. HALL

Age 64

Director Since 2004

Former President & Chief Executive Officer of Utendahl Capital Management, L.P. (an asset management company) from 2002 through 2004. From 1999 to 2001, Mr. Hall served as Treasurer of Texaco Inc., and from 1998 to 1999, he was General Manager, Alliance Management of Texaco Inc. Prior to joining Texaco, Mr. Hall held several positions with International Business Machines.

Mr. Hall is a director of Pepsi Bottling Group Inc. and Ameriprise Financial, Inc. He is the past chairman of the board of the Executive Leadership Council. He also serves on the Dean's Advisory Council of the Stanford Graduate School of Business, is a trustee emeritus of Stanford University, and is a board member and Treasurer of the Jackie Robinson Foundation.

RAYMOND W. LEBOEUF

Age 62

Director Since 1997

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Former Chairman & Chief Executive Officer of PPG Industries, Inc. (a diversified manufacturer of coatings, glass and chemicals) from 1997 to 2005. From 1995 to 1997, Mr. LeBoeuf served as President & Chief Operating Officer of PPG Industries, Inc. and was elected a director in 1995.

Mr. LeBoeuf is a director of MassMutual Financial Group.

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LARRY D. MCVAY
Director Since 2008

Age 61

Principal of Edgewater Energy Partners, LLC, an energy industry consulting firm. Mr. McVay served as the Chief Operating Officer of TNK-BP Holding from 2003 until his retirement in 2006. TNK-BP Holding, based in Moscow, Russia, is a vertically integrated oil company 50%-owned by BP PLC. Mr. McVay's responsibilities at TNK-BP included executive leadership for the Upstream, Downstream, Oil Field Services, Technology and Supply Chain Management. He previously served as Technology Vice President - Operations and Vice President of Health Safety Environment for BP's Exploration and Production operations from 2000 to 2003. Prior to joining BP, Mr. McVay held numerous positions at Amoco, including engineering management and senior operating leadership positions.

Mr. McVay is a director of Callon Petroleum Company and Chicago Bridge & Iron Company.

WAYNE T. SMITH
Director Since 2001

Age 63

Chairman, President & Chief Executive Officer of Community Health Systems, Inc. (a hospital and healthcare services company) since 2001. In 1997, Mr. Smith was elected President and then Chief Executive Officer and a director of Community Health Systems, Inc. Prior to joining Community Health Systems, he served as Chief Operating Officer, President, and a director of Humana Inc.

Mr. Smith is a director of Citadel Broadcasting Corporation and a member of the Board, and past Chairman of, the Federation of American Hospitals.

H. MITCHELL WATSON, JR.
Director Since 1992

Age 71

Former President, Sigma Group of America (a consulting company) from 1992 to 2005. Mr. Watson was President & Chief Executive Officer of ROLM Company (a telecommunications joint venture of IBM and Siemens AG) from 1989 to 1992. Prior to that, he served as Vice President, Marketing for IBM.

Mr. Watson also is a director of Community Health Systems, Inc., chairman-emeritus of Helen Keller International, and chairman of the Brevard Music Center.

ROBERT L. WOOD
Director Since 2004

Age 54

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Former Chairman, President & Chief Executive Officer of Chemtura Corporation (a specialty chemicals company formerly known as Crompton Corporation) from 2004 to 2008. Mr. Wood became President & Chief Executive Officer of Chemtura in January 2004 and was appointed Chairman in April 2004. Prior to joining Chemtura, Mr. Wood served in various senior management positions at Dow Chemical Company, most recently as business group president for Thermosets and Dow Automotive from November 2000.

Mr. Wood is also a director of Jarden Corporation, and has served as chairman of the American Plastics Council.

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Executive Officers

The following Executive Officers have been elected by the Board of Directors and serve at the pleasure of the Board. It is expected that the Board will elect officers annually following each annual meeting of shareholders.

Stephen F. Angel, 53, See description under The Board of Directors.

James T. Breedlove, 61, is Senior Vice President, General Counsel and Secretary of Praxair, Inc. and served as Vice President, General Counsel and Secretary from 2004 to 2006. Prior to joining Praxair in 2004, Mr. Breedlove was Senior Vice President and General Counsel at GE Equipment Services from 2002, and from 1992 to 2002 he served as a Senior Vice President of a division of General Electric Capital Corp.

Domingos H. G. Bulus, 47, is President of White Martins Gases Industriais Ltda. (White Martins), Praxair's Brazilian subsidiary, and is a Vice President of Praxair, Inc. He served as President of Praxair Asia from 2001 to 2003. Mr. Bulus also served as Executive Director of the Andean Treaty region for White Martins from 1996 to 2001. He assumed his current position in 2003.

James J. Fuchs, 56, is a Senior Vice President of Praxair, Inc., and served as a Vice President from 2001 to 2006. Since 2001, he also has been President of North American Industrial Gases, and President of Praxair Canada. In 2006, Mr. Fuchs also assumed responsibility for Praxair's Mexican operations. Prior to these assignments, Mr. Fuchs served Praxair Asia as its President from 1998 and as a Vice President from 1996.

Ricardo S. Malfitano, 50, is an Executive Vice President of Praxair, Inc., overseeing Praxair's South America and Asia regions, the electronics and healthcare businesses, the North American packaged gases business, global supply systems, global procurement, global operations excellence, safety and environmental compliance and global sustainability. Mr. Malfitano served as a Senior Vice President of Praxair from 2003 to 2006 and was President of White Martins, and President, Praxair South America from 2001 to 2003. He served as President, North American Industrial Gases and President of Praxair Canada from 1998 to 2001.

Eduardo Menezes, 45, is a Vice President of Praxair, Inc. and President of Praxair Europe. He served as Managing Director of Praxair's business in Mexico from 2004 to 2007, as Vice President and General Manager for Praxair Distribution, Inc. from 2003 to 2004 and as Vice President, U.S. West Region, for North American Industrial Gases, from 2000 to 2003. He assumed his current positions in 2007.

George P. Ristevski, 49, is a Vice President of Praxair, Inc. and President of Praxair Distribution, Inc. From 2002 to 2007 he was President of Praxair Healthcare Services, Inc. and from 2000 to 2002, he was Vice President and Controller for Praxair, Inc.

James S. Sawyer, 52, is an Executive Vice President and the Chief Financial Officer of Praxair, Inc. and oversees the surface technologies business. From 2003 to 2006, he served as a Senior Vice President and the Chief Financial Officer. Mr. Sawyer was designated the Company's Chief Financial Officer in 2000.

Matthew J. White, 36, has been Vice President and Controller of Praxair, Inc. since August 2008. Before that, he was the Finance Director of Praxair's North American Industrial Gases Division since 2004. From 2000 to 2004, he held various financial and accounting positions at Gentek, Inc., a diversified chemical, automotive and telecommunications holding company, including Group Controller of its Performance Products division. In 2004, Mr. White also served as Vice President of Finance at Fisher Scientific, a scientific and laboratory instruments distributor. He is a certified

public accountant and a chartered financial analyst.

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Executive Compensation

Compensation Committee Report

The Compensation & Management Development Committee (the Compensation Committee) reviewed and discussed with management the Compensation Discussion and Analysis below and recommended to the Board that it be included in this Proxy Statement. The Compensation Committee has represented to management that, to the extent that the Compensation Discussion and Analysis discloses the Compensation Committee's deliberations and thinking in making executive compensation policies and decisions, it is accurate and materially complete.

The Compensation & Management Development Committee

Wayne T. Smith, Chairman
Nance K. Dicciani
Edward G. Galante
Robert L. Wood

Compensation Discussion and Analysis

This Compensation Discussion and Analysis (CD&A) provides context for the policies and decisions underlying the compensation reported in the executive compensation tables included in this Proxy Statement for the Company's Chief Executive Officer (CEO), Chief Financial Officer (CFO) and the three other executive officers who had the highest total compensation for 2008, as set forth in the Summary Compensation Table below (these five executive officers are collectively referred to as the Named Executive Officers or the NEOs). The Compensation Committee of the Company's Board of Directors is responsible for policies and decisions regarding the compensation and benefits for NEOs. A detailed description of the Compensation Committee's responsibilities and processes is described under the heading The Compensation & Management Development Committee on pages 17 to 18 of this Proxy Statement. Certain facts described in this CD&A reflect Compensation Committee deliberations in private session, which the Compensation Committee has advised management are accurate and materially complete.

Praxair's Executive Compensation Objectives and Approach

The Compensation Committee has established the following objectives for Praxair's executive compensation program:

attract and retain executive talent;

build and support a performance-driven culture and motivate executives to deliver strong business results;

align executives with shareholder expectations by closely linking total compensation with

short term business performance, and

longer term shareholder value creation; and

encourage executives to own Company stock, thereby further aligning their interests with those of shareholders.

The Compensation Committee seeks to achieve these objectives by providing a competitive total compensation package designed to attract and retain high-performing, results-oriented executives. The compensation package includes (1) direct compensation of base salary, annual performance-based variable compensation and long term incentives, (2) certain retirement and other benefits generally available to other employees, (3) severance benefits, and (4) a limited value of perquisites. The Compensation Committee uses as a guide the median value of total direct compensation of the

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benchmarking market data discussed below. Total direct compensation actually earned, and the actual proportion of each direct compensation element to the total, may be more or less than the targeted amounts depending upon the Company's business and stock price performance and other factors discussed below.

A competitive base salary and variable compensation opportunity, along with retirement and other benefits, serve to attract and retain executive talent. Because at least 70% of NEOs' target total direct compensation opportunity for 2008 is in the form of performance-based variable compensation and long-term incentives, executives are also motivated to deliver strong business performance and create shareholder value. These compensation elements are at risk and dependent upon the Company's achieving financial and other business goals set by the Compensation Committee and, for long term incentives, the Company's stock price performance. Executive severance arrangements in the event of a change-in-control of the Company provide a retention incentive and encourage continuity of management.

In order to further align shareholder and executives' interests, the Compensation Committee has established stock ownership guidelines for NEOs (see disclosure on details of these guidelines in the Corporate Governance and Board Practices section of this Proxy Statement under the caption "Executive Stock Ownership Guidelines"). NEOs may meet these guidelines by acquiring Company stock or stock-equivalent units through long term incentive grants, as well as through the Company's Compensation Deferral Program, 401(k) savings plan, Dividend Reinvestment and Stock Purchase Plan and through personal investments.

Key Executive Compensation Factors and Considerations

The key factors that the Compensation Committee considers in determining NEO compensation are summarized below, followed by a discussion and analysis of the individual elements of NEO compensation. As described below, the determination of annual performance-based variable compensation for 2008 was made in part by use of a formula that measured Company financial performance achieved against selected and pre-set financial measures. Except for this formula, individual compensation decisions in 2008 required considerable judgment and the balancing of many objective and subjective considerations such as those listed in this section.

Compensation Consultant Analysis and Advice

The Compensation Committee engages an executive compensation consultant to provide data, analysis and advice. During 2008, the Compensation Committee engaged Deloitte Consulting. The scope of Deloitte Consulting's engagement included advice on the determination of NEO compensation, preparation and presentation to the Compensation Committee of reports on executive compensation trends and various other materials related, for example, to the design of performance-based variable compensation programs, long term incentive valuation and program design changes, peer group composition, and review of plan documents.

In December 2007, Deloitte Consulting analyzed the compensation benchmarking study performed by management, reviewed other independent compensation data and gave advice on competitive compensation for the Company's executive officers. In advance of applicable Compensation Committee meetings, the CEO and certain management personnel discussed the consultant's analysis and the data to be presented at the meeting, and the CEO solicited the consultant's views on his proposed recommendations for executive officer compensation (other than his own). In its deliberations, including in private sessions with the consultant, the Compensation Committee requested the consultant's view of the CEO's recommendations, as well as input on the CEO's compensation.

Table of Contents***Benchmarking***

The Compensation Committee uses benchmark market data to help determine the appropriate amount of total direct compensation opportunity for each NEO and the elements of each NEO's direct compensation.

Selection of Benchmark Companies. For determinations of compensation for 2008, the Compensation Committee utilized benchmark companies previously identified with the assistance of Towers Perrin, LLP, its consultant for nine months during 2007. From a broader base of companies in selected industries (the *Key Industry Group*, consisting of 384 companies) for which Towers Perrin maintained detailed compensation data, the Compensation Committee selected a smaller group as the *Key Company Group*. The Compensation Committee used the *Key Company Group* to assess competitive market compensation levels for NEO positions. The Compensation Committee also consulted market data from the broader *Key Industry Group* to ensure that market data from the *Key Company Group* was not impacted by any unusual or short-term factors. Data provided by Towers Perrin to the Compensation Committee was adjusted based on regression analysis to account for the differing scope of operations of comparator companies. The companies in the *Key Company Group* were selected to represent the Company's competitors, key customer segments and the markets for executive talent most applicable to the Company. The group was targeted at 25-30 members so as to provide meaningful but manageable data comparisons. For 2008, the 28 companies identified below were selected with the advice of Towers Perrin:

Advanced Micro Devices	Ingersoll Rand	PPG Industries
Air Liquide Americas	Johnson & Johnson	Quest Diagnostics
Air Products and Chemicals	Kellogg	Rockwell Automation
Dow Chemical	L-3 Communications	Rohm and Haas
Duke Energy	Linde Group	Sempra Energy
DuPont	Lyondell Chemical	Smurfit-Stone Container
Eastman Chemical	MeadWestvaco	Spectra Energy
Ecolab	Nova Chemicals	Texas Instruments
Eli Lilly	PepsiCo	Timken
General Mills		

From the *Key Company Group*, ten companies were selected to comprise the Compensation Committee's *Practices Tracking Group* for use in benchmarking compensation and benefit-related practices such as forms of equity awards, stock ownership guidelines, perquisites and personal benefits, retirement and other termination arrangements, based on proxy statement disclosures. For 2008 compensation decisions, the Compensation Committee's pay practices evaluation used a *Practices Tracking Group* comprised of the following companies: Air Products and Chemicals, Dow Chemical, Duke Energy, DuPont, Ecolab, Johnson & Johnson, PepsiCo, Rockwell Automation, Rohm and Haas, and Spectra Energy. At the Compensation Committee's request, management, with input from the Compensation Committee's consultant, conducted a subsequent review of the *Practices Tracking Group* to ensure that it consisted of companies that are in the same industry as Praxair and/or are considered to be companies employees may consider for employment if they were to leave Praxair. In July 2008, the Compensation Committee adopted a revised *Practices Tracking Group* comprised of the following companies: Air Products and Chemicals, Ashland, Celanese Corp, Chemtura Corporation, Dow Chemical, DuPont, Eastman Chemical, Huntsman Corp, Lubrizol, Monsanto, PPG Industries, and Rohm and Haas. The newly adopted *Practices Tracking Group* was used for benchmarking of executive compensation practices beginning in July 2008.

Application of Benchmark Data. For target total direct compensation opportunity, the Compensation Committee examined the median, as well as the 25th and 75th percentiles of benchmark company data for each NEO's position. Although the Compensation Committee uses the median as a guide for determining compensation levels, actual values

set for any individual NEO may, from time to time, deviate from the median (a) due to the Individual NEO Factors described below, (b) because of year-to-

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year swings in market median data, (c) so as to maintain the desired internal equity among executive positions, and (d) to balance the mix of compensation elements deemed appropriate for each NEO. Excluding the performance-vesting stock option grant discussed below, the value of total direct compensation opportunity targeted for each NEO in 2008 approximated the median of the *Key Company* and *Key Industry* groups as determined by the benchmarking process.

Individual NEO Factors

The Compensation Committee considered a number of qualitative factors relating to each NEO including, as applicable:

the Company's performance in the NEO's principal area of responsibility and the degree to which it wishes to drive and reward such performance.

the NEO's performance against the critical goals, both financial and non-financial, set by the CEO and the exhibition of the values, competencies and behaviors that are important to the success of the Company.

the potential contributions the NEO can make to the Company's success.

the NEO's experience and level of responsibility.

the Company's retention goals or needs for the NEO.

the size of the NEO's total compensation opportunity, base salary, annual performance-based variable compensation opportunity, and long term incentive grants relative to those for executives with similar responsibilities at companies in the *Key Company Group*.

recognition of relative responsibilities of NEOs within the Company.

The Compensation Committee did not find it practical, nor did it attempt, to assign relative weights to the Individual NEO Factors or subject them to pre-defined, rigid formulas, and the importance and relevance of specific factors varied among each NEO. However, the market data and an individual's performance were significant contributing factors to the compensation decisions.

Recommendations of the Chief Executive Officer

The CEO does not determine the compensation of any of the executive officers, but he provides input to the Compensation Committee on such matters as:

salary adjustments, target (percent of salary) performance-based variable compensation and the value of long term incentives for individual executive officers based on analysis of the market benchmark data and the Individual NEO Factors described above.

his assessment of the Company's performance against the non-financial goals set by the Compensation Committee under the Variable Compensation Plan and evidence supporting that assessment.

individual performance adjustments that should be applied to performance-based variable compensation for individual executive officers.

the form of long term incentives most appropriate to drive sustainable shareholder value creation.

method(s) for determining the number of stock options to be awarded.

the companies against which it is appropriate to benchmark the Company's executive compensation.

the financial performance metrics to be used in the Company's incentive program.

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Evaluation of Aggregate Compensation

Total Compensation and Benefits. The Compensation Committee considers the value of each NEO's aggregate compensation package in which all components of his direct compensation and benefits are viewed together using a tally sheet format. In December 2007, the Compensation Committee performed this review as part of its consideration of 2008 compensation and as part of its separate determinations of the amounts of target total direct compensation and the direct compensation elements. Based on this review, the Compensation Committee determined that the total compensation opportunity granted to each NEO was consistent with its executive compensation objectives and, as a result, no changes were made to the compensation program.

Termination Benefits. The Compensation Committee also considers the total payments and benefits that could be received by each NEO under various employment termination events, including retirement, voluntary resignation, and termination by the Company, including following a change-in-control of the Company. The Compensation Committee conducted this review in December 2007 and determined that the aggregate of termination and severance payments and benefits to the NEOs was consistent with its executive compensation objectives, and as a result, no changes were made to these termination benefits for 2008. In October 2008, the Compensation Committee approved revised change-in-control agreements to comply with Internal Revenue Code Section 409A. These revised agreements became effective on January 1, 2009 and include certain reductions in NEO termination benefits and require that a nondisclosure, nonsolicitation and noncompetition agreement be executed. Estimated benefits that would be paid upon a change-in-control at December 31, 2008 are discussed below under the caption Potential Payments upon Termination or Change-in-Control.

Other Considerations

Tax and Accounting. Under Internal Revenue Code Section 162(m), the Company may not take a tax deduction for compensation paid to any NEO (other than the Company's Chief Financial Officer) that exceeds \$1 million in any year unless the compensation is performance-based. While the Compensation Committee endeavors to structure compensation (including performance-based variable compensation as discussed below) so that the Company may take a tax deduction, it does not have a policy requiring that all compensation must be deductible and it may, from time to time, authorize compensation that is not tax deductible. Accounting treatments were reviewed but did not impact the selection and design of equity and equity-related compensation for 2008, although all such grants were made in a manner as to not require mark-to-market accounting treatment.

Analysis of the Use of Long Term Incentives. The Compensation Committee reviewed 2008 stock transactions by executive officers and their year-end holdings so as to monitor the executives' use of long term incentives. The review included ensuring executives were within stock ownership guidelines, examining transactions for hedges or other risk-management techniques applied to stock-based incentives, and inspection for improper dispositions back to the Company or other self-dealing. Based on this review, the Compensation Committee determined that the long term incentives previously granted to NEOs continue to be used appropriately.

Elements of Direct Compensation for Executive Officers

The methods by which the amounts of 2008 direct compensation for NEOs were determined and the reasons therefor are described in the following sections for each element of direct compensation.

Salary

The salary level for each NEO was established by the Compensation Committee considering both the benchmark data for equivalent positions in the *Key Company Group*, the *Key Industry Group* and the Individual NEO Factors as described above. The salaries reported in the Summary Compensation Table reflect actual cash paid for the 2008 calendar year which includes the effect of adjustments to base salaries during the year. Consistent with the adjustment methodology and applicable increases made to

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base pay for all eligible U.S. employees, in April 2008 increases were made to the NEO base salaries in recognition of continued strong performance in their positions and to ensure desired market positioning of near median for each. The increases to NEO base salaries ranged from 3.5% to 8.2%, and no further adjustments were made to their base salaries during the year.

In consideration of the rapid economic downturn and resulting cost reduction actions taken by management to help mitigate the effects of the downturn, NEOs and other key employees will forgo base salary merit increases in 2009.

Annual Performance-Based Variable Compensation

The performance-based variable compensation reported for each NEO (in the column of the Summary Compensation Table captioned Non-Equity Incentive Plan Compensation) represents that earned for 2008 performance. Below is a description of how the Compensation Committee determined the 2008 annual performance-based variable compensation earned by each NEO under the Company's Variable Compensation Plan. The Company uses similar criteria and methodology to determine performance-based variable compensation awarded to all eligible employees.

Target Performance-Based Variable Compensation Level. The target performance-based variable compensation level for 2008 for each NEO (meaning the amount of variable compensation, expressed as a percent of salary, that would be earned for 100% achievement of the financial performance mid-point goals) was established by the Compensation Committee in December 2007 and ranged from 70% to 115% of salary.

Establishment of Financial Measures. In December 2007, the Compensation Committee selected three financial measures that it determined were appropriate to meet the compensation objectives of driving desired short term business performance for the 2008 plan year and increasing total shareholder return. These financial measures were the Company's corporate consolidated results with respect to (1) sales revenue (2) net income, and (3) working capital as a percent of sales (defined as trade receivables, inventory and payables, excluding non-operating items such as deferred taxes and pensions), with each measure weighted equally. Sales revenue and net income are accounting items reported in accordance with GAAP in the Company's public financial statements except that the Compensation Committee may approve certain adjustments to reported results based on differences between operating plan assumptions and actual results such as currency exchange rates and product price changes caused only by changes in certain raw material costs. Similar financial measures were established for the Company's business units which, in the aggregate, totaled to the corporate consolidated target financial goals for 100% payout. Corporate consolidated financial results and the business unit financial results were weighted together in the formula by which performance-based variable compensation earned by the NEOs for financial performance is determined.

Establishment of Financial Goals. Mid-point goals were established for each financial measure which corresponded to a 100% payout of the target performance-based variable compensation. In addition, values were established for each financial measure representing minimum and maximum rewarded performance levels corresponding to potential payouts ranging from zero to 200% of target.

The Compensation Committee set the 2008 target financial goals for 100% target payout as follows: Sales Revenue: \$10.145 billion (an 8% increase over 2007 actual); Net Income: \$1.290 billion (a 10% increase over 2007 actual); and Working Capital as a percentage of sales: 13.2%.

The Compensation Committee designed the relationship between pay and performance so as to ensure that performance which significantly outperformed the target financial goals would be rewarded with well-above market benchmark payout levels. Similarly, performance that did not meet the goals would reduce the performance-based variable compensation payout to as low as zero in the case of failure to meet the pre-established minimum performance. In setting the target goals for 100% target payout, the

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Compensation Committee strived to establish challenging but achievable goals. The factors considered by the Compensation Committee in assessing the challenge inherent in the goals included:

management's operating plan,

macro-economic trends and outlooks in each of the countries in which the Company operates,

currency exchange trends and outlook,

expected 2008 industrial gases industry peer performance and that of the broader S&P 500,

shifts in key customer markets, and

expected contribution from contracts already awarded and decisions or actions already made or taken.

Non-Financial Goals. The Compensation Committee also established non-financial goals with respect to (1) strategic positioning of the business for long term performance, (2) performance relative to peers, (3) safety and environmental compliance, including improvements in recordable injuries and lost workday rates, (4) people development, including diversity in hiring, retention and advancement, and developing future leadership for the Company, (5) cost reductions and increases in productivity and efficiencies resulting from the Company's Six Sigma and other initiatives, and (6) audit/compliance initiatives. Based on its assessment of the Company's performance of these non-financial goals plus consideration of unforeseen external factors beyond management's control that may have helped or hindered management's achievement of the financial goals, the Compensation Committee may make a subjective adjustment of up to plus or minus 35 basis points to performance-based variable compensation payout as determined by the performance against financial measures.

Individual Performance. The Compensation Committee may adjust each NEO's performance-based variable compensation (calculated based on the performance against financial and non-financial goals described above) based on its subjective evaluation of individual performance, determined, in part, by some of the Individual NEO Factors described above.

Adjustments of Payouts Under Section 162(m). In December 2007, the Compensation Committee established an upper limit on performance-based variable compensation that could be paid to NEOs for 2008 under the shareholder-approved Praxair, Inc. Plan For Determining Awards under Section 162(m) (the 162(m) Plan). For 2008, the Compensation Committee identified the participants in the 162(m) Plan and approved the maximum performance-based variable compensation payment that could be paid to each NEO for budgeted Net Income performance. At the end of the performance period, the Compensation Committee certified the Net Income earned and the maximum performance-based variable compensation awards available to each NEO under the 162(m) Plan based on that Net Income amount. It then exercised its downward discretion available under the 162(m) Plan to adjust the actual payment to a level it deemed appropriate for each NEO according to the methodology described above.

2008 Results and Payout Based on Performance. Praxair had strong financial results for 2008 with sales revenue and working capital (as-a-percentage-of-sales) significantly exceeding the target financial goals set by the Compensation Committee. However, the Company fell short of the net income target because of non-recurring charges, including those related to cost reduction actions initiated in the fourth quarter in response to the global economic slowdown. These non-recurring charges negatively impacted the payout for 2008. Nonetheless, in the aggregate, this financial performance supported a payout above target. The table below shows for each financial performance measure the Company's 2007 and 2008 actual

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financial performance as adjusted under the Variable Compensation Plan, and the 2008 targets set by the Compensation Committee.

Financial Measure	2007 Actual Performance (adjusted per Plan) (\$ millions)	2008 Plan Target (\$ millions)	2008 Actual Performance (adjusted per Plan) (\$ millions)
Sales	\$ 9,235	\$ 10,145	\$ 10,520
Net Income	\$ 1,149	\$ 1,290	\$ 1,198
Working Capital as a % of sales	13.5%	13.2%	12.7%

In order to verify the determination of the performance-based variable compensation payable for the 2008 plan year, the Compensation Committee engaged the Company's internal audit department to verify that the Company's performance against the pre-established corporate consolidated financial measures was properly determined. The report of the internal auditors confirmed to the Compensation Committee that the program was properly administered.

In addition to determining performance against financial measures, the Compensation Committee also determined that the Company's performance with respect to the pre-established non-financial goals was strong, and, consequently, should be a positive factor in determining performance-based variable compensation. In particular, the Compensation Committee noted that the Company had (i) made significant progress in its safety record, including improvements in the number of lost work days and recordable injuries, (ii) begun and/or completed various domestic and international capital projects and joint ventures that would enhance the Company's strategic position for the future, (iii) made progress in its employment diversity goals, including in hiring, advancement and retention, and (iv) enhanced productivity as a result of its Six Sigma and other initiatives.

The Compensation Committee applied a positive adjustment of 29 basis points to the variable compensation payout in recognition of the Company's performance relative to the non-financial goals. Positive adjustments were also made to the payouts of each NEO based upon his individual performance, resulting in the total performance-based variable compensation award reported in the Summary Compensation Table.

Performance-Based Variable Compensation Illustration. To illustrate how the Compensation Committee made 2008 performance-based variable compensation determinations under the Variable Compensation Plan, assume the following hypothetical example: (1) a NEO's base salary was \$500,000 and his/her target performance-based variable compensation was 70% of base salary; (2) the Company achieved target (midpoint) performance for each of the financial measures; (3) the Compensation Committee determined that the Company's achievement of non-financial goals supported a positive adjustment of 25 basis points; and (4) the Compensation Committee made no upward or downward adjustment to the NEO's performance-based variable compensation based upon his/her individual performance. The NEO's performance-based variable compensation would have been \$437,500, calculated as follows: \$500,000 base salary times 70% times 125% (125% being the 100% financial performance plus the 25 basis points positive adjustment for non-financial performance).

Recapture Policy. The Compensation Committee has adopted a policy for the recapture of annual performance-based variable compensation payouts, equity grants and certain equity gains in the event of a later restatement of financial results. Specifically, if the Board, or an appropriate committee thereof, has determined that any fraud by any elected officer of the Company materially contributed to the Company having to restate all or a portion of its financial statement(s), the Board or committee shall take, in its discretion, such action as it deems necessary to remedy the

misconduct. In determining what remedies to pursue, the Board or committee will take into account all relevant factors, including consideration of fairness and equity. Among those remedies, the Board or committee, to the extent permitted by applicable law, may require reimbursement of any performance-based cash, stock or equity-based award paid or

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granted to, or gains realized (such as through the exercise of stock options or sale of equity securities) by, any or all elected officers of the Company, if and to the extent that:

(a) the amount of such cash, stock or equity-based award was calculated based upon, or realized gain can reasonably be attributed to, certain financial results that were subsequently reduced due to a restatement, and

(b) the amount of the cash, stock or equity-based award, or gain that would have been paid or granted or realized would have been lower than the amount actually paid or granted or realized.

Long Term Incentive Awards

The Company provides long term incentives in order to motivate employees and thereby enhance long term shareholder value and to attract and retain executive talent. The long term incentive grants reported for each NEO in the Grants of Plan-Based Awards table below represent the stock option grants and performance share unit awards made in February 2008.

Determining the Value to be Delivered. The 2008 target dollar value of long term incentives for each NEO was established by the Compensation Committee in December 2007 considering the benchmark data for equivalent positions in the *Key Company Group* and *Key Industry Group*. Individual NEO Factors as described above also were considered. In determining the target dollar value of long term incentives to be delivered in 2008 to NEOs, the Compensation Committee did not deem relevant the number or value of incentives then held by NEOs or the amount of previous gains received by NEOs from exercises of options, or in Mr. Angel's case, the vesting of previously-granted restricted stock.

Determining the Form of Award. In December 2006, the Compensation Committee reviewed alternative forms of long term equity incentives taking into account, among other factors, market trends and practices, the potential shareholder dilution effect of equity grants, and the intended purposes of such incentives. The Compensation Committee determined that a mix of stock options (75% of the target value) and performance share unit awards (25% of the target value) was the most appropriate vehicle for equity grants. In January 2008, the Compensation Committee reviewed the previous year's decision and determined that this mix would continue to motivate executives to increase the Company's stock price and would appropriately balance long term incentives with attention on performance metrics that are expected to drive medium-term revenue and net income growth. The material terms of the long term incentive grants are discussed after the Grants of Plan-Based Awards table below under the heading Additional Information Regarding Plan-Based Awards.

The Compensation Committee judged at that time that stock options presented an appropriate balance of risk and reward in that stock options have no value unless the Company's stock price increases above the option exercise price. The potential for value acts both as a retention incentive and an incentive to deliver strong business results that would be expected to increase the Company's stock price, thereby creating shareholder value. The Compensation Committee also noted that, because of the Company's record of excellent shareholder return performance, the Company's executives place high value on stock options as a long term incentive vehicle. Finally, the Compensation Committee considered that the vesting terms as well as the opportunity provided by stock options for substantial leveraged value from sustainable growth in shareholder wealth over their ten-year term encourage long term decision-making.

The Compensation Committee also judged that the performance share unit awards further serve as an incentive to deliver strong business results and increase shareholder value. They also help the Company meet its competitive talent retention objectives. The awards granted in 2008 vest after two years from the grant date and the potential payout of the number of target shares of each award is dependent on the Company's combined 2008 and 2009 financial performance as measured against the corporate consolidated financial goals that the Compensation Committee

determines for performance-based variable cash compensation for each of those years.

Determining the Amount of Award. In January 2008, the Compensation Committee determined the number of option shares and performance share units to be granted to each NEO. The number of option

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shares was based on Towers Perrin's estimated valuation of the Company's options using a binomial valuation model and applying that per-option value to the dollar value to be delivered to each NEO. The number of performance share units was based on the estimated valuation of the shares considering the performance payout factors and applying that per-share value to the dollar value to be delivered to each NEO, as previously determined.

Because of the sharp increase in the price of the Company's stock in 2007, the estimated grant-date value of each stock option and performance share unit increased significantly, and therefore, the number of stock options and performance share units to be awarded to each NEO and other key employees for 2008 would have declined substantially. The substantial reduction in the number of shares to be awarded raised concern about the perceived value of the total long term incentives being awarded to the NEOs and other key employees for 2008 and the potential adverse impact on employee morale and retention. As a result, in February 2008, in addition to granting performance share units and time-vesting stock options, the Compensation Committee also granted performance-vesting stock options to the NEOs and certain other key employees for 2008 in order to serve as an additional retention incentive. To assure strong alignment with shareholders' interests, these additional stock options vest only if the Company achieves cumulative earnings per share (EPS) growth of 33% over 2007 EPS during the three-year period ending December 31, 2010. If the Company fails to meet the cumulative EPS goal, none of these performance-vesting stock options will vest and all will be immediately forfeited. The number of performance-vesting stock options awarded to the NEOs increased each NEO's total direct compensation opportunity for 2008 to approximately the 75th percentile, if vesting of the additional award occurs.

Determining the Grant Date. The Compensation Committee's practice has been to approve at its regular meeting in late January the total number of long term incentives to be allocated among all eligible employees, and to specifically approve the long term incentives to be granted to each NEO and the other executive officers. The Compensation Committee sets the actual grant date of these long term incentives as the date of the Board's regular meeting in late February. The option exercise price of stock options is fixed at 100% of the closing price of the Company's common stock on the NYSE on that February meeting date. Separate stock option grants and other equity awards may occur on other dates throughout each year as part of hiring new employees or to reflect promotions.

Consistent with this practice, on January 21, 2008, the Compensation Committee established February 26, 2008 as the grant date for NEOs' and other eligible employees' options and performance share unit awards, coinciding with the Board's next scheduled meeting date. This grant date was established so that:

The grant date (and, thereby, the exercise price) for NEOs' options is aligned with those granted to all other eligible employees and those granted to the non-management directors under the 2005 Equity Compensation Plan for Non-Employee Directors of Praxair, Inc.

A reasonable interval would exist between the Company's public release of 2008 earnings results in late January 2008 and the February 26, 2008 grant date upon which the exercise price of the options was set.

Long Term Incentives for 2009. The Compensation Committee determined that 2009 long term incentive awards should be a mix of time-vesting stock options (50% of the target value) and performance share unit awards with a three-year performance period (50% of the target value). It made this determination based in part on its review of market trends with Deloitte Consulting that indicated an increased use of diversified equity awards, and to address employee retention concerns resulting from the reduced value of outstanding option awards resulting from the substantial decline in the Company's stock price and in the stock market generally. A three-year performance period was believed to be an appropriate balance between the one-year variable compensation goals and the longer-term stock option share price growth goals, ensuring that management is focused on consistently growing the Company and increasing shareholder value. The Compensation Committee also judged that increasing the performance share percentage to 50% of the value of the total equity award would provide appropriate incentive to executives to focus on

the additional performance requirements.

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To assure a strong alignment with shareholders' interests, the performance share unit awards granted in February 2009 generally vest after three years from the grant date provided that the Company has attained a minimum level of cumulative EPS growth for a three-year performance period beginning on January 1, 2009 and ending on December 31, 2011. Once vested, the awards are settled in shares of Company common stock. The payment of shares will range from 50% to 150% of the individual's target amount, depending upon the Company's cumulative EPS growth for the performance period compared against pre-established EPS growth goals. If, as a result of materially adverse and unforeseen market conditions beyond the control of the Company, the Company's cumulative EPS growth for the performance period does not meet the minimum threshold level for payout but does exceed the average cumulative EPS growth in operating earnings of the companies included in the Materials Sector of the Standard & Poors 500 index for the same performance period, each participant will receive a payment of shares equal to 50% of his or her target award unless the Compensation Committee otherwise determines that no payment should be made.

Benefit Plans Available to Executive Officers

The Company's practice is to make available to NEOs essentially the same benefit plans generally available to other employees in the U.S. Neither the financial resources of the NEO, nor the amount or form of present or past direct compensation paid to the NEO was deemed by the Compensation Committee as relevant to any NEO's continuing eligibility to participate in these plans in 2008. Except as discussed below, benefits for NEOs under these plans are available and calculated on the same basis as for the other plan participants. Adjustments are made so as to continue the benefits to all participants, including NEOs, to the extent that they would otherwise be limited by income or other restrictions imposed by the federal tax laws. From time to time, the Compensation Committee may approve certain other adjustments to be applied to an NEO when it is in the best interests of the Company such as to facilitate the recruitment of an executive. Any such adjustments that are in place for any NEO are disclosed in the tables in this Proxy Statement or their accompanying footnotes or narratives. In addition to the benefit plans listed below, employees, including NEOs, are eligible to participate in other Company plans such as the 401(k) Savings Plan, medical, dental, relocation and vacation.

Retirement Plans

The benefits payable to NEOs under the Company's retirement plans are described in the Pension Benefits table below and its accompanying footnotes and narrative. As described more fully therein, the Compensation Committee, with the advice of its consultant, has in the past approved certain additional pension retirement benefits for certain executives, including service year credits for Mr. Angel and minimum retirement benefits for Mr. Breedlove. These benefits were provided in order to attract these executives to the Company and/or to provide additional retention incentive by compensating them for benefits lost upon departure from their previous employers. Also described in the footnotes are certain adjustments for Messrs. Malfitano and Fuchs related to their service in Brazil and Canada, respectively, which adjustments are generally available to all similarly situated employees.

Tax-Qualified Pension Plan. The Company maintains a tax-qualified defined benefit pension plan for most U.S. employees, including the NEOs.

Supplemental Retirement Income Plans. The Company maintains non-qualified unfunded supplemental retirement income plans (Supplemental Plans) for the primary purpose of providing retirement benefits that would otherwise be paid to U.S. employees under the tax-qualified pension plan but for the application of certain federal tax law limitations. Because of their income levels, each NEO is eligible to participate in the Supplemental Plans. The incremental benefits paid under the Supplemental Plans are calculated in the same manner as the underlying tax-qualified pension plan and generally result in no greater benefit than if federal tax law limitations were not in place.

Table of Contents***Compensation Deferral Program***

Any U.S. employee eligible to participate in the annual performance-based variable compensation plan, including any NEO, is eligible to participate in the Company's Compensation Deferral Program. Contributions, earnings, withdrawals and year-end balances for 2008 for each NEO under the Compensation Deferral Program are reported in the Nonqualified Deferred Compensation table below.

The primary benefit to participants in this plan is that income taxes on any compensation deferred into the plan, and on any earnings within the plan on those deferrals, are also deferred until the account is actually paid out to the individual. Contributions to the plan are voluntary and represent compensation already earned by the participant. The Company also makes contributions that would have been made on the employees' behalf to the 401(k) Savings Plan but for the application of certain federal tax law limits under that plan. No preferential earnings opportunities are available under the plan to participants, including NEOs. An NEO's account balance in the plan at any point in time reflects the value of his deferred compensation (and the Company contributions noted above) as if he had invested it, at the time it was earned, in Praxair stock or a fixed income security, as the NEO chose. Therefore, these balances are irrelevant to any present or future compensation decisions for the NEO or the amount of any severance payment that should be paid to NEOs.

Perquisites and Personal Benefits

The Company's policy is to not extend perquisites or personal benefits to employees other than for limited and specifically defined business purposes. The incremental costs to the Company in 2008 of those benefits provided to NEOs that the SEC deems to be perquisites and personal benefits are reported in the Summary Compensation Table below (included in the amounts reported in the column captioned All Other Compensation and further detailed in an accompanying supplemental table). The Compensation Committee exercises oversight over the perquisites and personal benefits that are made available to NEOs. Accordingly, the Compensation Committee reviewed 2008 Company expenses, regardless of amount, including expenses related to security arrangements, that could be construed as a perquisite or personal benefit for each NEO. The purposes of this review included ensuring that:

the costs of such perquisites and personal benefits are not unreasonable and do not constitute a misuse of Company assets.

each such expense has a legitimate business purpose.

such perquisites and personal benefits are within the mainstream of the practices of the *Practices Tracking Group*.

such perquisites and personal benefits are properly disclosed to shareholders in accordance with applicable SEC rules.

The Compensation Committee determined that, beginning in 2008, the Company would no longer reimburse NEOs for any taxes imputed to them on the value of Company-provided perquisites and personal benefits (such reimbursements are typically called tax gross-ups).

In addition, the Company's internal audit department performed its annual audit of executive officer expense reports for compliance with Company policies, and the independent auditors reviewed that work. Based on these reviews, the Compensation Committee determined that the perquisites and personal benefits available to NEOs in 2008, and their costs to the Company, were reasonable and properly disclosed to shareholders.

Severance and Change-in-Control Arrangements

Severance Plan

All full-time U.S. employees, including NEOs, are eligible to participate in the Company's severance plan. This plan provides a terminated employee with a severance payment calculated based on the

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employee's time in service and salary rate at the time of termination. The maximum payment is generally limited to 26 weeks of base pay. This benefit applies only to terminations by the Company other than for cause. Under the plan, the Company retains the discretion to pay severance benefits in excess of this limit on a case by case basis.

Change-in-Control Arrangements

The Company has entered into identical executive severance compensation agreements with certain senior executives, including NEOs. These agreements provide for certain payments to be made to the executive in the event of both (1) a change-in-control of the Company (as defined in the agreements), and (2) the termination of his or her employment within two years thereafter by the Company without cause or by the executive for good reason (a so-called "double trigger"). The purposes of these agreements are, if an actual or threatened change-in-control occurs, to encourage retention of executives for continuity of management, and to keep executives focused on performing their duties rather than seeking immediate employment elsewhere. In 2006, the Compensation Committee determined that these arrangements were at that time generally comparable to those provided by companies in the *Practices Tracking Group* and provided a legitimate and reasonable benefit to the Company and its shareholders. Thereafter, in 2007 and 2008, the Compensation Committee continued its review with Deloitte Consulting of the material terms and provisions of these agreements, including the types and amounts of potential payments and other benefits, compared to companies in both the previous and the revised *Practices Tracking Groups* providing similar types of agreements.

In October 2008, the Compensation Committee approved revised executive severance compensation agreements for the NEOs and other executives effective January 1, 2009, that are intended to satisfy the requirements of Section 409A of the Code. At that time, other amendments were also made to the agreements that reduce the benefits available to NEOs when compared with those available under the prior version of the executive severance compensation agreements. As a condition to entering into the revised executive severance compensation agreements, the Company required each NEO to enter into a Nondisclosure, Nonsolicitation and Noncompetition Agreement under which the NEO agreed not to (a) disclose Company confidential information both during and after termination of his or her employment with the Company, (b) solicit the Company's customers and employees for a period of two years following the NEO's termination of employment with the Company for any reason, and (c) engage in any activities that compete with those of the Company for a period of two years following the NEO's termination of employment.

Table of Contents**EXECUTIVE COMPENSATION TABLES**

The tables below present compensation information for NEOs and include footnotes and other narrative explanations important for your understanding of the compensation information in each table. The Summary Compensation Table summarizes key components of NEO compensation for 2008, 2007 and 2006. The six tables following the Summary Compensation Table provide more detailed information about the various types of NEO compensation for 2008, some of which are included in the Summary Compensation Table. The final table provides information regarding compensation that NEOs would receive when their employment with the Company terminates under various circumstances or upon a change-in-control.

SUMMARY COMPENSATION TABLE

Principal Position	Year	Salary (\$)	Stock Awards (\$)(1)	Option Awards (\$)(1)	Non-equity Incentive Plan Compensation (\$)(2)	Change in Pension Value and Nonqualified Deferred	All other Compensation (\$)(4)	Total Compensation (\$)(5)
						Earnings (\$)(3)		
Angel, Chairman Chief Executive	2008	1,026,250	2,182,469	2,577,283	2,500,000	2,134,000	94,031	11,323,833
	2007	1,000,000	967,838	1,966,180	2,800,000	2,155,000	119,152	10,048,170
	2006	631,250	84,883	1,355,023	1,418,000	1,061,000	37,766	5,507,022
Malfitano, Vice President	2008	576,250	608,917	1,000,404	915,360	2,243,000	14,412	5,358,343
	2007	550,000	276,103	1,001,529	1,029,600	862,000	19,546	4,679,178
	2006	498,333	0	935,940	795,000	311,000	15,819	3,749,292
Lawyer, Executive Director & Chief Financial Officer	2008	543,750	608,917	1,062,153	813,330	47,000	19,639	4,096,789
	2007	525,000	276,103	1,112,878	917,280	763,000	19,091	3,793,352
	2006	481,250	0	1,108,814	734,000	643,000	16,847	3,073,911