PRAXAIR INC
Form DEF 14A
March 16, 2011

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

SCHEDULE 14A
(Rule 14a-101)

INFORMATION REQUIRED IN PROXY STATEMENT

SCHEDULE 14A INFORMATION

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

Filed by the Registrant [X]
Filed by a Party other than the Registrant [ ]

Check the appropriate box:

[ ] Preliminary Proxy Statement
[ ] Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
[X] Definitive Proxy Statement
[ ] Definitive Additional Materials
[ ] Soliciting Material Pursuant to Section 240.14a-12.

PRAXAIR, INC.

(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):

[X] No fee required.

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

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

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

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

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(4) Proposed maximum aggregate value of transaction:

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(5) Total fee paid:

[ ] Fee paid previously with preliminary materials.

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

(1) Amount Previously Paid:

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

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(3) Filing Party:

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(4) Date Filed:

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39 Old Ridgebury Road
Danbury, Connecticut 06810-5113

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS TO BE HELD APRIL 26, 2011

Dear Praxair Shareholder:

The Annual Meeting of Shareholders of Praxair, Inc. will be held at 9:30 a.m. on Tuesday, April 26, 2011 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 provide an advisory vote on Named Executive Officer Compensation.

3. To provide an advisory vote on the frequency of holding future advisory votes on Named Executive Officer Compensation.

4. To approve Performance Goals under Praxair s Section 162(m) Plan.

5. To approve amendments to the 2009 Praxair, Inc. Long Term Incentive Plan to add non-employee directors as eligible participants.

6. To ratify the appointment of the independent auditor.

7. 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 7, 2011 will be entitled to notice of, and to vote at, the meeting or any adjournment or postponement thereof.

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

WHETHER OR NOT YOU EXPECT TO ATTEND THE ANNUAL MEETING IN PERSON, PLEASE PROMPTLY SUBMIT YOUR 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.

Please be aware that if you own shares in a brokerage account, you must instruct your broker on how to vote your shares. Without your instructions, New York Stock Exchange rules do not allow your broker to vote your shares on any of the proposals except the ratification of the appointment of the independent auditor. Please exercise your right as a shareholder to vote on all proposals, including the election of directors, by instructing your broker by proxy.

BY ORDER OF THE BOARD OF DIRECTORS

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

March 16, 2011

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39 Old Ridgebury Road
Danbury, Connecticut 06810-5113

PROXY STATEMENT

Annual Meeting of Shareholders

Tuesday, April 26, 2011

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 26, 2011, at 9:30 a.m. or any adjournment or postponement thereof (the Annual Meeting). This Proxy Statement and a form of proxy are first being sent to shareholders on or about March 16, 2011. 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 2012 annual meeting of shareholders, and until their successors are elected and qualify. Ten incumbent directors have been nominated for re-election for a one-year term. **The Board recommends that Stephen F. Angel, Oscar Bernardes, Nance K. Dicciani, Edward G. Galante, Claire W. Gargalli, Ira D. Hall, Raymond W. LeBoeuf, Larry D. McVay, Wayne T. Smith, and Robert L. Wood, each be elected** to serve for a one-year term, until the 2012 annual meeting of shareholders, and until their successors are elected and qualify. Each nominee has agreed to be named in this Proxy Statement and to serve if elected. Qualifications and biographical data for each of these nominees is presented beginning on page 26 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 8 of this Proxy Statement.

Item 2: Advisory Vote on Named Executive Officer Compensation

This item is a non-binding, advisory shareholder vote on the compensation of Praxair s Chief Executive Officer (CEO), Chief Financial Officer (CFO) and the three other executive officers who had the highest total compensation for 2010, as set forth in the Summary Compensation Table on page 51 of this Proxy Statement (these five executive officers are collectively referred to as the Named Executive Officers or the NEOs). This advisory vote proposal, commonly known as say-on-pay, gives the Company s shareholders an opportunity to express their views on the overall compensation of the NEOs and the Company s related compensation philosophy, policies and practices. This proposal is not intended to address any specific NEO compensation item or issue. Accordingly, you are asked to vote upon the following proposal that will be presented at the 2011 Annual Meeting:

RESOLVED, that the shareholders of Praxair, Inc. (the Company) approve, on an advisory and non-binding basis, the compensation of the Company s Named Executive Officers, as disclosed in the Company s proxy statement for the 2011 Annual Meeting of Shareholders, including the compensation tables, the Compensation Discussion and Analysis and any related narrative disclosures.

The Board of Directors and its Compensation & Management Development Committee (the Compensation Committee) value shareholders opinions on this matter and, if there is any significant vote against this proposal, will seek to understand why such a vote was cast, and will consider shareholders concerns in evaluating whether any actions are necessary or appropriate to address those concerns.

The Board recommends that you approve this proposal because the Board believes that the Company s executive compensation program is designed to attract and retain high-performing results-oriented executives at competitive market rates, and appropriately links executive compensation to the Company s performance. The Board further believes that the executive compensation program was instrumental in driving the Company s strong business results over the past few years including, for example, increases of 13% in revenue and 18% in adjusted net income in 2010 and the related strong total shareholder return (adjusted net income is a non-GAAP financial measure that is reconciled to GAAP Net Income in Item 7 of the Company s 2010 Form 10-K and Annual Report).

You are urged to read the Compensation Discussion and Analysis (CD&A) section beginning on page 34 of this Proxy Statement, which discusses how the Company s compensation policies and practices effectively implement its compensation philosophy. Praxair s executive compensation program is designed to: (a) align executive compensation with Praxair s goals for short-term business performance and longer-term shareholder value creation and (b) provide the compensation and incentives needed to attract, motivate and retain high-performing, results-driven executives. Consistent with this philosophy, at least 72% of the total direct compensation opportunity for each of our executives is directly related to Praxair s business performance and to its stock price performance.

The Company s executive compensation program includes, among others, the following key policies and practices that are described in more detail in the CD&A on pages 34 to 50 of this Proxy Statement and in the compensation tables and their related disclosures:

- Annual performance-based variable compensation is (a) determined predominantly by Company performance against pre-established objective financial goals, and (b) influenced (+/-35 percentage points) by performance against pre-established non-financial goals in key areas including safety and environmental compliance, among others.

- Equity incentives include (a) 50% value in the form of performance share units with payout dependent upon Praxair s earnings per share growth over three years and (b) 50% value in the form of stock options whose value depends on growth in the Company s stock price.

- Perquisites and personal benefits for NEOs are limited.

- Double trigger severance agreements entered into on and after January 1, 2010 limit lump sum payouts to 2 times salary plus targeted variable compensation and provide no reimbursement for excise taxes on excess parachute payments.

- Substantial stock ownership requirements for officers.

Clawback (recapture) policy adopted in 2008.

No payments of tax gross ups to executives for income imputed on any perquisites and personal benefits not available to employees generally.

Policy against hedging transactions related to Company stock held by officers.

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The Board recommends that you vote FOR the approval, on an advisory and non-binding basis, of the compensation paid to the Company s Named Executive Officers, as disclosed in this Proxy Statement.

In order for this proposal to be approved on an advisory and non-binding basis, a majority of the shares present in person or by proxy and entitled to vote on this matter must be voted FOR approval. See the vote counting rules on page 8 of this Proxy Statement.

Item 3: Advisory Vote on the Frequency of Holding Future Advisory Votes on Named Executive Officer Compensation

This item is a non-binding advisory shareholder vote on how frequently the Company should seek future advisory votes on NEO compensation, such as the vote described in Item 2 of this Proxy Statement. You have the following three choices as to the frequency of such future advisory votes (in addition to being able to abstain from voting): once every one, two or three years. Accordingly, you are asked to vote upon the following proposal that will be presented at the 2011 Annual Meeting:

RESOLVED, that the shareholders of Praxair, Inc. (the Company) determine, on an advisory and non-binding basis, that an advisory shareholder vote on the compensation of the Company s Named Executive Officers set forth in the Company s proxy statement should be held:

Choice 1 every year (annual);
Choice 2 every two years (biennial);
Choice 3 every three years (triennial);
Choice 4 abstain from voting.

The Board recommends that future advisory shareholder votes on NEO compensation be held once every year so as to provide timely and frequent feedback to the Board on its NEO compensation program.

The Board of Directors and the Compensation Committee value shareholders opinions on this matter and will consider the outcome of the vote in determining on how frequently the Company should seek future advisory votes on NEO compensation. In particular, the Board of Directors and the Board s Compensation Committee will consider which, if any, of the three choices receives a majority vote, or if none receives a majority vote, then which of the three choices received the most votes.

The Board recommends that you vote FOR Annual shareholder advisory votes on NEO compensation. Please note that on this Item 3 you are NOT voting on the Board s frequency recommendation above; rather, shareholders must choose among the three frequency alternatives or abstain from voting as specified on the proxy card and described above.

In order for any of the three frequency choices to be approved on an advisory and non-binding basis, a majority of the shares present in person or by proxy and entitled to vote on this matter must be voted FOR such choice. See the vote counting rules on page 8 of this Proxy Statement.

Item 4: Proposal to Approve Performance Goals Under Praxair s Section 162(m) Plan

The Praxair, Inc. Plan for Determining Performance-Based Awards Under Section 162(m) (162(m) Plan) establishes a process for qualifying certain compensation awards made to senior officers as performance-based under Internal Revenue Service (IRS) regulations issued pursuant to Internal Revenue Code Section 162(m). Such performance-based compensation is fully deductible by the Company for tax purposes because it is exempt from the $1 million deduction limitation that otherwise applies under Section 162(m).

Applicable regulations require that the material terms of the performance goals under which compensation may be paid, as set forth in the 162(m) Plan, be submitted for shareholder approval every five years. Since shareholders last approved such performance goals at the 2006 Annual Meeting, the material terms are being submitted for approval at this 2011 Annual Meeting. In connection with submitting the 162(m) Plan performance goals for shareholder approval, the Compensation Committee approved certain amendments to the 162(m) Plan, including the performance goals. The 162(m) Plan, as amended, will be effective as of January 1, 2011 so long as the material terms of its performance goals are approved by the Company s shareholders. If the material terms of the performance goals under the amended 162(m) Plan are not approved, some of the compensation paid to the Company s senior executives may not be deductible, resulting in an additional cost to the Company.

The 162(m) Plan does not itself authorize any compensation payments or the issuance of any shares of common stock for any award. Actual awards are made pursuant to other plans such as the Company s long term incentive plan or the variable compensation plan. However, to ensure their deductibility under the IRS rules, the amount of certain awards under those plans may be determined using the process set forth in the 162(m) Plan. Long term incentive awards made under the 2009 Praxair, Inc. Long Term Incentive Plan that are intended to satisfy the Section 162(m) performance-based compensation exception are subject to the terms and conditions of the 2009 Plan itself, which were previously approved by the Company s shareholders, and not those of the 162(m) Plan.

A more detailed description of the 162(m) Plan and its full text, including the material terms of the proposed performance goals, are set forth in Appendix 3 Proposed Performance Goals Under the Praxair, Inc. Plan For Determining Performance-Based Awards Under Section 162(m). The performance goals are listed in Section 8 of the 162(m) Plan beginning on page 3-5.

The Board recommends that you vote FOR this item, the proposal to approve Performance Goals under Praxair s 162(m) Plan. In order for this proposal to be approved by the shareholders, a majority of the shares present in person or by proxy and entitled to vote on this matter must be voted FOR approval. See the vote counting rules on page 8 of this Proxy Statement.

Item 5: Proposal to Approve Amendments to the 2009 Praxair, Inc. Long Term Incentive Plan to Add Non-Employee Directors as Eligible Participants

The Board, acting upon the recommendation of its independent Governance & Nominating Committee, approved amendments to the 2009 Praxair, Inc. Long Term Incentive Plan (the 2009 Plan) and directed that they be submitted for shareholder consideration and approval at the 2011 Annual Meeting. The 2009 Plan was first approved by shareholders at the 2009 Annual Meeting.

The sole purpose of the proposed amendments to the 2009 Plan is to add non-employee directors of the Company (Directors) as eligible participants under the 2009 Plan for the purpose of granting equity-based compensation to Directors. The proposed amendments do not add any shares beyond those originally authorized by shareholders in 2009 and do not otherwise amend the 2009 Plan or affect long term incentive grants to employees, including executive officers. If the amendments are approved, the 2009 Plan will be the only plan pursuant to which Directors may receive equity-based compensation such as restricted stock units. Under the proposed amendments, Directors would not be eligible to receive performance awards.

A summary description of the proposed amendments to the 2009 Plan, and the complete text of the 2009 Plan, as proposed to be amended, is presented in Appendix 4 of this Proxy Statement. Information regarding awards outstanding under the 2009 Plan and other plans is included in the Equity Compensation Plans Table on page 4-7 in Appendix 4 of this Proxy Statement.

The Board recommends that you vote FOR this Item 5, the proposal to approve amendments to the 2009 Praxair, Inc. Long Term Incentive Plan to add non-employee directors as eligible participants.

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In order for this proposal to be approved by the shareholders, a majority of the shares present in person or by proxy and entitled to vote on this matter must be voted FOR approval, and the total votes cast on this proposal must represent over 50% in interest of all securities entitled to vote on this matter. See the vote counting rules on page 8 of this Proxy Statement.

Item 6: Proposal to Ratify the Appointment of the Independent Auditor

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

Information concerning the independent auditor may be found beginning on page 21 of this Proxy Statement under the caption The Independent Auditor.

The Board recommends that you vote FOR this Item 6, the proposal to ratify the Audit Committee s selection of the independent auditor.

In order for this proposal to be approved by the shareholders, a majority of the shares present in person or by proxy and entitled to vote on this matter must be voted FOR approval. See the vote counting rules on page 8 of this Proxy Statement.

Item 7: 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.

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 26, 2011:

This Proxy Statement and the 2010 Form 10-K and Annual Report are now available for viewing and downloading on the Internet at:

2010 Form 10-K and Annual Report: www.praxair.com/annualreport.
2011 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 2011 Proxy Statement and the 2010 Form 10-K and Annual Report on the Internet at the websites noted above, rather than sending printed copies. If you have received printed copies in the mail, rather than the notice of Internet availability, it is likely that this occurred because either: (1) you have specifically requested printed copies this year or previously, or (2) Praxair has voluntarily sent you printed copies.

If you are receiving printed copies you can save Praxair future postage and printing expense by consenting to receive future annual reports, meeting notices, and proxy statements on-line on the Internet. Most shareholders can elect to view future proxy statements and annual reports over the Internet instead of receiving paper copies in the mail. This will help with Praxair s overall sustainability efforts by reducing paper usage. You will be given the opportunity to consent to future Internet delivery when you vote your 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 2011 Form 10-K and Annual Report, meeting notice, and the proxy statement for the 2012 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 the Company through its stock transfer agent, Registrar and Transfer Company, 10 Commerce Drive, Cranford, NJ 07106. Registrar and Transfer Company 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 2010 Form 10-K and Annual Report to shareholders) unless you have provided contrary instructions. If you wish to receive a separate notice of Internet availability or set of proxy materials now or in the future, you may contact the bank or broker that manages your account or, if you are a shareholder of record, you may contact us at the address cited above. Similarly, if you share an address with another shareholder and have received multiple copies of the notice of Internet availability or proxy materials, you may contact the bank or broker that manages your account or, if you are a shareholder of record, you may contact us at the above address to request delivery of only a single copy of these materials to your household.

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 7, 2011 will be entitled to vote at the Annual Meeting. As of that date, a total of 303,600,952 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 2010 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 8 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

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Meeting. See Attending the Annual Meeting below for attendance requirements and directions to the Annual Meeting.

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

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

How are the Votes Counted for Each Item of Business?

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

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

1. With respect to Item #1 (Election of Directors), your broker is not entitled to vote your shares on this matter if no instructions are received from you. If your broker does not vote (a broker non-vote), this is not considered a vote cast and, therefore, will have no effect on the election of directors. Abstentions may not be specified as to the election of directors.

2. With respect to Item #2 (Advisory Vote on Named Executive Officer Compensation), Item #3 (Advisory Vote on the Frequency of Holding Future Advisory Votes on Named Executive Officer Compensation), Item #4 (Approval of Performance Goals under Praxair s Section 162(m) Plan), and Item #5 (Approval of Amendments to the 2009 Praxair, Inc. Long Term Incentive Plan to add Directors as eligible Participants), your broker is not entitled to vote your shares on these items if no instructions are received from you. Broker non-votes are not considered votes cast and, therefore, will have no effect on the vote on these items. However, a vote to Abstain will have the effect of a vote Against these items.

3. With respect to Item #6 (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. If your broker nonetheless chooses not to vote your shares, this broker non-vote is not considered a vote cast and, therefore, will have no effect on the ratification of the Appointment of the Independent Auditor. However, a vote to Abstain will have the effect of a vote Against this item.

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

Attending the Annual Meeting

Admission Requirements

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

- If you hold shares of Praxair, Inc. common stock through a broker, bank or other nominee, please bring a copy of your broker, bank or nominee statement evidencing your ownership of Praxair common stock as of the March 7, 2011 record date;

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- Please bring a photo ID, if you hold shares of record as of March 7, 2011, including shares in certificate or book form or in the Praxair, Inc. Dividend Reinvestment and Stock Purchase Plan;

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

Directions

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

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

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Share Ownership

Principal Holders

The only holders known by Praxair to be beneficial owners of more than five percent of Praxair s Common Stock are the following:

Name and Address of Beneficial Owner	Number of Shares Beneficially Owned	Percent of Shares Outstanding(a)
BlackRock, Inc., 40 East 52nd Street New York, NY 10022	18,025,617(b)	5.90%
T. Rowe Price Associates, Inc., 100 E. Pratt Street, Baltimore, MD 21202	23,994,242(b)	7.90%

(a) Based on 303,600,952 total shares outstanding on March 7, 2011 excluding shares held for the account of Praxair.

(b) Holdings as of December 31, 2010 as reported in SEC Schedules 13G by BlackRock, Inc. and T. Rowe Price Associates, Inc. According to its Schedule 13G, BlackRock and certain of its subsidiaries had sole voting power and sole investment power as to all of the reported shares. According to its Schedule 13G, T. Rowe Price had sole voting power as to 7,557,494 shares, and sole dispositive power as to all of the reported shares. The shares are owned by others which T. Rowe Price serves as an investment adviser with the power to direct investments and/or sole power to vote the shares, but T. Rowe Price disclaims beneficial ownership of the shares.

Directors and Executive Officers

The table below sets forth the beneficial ownership of Praxair s Common Stock as of March 7, 2011 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 (20 persons) beneficially owned approximately 1.1% of the outstanding shares as of that date.

		SHARES BENEFICIALLY OWNED AND OTHER EQUITY INTERESTS			
Name	Position	Common Stock(1)	Stock Units(2)	Total	Stock Options(3)
Stephen F. Angel	Chairman, President & Chief Executive Officer	90,936	64,600	155,536	1,313,086
Ricardo S. Malfitano		36,569	12,446	49,015	561,639

	Executive Vice President				
James S. Sawyer	Executive Vice President & Chief Financial Officer	63,222	6,131	69,353	82,420
James J. Fuchs	Executive Vice President	13,730	2,335	16,065	224,779
Scott E. Telesz(4)	Senior Vice President	0	15,064	15,064	0
Oscar Bernardes(4)	Director	1,208	1,220	2,428	0
Nance K. Dicciani	Director	2,316	4,602	6,918	4,612
Edward G. Galante	Director	3,000	6,139	9,139	7,491
Claire W. Gargalli	Director	3,480	12,196	15,676	36,396
Ira D. Hall	Director	1,500	6,769	8,269	26,396
Raymond W. LeBoeuf	Director	2,000	42,836	44,836	31,396
Larry D. McVay	Director	1,937	2,622	4,559	6,951
Wayne T. Smith	Director	10,000	23,431	33,431	26,396
Robert L. Wood	Director	2,700	3,012	5,712	26,396
Total		232,598	203,403	436,001	2,347,958
Directors and Executive Officers as a group	(20 persons)	300,833	208,825	509,658	2,887,854

(1) Reported shares include 24,432 unvested restricted shares for which Mr. Angel has sole voting power and that will vest on April 23, 2011.
(2) Includes Deferred Stock Units and/or Restricted Stock Units held. Deferred Stock Units are stock price-based units into which deferred compensation has been invested pursuant to the deferred compensation plans for management and for non-employee directors. Restricted Stock Units are stock price-based units granted as long term incentive awards to management and as equity compensation to non-employee directors. Holders have no voting rights with respect to either Deferred Stock Units or Restricted Stock Units. The value of Deferred Stock Units and Restricted Stock Units varies with the price of Praxair s common stock and, at the end of the deferral period or the restriction period, the units are payable in Praxair common stock on a one-for-one basis.
(3) Stock Options represent shares that may be acquired upon exercise of options exercisable within 60 days of March 7, 2011.
(4) Mr. Telesz joined the Company in April, 2010. Mr. Bernardes joined the Board in July, 2010.

Corporate Governance and Board Practices

Praxair s Governance Principles

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

Business Integrity and Ethics. One of the Board s first acts upon Praxair s launch as a public company was to adopt policies and standards regarding Compliance with Laws and Business Integrity and Ethics. The current version of the Board s policy in these areas is posted at Praxair s public website, www.praxair.com and is available in print to any shareholder who requests it. This Code of Ethics applies to Praxair s directors and to all employees, including Praxair s CEO, CFO and Controller.

Director Independence. The Board has adopted independence standards for service on Praxair s Board of Directors which are set forth in Appendix 2 to this Proxy Statement and are posted at Praxair s public website, www.praxair.com. The Board has applied these standards to all of the incumbent non-management directors (all incumbent directors are non-management except for Mr. Angel, the Company s Chairman & CEO), and has determined that all of these directors qualify as independent. The Board is not otherwise aware of any relationship with the Company or its management that could potentially impair a director s exercise of independent judgment. See also related information which is presented on page 16 of this Proxy Statement under the caption Certain Relationships and Transactions.

Board Leadership. As set forth in Corporate Governance Guidelines attached to this Proxy Statement as Appendix 1, the Board believes that the best leadership model for the Company is that of a combined Chairman & CEO, balanced by certain practices and policies to assure effective independence in the Board s oversight, advice and counsel.

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

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

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

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

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

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

The Board s resolutions appointing the Presiding Director specify a number of roles and responsibilities, including but not limited to the following:

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

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

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

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

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

The risk factors disclosed in Item 1A of the Company s Form 10-K and Annual Report illustrate the diversity of the risks faced by a global industrial company and illustrate the need for a strong Board Committee structure to oversee the management of risks in specific subject areas. Each Committee s calendar of recurring meeting agenda topics addresses risk areas pertinent to the Committee s subject-matter responsibilities. These areas include: financing and currency exchange risks (Finance & Pension Committee), compensation risks, and executive development and retention (Compensation & Management Development Committee), regular review of the Board s governance practices and the Company s sustainability (Governance & Nominating Committee), and internal controls, investigations, and integrity standards compliance (Audit Committee). Other risk areas are regularly reviewed by the full Board. These include: safety and environmental risk (covered at each Board meeting), economic, market and competitive risk (part of business operating reports at each Board meeting, and the annual operating and strategic reviews), and compliance risks (supplementing reporting within the Audit Committee). In addition, risk identification and assessment is integrated into Board decision-making with respect to capital projects and acquisitions, entry into new markets, financings, and cash flow analysis, among other matters.

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

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

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Limits to Service on Other Boards. The Board s policy is that a non-management director may not serve on more than five additional public company boards and a member of the Audit Committee may not serve on more than two additional public company audit committees. Also, the Chairman & CEO may not serve on more than two additional public company boards.

Director Nomination Process. For a description of the Board s policy regarding nominees for election as directors, see The Governance & Nominating Committee on page 24 of this Proxy Statement.

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

Communications with the Board. The Board believes that the most efficient means for shareholders and other interested parties to raise issues and questions is to direct such communications to the Company through its Investor Relations Department or other methods as described in the Contact Us section of the Company s public website, www.praxair.com.

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

Telephone (Voice Mail):
1-800-719-0719 within the U.S.A., or
+1(203) 837-2960 for outside the U.S.A.

Mail:
Praxair, Inc.
Attn: Board of Directors
P.O. Box 2478
Danbury, CT, U.S.A. 06813-2478

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

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 2010 annual meeting.

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

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Director Stock Ownership Guidelines. The Board s policy is that non-management directors must acquire and hold shares of the Company s stock equal in value to at least four times the base cash retainer for non-management directors. Directors have five years from their initial election to meet this guideline. All non-management directors have met this guideline or are within the 5-year transition period afforded to them to do so; and most substantially exceed the guideline. In addition, any new non-management director must, no later than the effective date of his or her election, acquire, using his or her own personal assets, shares of the Company s stock equal in value to the base cash retainer then in effect.

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

Accordingly, a stock ownership policy has 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 ownership level 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 ownership requirements, where permitted by law, or are within the 5-year transition period afforded to them to do so. Stock ownership of the Named Executive Officers can be found in the table presented on page 10 of this Proxy Statement under the caption Share Ownership.

Hedging and Similar Transactions Prohibited. The purpose of Praxair s Stock Ownership policies is to ensure that directors and officers have a meaningful ownership stake in Praxair so that their interests will be aligned with shareholder interests. Therefore, directors and officers may not engage in hedging transactions related to Praxair s stock that would have the effect of reducing or eliminating the economic risk of holding Praxair stock.

Succession Planning and Personnel Development. Under the leadership of the Compensation & Management Development Committee, it is the 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 the Board by way of Board and Committee presentations and directors have unrestricted access to a broad cross-section of managers and high potential employees for assessment and development purposes, as well as for information gathering.

CEO Performance Evaluation. The Board has in place a process whereby the Presiding Director conducts a performance review at least annually of the CEO 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 the 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. In addition, throughout the year, management reports to the Board on the status of significant strategic initiatives and issues.

Board Effectiveness Assessment. As set forth in the Corporate Governance Guidelines, the Board assesses its effectiveness at least annually under a process determined by the Governance & Nominating Committee. Typically, this assessment includes evaluating the Board s 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. Similarly, each Committee annually assesses its effectiveness in meeting its oversight responsibilities under its charter from the Board. In addition, directors are given measures of individual director effectiveness for purposes of self-assessment, reflection and self-improvement.

Governance Practices Review. In addition to leading the annual Board and Committee effectiveness assessment referred to above, the Governance & Nominating Committee annually reviews with an outside expert the Company s governance practices, and updates those practices as it deems appropriate. The Committee takes into account, among other considerations, the results of the effectiveness assessments, developments in Delaware Corporation Law, federal laws and regulations such as those promulgated by the SEC, and the views and recommendations of recognized governance authorities.

Auditor Independence. The Board recognizes the importance of ensuring the independence of the Company s independent auditor. See page 21 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 2010 and a description of the Company s director compensation program are presented on pages 64 to 65 of this Proxy Statement under the caption Director Compensation. The principles used by the Board in determining director compensation are set forth in the Board s Corporate Governance Guidelines included in Appendix 1 to this Proxy Statement.

Review, Approval or Ratification of Transactions with Related Persons

Relevant Polices. 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

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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 with 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 2010, no actual or potential conflicts of interest were identified with respect to the executive officers and directors of the Company.

Certain Relationships and Transactions

When determining whether any director or nominee is independent, the 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 the 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 2011, the Board considered the following circumstances and relationships of those directors and nominees who then had any direct or indirect relationship with the Company: In the ordinary course of its business, Praxair sells oxygen and other industrial gases products to Community Health Systems, Inc. of which Mr. Smith is an executive officer. For each of the last three fiscal years, the dollar value of Praxair s sales ranged from $2.1 million to $2.3 million, which was far below the limits set forth in the Board s independence standards and, for any of the last three fiscal years, was significantly less than 1% of either Praxair s or Community Health Systems consolidated revenues. Therefore, the Board has determined that such relationships are not material and do not otherwise impair the ability of Mr. Smith to exercise his independent judgment as a director.

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 2010 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	Summary Responsibilities
AUDIT COMMITTEE Meetings in 2010: 5 *Current Members:* Raymond W. LeBoeuf, Chairman Claire W. Gargalli Ira D. Hall Larry D. McVay	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, the performance evaluations of the General Auditor and the Chief Compliance Officer, 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 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 on pages 20-21.

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Meetings and Current Members	Summary Responsibilities
COMPENSATION & MANAGEMENT DEVELOPMENT COMMITTEE Meetings in 2010: 5 *Current Members:* Wayne T. Smith, Chairman Nance K. Dicciani Edward G. Galante Robert L. Wood	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 CEO s 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; (4) reviews Praxair s management incentive compensation and equity compensation plans and oversees their administration, and reviews incentive compensation policies and practices applicable to all employees generally, to confirm that incentive compensation programs do not encourage risk taking that could be reasonably likely to have a material adverse affect on the Company; and (5) reviews periodically the Company s diversity policies and objectives, and programs to achieve those objectives. 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 on page 22.

Meetings and Current Members	Summary Responsibilities
GOVERNANCE & NOMINATING COMMITTEE Meetings in 2010: 5 *Current Members:* Claire W. Gargalli, Chairperson Oscar Bernardes Edward G. Galante Wayne T. Smith Robert L. Wood	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 Governance & Nominating 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, compensation, 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, charitable contributions, sustainable development, 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 on page 24.
FINANCE & PENSION COMMITTEE Meetings in 2010: 3 *Current Members:* Ira D. Hall, Chairman Oscar Bernardes Nance K. Dicciani Raymond W. LeBoeuf Larry D. McVay	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 the 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, as amended (AICPA, Professional Standards, Vol. 1, AU Section 380), as adopted by the Public Company Accounting Oversight Board in Rule 3200T.

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 applicable requirements of the Public Company Accounting Oversight Board. 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 2010 and those planned for 2011. 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 review 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 Form 10-K and Annual Report for the year ended December 31, 2010 to be filed with the SEC.

The Audit Committee

Raymond W. LeBoeuf, Chairman
Claire W. Gargalli
Ira D. Hall
Larry D. McVay

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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, 2010 and has been selected by the Board s Audit Committee to serve in such capacity for the year ending December 31, 2011. 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 its history as a public company since 1992, Praxair 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 3% of audit fees in 2010. 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 $6,907,000 and $6,302,000 for professional services rendered in 2010 and 2009, 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 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 $98,000 and $116,000 for assurance and related services rendered in 2010 and 2009, 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 $69,000 and $209,000 for professional services rendered in 2010 and 2009, 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 $59,000 and $47,000 for products and services rendered in 2010 and 2009, 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 Committee consists of four non-management directors appointed by the Board who meet the independence requirements of the NYSE and the 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 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:

Approve the management performance-based variable compensation plans 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 all components of each executive officer s direct compensation and benefits using a tally sheet approach.

Determine for each executive officer the following elements of his/her direct compensation for the upcoming calendar 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 awards.

January Meeting:

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

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.

Compensation 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 2010 executive compensation, the Compensation Committee engaged Deloitte Consulting LLP (Deloitte Consulting). The purpose of the engagement was to provide 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.

The aggregate fees paid to Deloitte Consulting for its 2010 services to the Compensation Committee in respect to executive compensation was $221,310. During 2010, the Company also engaged U.S. affiliates of Deloitte Consulting, for services primarily related to expatriate income tax preparation. The Audit Committee was notified of these engagements, for which pre-approval by the Board or any of its committees was not required. The aggregate fees paid to U.S. affiliates of Deloitte Consulting for expatriate income tax preparation performed in 2010 was approximately $76,420.

The Compensation Committee has reviewed the level of fees paid to Deloitte Consulting s U.S. affiliates for services unrelated to executive compensation and has concluded that the additional services so provided did not impair Deloitte Consulting s ability to provide independent and objective advice to the Compensation Committee.

The Governance & Nominating Committee

The Governance & Nominating Committee is comprised of five non-management directors who meet the independence requirements of the NYSE and the 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.

Director Nominations

The Governance & Nominating Committee will consider any candidate for election to the Board who is timely recommended by a shareholder. 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, to be included in the proxy statement, such recommendations must be received by the Corporate Secretary on or before the date specified on page 66 of this Proxy Statement under the caption Shareholder Proposals for the 2012 Annual Meeting.

In addition to considering any shareholder-recommended candidates for election as directors, prior to each annual meeting of shareholders, the Governance & Nominating Committee considers each of the incumbent directors for nomination for reelection to the Board, unless an incumbent does not wish to be reelected or will be retiring from the Board under the Board s retirement policy.

Director & Nominee Selection Criteria

The qualities and skills sought in director nominees are governed by the projected needs of the Board at the time the Governance & Nominating Committee considers adding a new director or re-nominating incumbent directors. Consistent with the Board s Corporate Governance Guidelines (attached as Appendix 1 to this Proxy Statement), the Committee seeks to build and maintain a Board that contains a range of experiences, competencies, and perspectives that is well-suited for advice and counsel to, and oversight of, the Company s business and operations. In doing so, the Committee takes into account a variety of factors, including:

(1) the Company s strategies and its market, geographic and regulatory environments, both current and projected,

(2) the mix of experiences, competencies, and perspectives (including gender, ethnic and cultural diversity) currently represented on the Board,

(3) the results of the Board s annual self-assessment process,

(4) the CEO s views as to areas in which management would like to have additional advice and counsel from the Board, and

(5) with respect to the incumbent directors, meeting attendance, participation and contribution, and the director s current independence status.

The Committee also seeks in each director candidate a breadth of experience and background that (a) will allow the director to contribute to the full range of issues confronting a global industrial company and (b) will qualify the director to serve on, and contribute to, any of the Board s standing committees, thus facilitating the Board s committee rotation policy.

In addition, the Governance & Nominating Committee believes that every director nominee should demonstrate a strong record of integrity and ethical conduct, an absence of conflicts that might interfere with the exercise of his or her independent judgment, and a willingness and ability to represent all shareholders of the Company.

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Additional information about the specific skills, qualifications and backgrounds of each of the present director nominees may be found on page 26 of this Proxy Statement under the under caption The Board of Directors.

New Director Selection Process

When the need to recruit a director arises, the Governance & Nominating Committee will consult the other directors, the CEO and, on occasion, 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 is interviewed by the Governance & Nominating Committee or its Chairman and by the CEO.

Since the last annual meeting of shareholders, Mr. Bernardes was appointed to the Board effective July 27, 2010 and has been nominated for reelection as a director at this Annual Meeting. In selecting Mr. Bernardes, the Governance & Nominating Committee followed the above-described process and engaged a recognized third-party search firm to identify for consideration potential Board candidates based on criteria developed by the Governance & Nominating Committee. Mr. Bernardes was first identified to the Governance & Nominating Committee by this search firm.

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 2012 annual meeting and until their successors are elected and qualify. During 2010, the Board held six meetings.

Director Attendance

During 2010, the nominees for reelection to the Board collectively attended 97% of all Board meetings and meetings of committees of which they are members, and no nominee attended fewer than 92% of such meetings.

The Directors and Nominees

The Governance & Nominating Committee recommended to the Board, and the Board approved, the nomination for reelection of each incumbent director.

Each of the director nominees listed below has experience as a senior executive of a U.S. public company. Each nominee also has served as a director of one or more U.S. public companies and on a variety of board committees. As such, each has executive management and director oversight experience in most, if not all, of the following areas which are critical to the conduct of the Company s business: strategy development and implementation, risk assessment and management, financial accounting and reporting, internal controls, corporate finance, capital project evaluation, the evaluation, compensation, motivation and retention of senior executive talent, public policies as they affect global industrial corporations, compliance, corporate governance, productivity management, safety management, project management, and, in most cases, global operations. Many of the nominees also bring particular insights into specific end-markets that are important to the Company. These nominees collectively provide a range of perspectives, experiences and competencies well-suited to providing advice and counsel to management and to overseeing the Company s business and operations. A description of the Governance & Nominating Committee s process and criteria for nominating director candidates may be found on page 24 of this Proxy Statement under the caption Director & Nominee Selection Criteria.

STEPHEN F. ANGEL Age 55

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 from March to December 2006, and as Executive Vice President from 2001 to March 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 General Electric s Transportation Systems business from 1996 to 1999.

Mr. Angel is a director of PPG Industries, Inc. (where he serves on the Nominating and Governance Committee, and the Technology and Environment Committee). He is also a member of the Board of the U.S.-China Business Council and a member of the U.S.-Brazil

CEO Forum, a member of the Board of the Business Roundtable, and a member of the Board of Directors of the American Chemistry Council.

As the Chief Executive Officer of the Company and a former senior operating executive at General Electric, a diversified manufacturing company, Mr. Angel brings the senior executive experience and skills cited above. He also has a deep insight into the industrial gases industry and the needs, challenges and global opportunities of the Company in particular.

OSCAR BERNARDES Age 64
Director Since 2010

Managing partner at lntegra Assessoria em Negócios Ltda. in São Paulo, Brazil, a consulting services firm specializing in financial restructuring, governance and interim management in turnaround situations since 2003. From 1997 to 1999, he was Chief Executive Officer of Bunge International, a leading global agribusiness and food company. Prior to joining Bunge, he was Senior Vice President and Managing Partner for Latin America with Booz Allen and Hamilton, Inc. and prior to that, operations director in Brazil for Ferro Corporation.

Mr. Bernardes is a director of Johnson Electric Holdings Ltd. in Hong Kong and four companies in Brazil: Localiza Rent A Car S.A., São Paulo Alpargatas S.A., Suzano Papel e Celulose and Gerdau S.A./Metalúrgica Gerdau S.A.

As a former chief executive officer at Bunge International, and as a senior executive of Booz Allen and Hamilton, Mr. Bernardes brings the senior executive experience and skills described above. He also has an in-depth understanding of markets and business operations in South America generally, and in Brazil particularly.

NANCE K. DICCIANI Age 63
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 Halliburton Company (where she serves on the Audit and the Health, Safety and Environment Committees), and Rockwood Holdings, Inc. (where she is the Lead Director and serves on the Audit Committee, the Compensation Committee and is the Chairman of the Corporate Governance and Nominating Committee) and on the Board of Trustees of Villanova University. Dr. Dicciani is an Operating Partner of Advent International, a private equity firm.

As a former senior operating executive at Honeywell, a global industrial and consumer products manufacturing company, and at Rohm and Haas, a global chemicals company, Dr. Dicciani brings the senior executive experience and skills noted above. She also has a substantial understanding of technology policy, management and markets.

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EDWARD G. GALANTE Age 60
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 that, Mr. Galante was Executive Vice President of ExxonMobil Chemical Company.

Mr. Galante is a director of Foster Wheeler Ltd. (where he serves on the Audit Committee and the Governance and Nominating Committee), and is a director of Clean Harbors, Inc. (where he serves on the Corporate Governance Committee). 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 is an Executive in Residence in Northeastern s College of Business Administration.

As a former senior operating executive at ExxonMobil, one of the largest global energy companies, Mr. Galante brings the senior executive experience and skills described above. He also has an in-depth understanding of engineering management and of worldwide energy markets, operations and technology.

CLAIRE W. GARGALLI Age 68
Director Since 1992

Former Vice Chairman, Diversified Search Companies (executive search consultants) from 1990 to 1998. Ms. Gargalli was the Chairman and Chief Executive Officer of Equibank, and Chairman of Liberty Bank, in each case from 1984-1990. Ms. Gargalli has been Praxair s Executive Session Presiding Director since January 1, 2008.

Ms. Gargalli is a director of Baker Hughes, Inc. (where she serves on the Finance Committee and the Compensation Committee) and Virginia National Bank. She is also a trustee emeritus of both Carnegie Mellon University and Middlebury College. During the past five years Ms. Gargalli was also a director of Intermec, Inc. and UNOVA, Inc. (where she served on the Audit Committee). She also has served on the Audit Committee of Western Atlas, Inc.

As a former Chief Executive Officer of a banking company, Ms. Gargalli brings the senior executive experience and skills cited above. By reason of her additional experience in the executive search industry, she also has an enhanced perspective on the evaluation, compensation, motivation and retention of senior executive talent.

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IRA D. HALL Age 66
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 the past chairman of the board of the Executive Leadership Council. He is a trustee emeritus of Stanford University, and is a board member and past Treasurer of the Jackie Robinson Foundation. During 2010, he completed twelve years of service on the Dean s Advisory Council of the Stanford Graduate School of Business. During the past five years he was also a director of The Pepsi Bottling Group Inc., The Reynolds & Reynolds Company and Imagistics International, Inc. (where he served on the Audit Committee of each company and was Chairman of the Compensation Committee of The Pepsi Bottling Group Inc. and Chairman of the Audit Committee of Imagistics International, Inc.), and Ameriprise Financial Inc.

As a former Chief Executive Officer of an asset management company and a former senior finance executive at Texaco, a large energy company, Mr. Hall brings the senior executive experience and skills noted above. He also has a substantial understanding of capital markets, asset management, and pension fund matters.

RAYMOND W. LEBOEUF Age 64
Director Since 1997

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. From 1988-1994, he was the Chief Financial Officer of PPG.

Mr. LeBoeuf is a director of MassMutual Financial Group (where he serves on the Executive Committee, Audit Committee (Chairman), the Human Resources Committee and the Operations Committee). During the past five years he was a director of ITT Industries, Inc. (where he served on the Audit Committee).

As a former Chief Executive Officer and Chief Financial Officer of PPG Industries, a global diversified manufacturing company, Mr. LeBoeuf brings the senior executive experience and skills described above. He also has an in-depth understanding of corporate and international finance, financial reporting and internal controls.

LARRY D. MCVAY Age 63
Director Since 2008

Principal of Edgewater Energy, LLC, an energy industry consulting and oil and gas investment 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 (where he serves on the Audit Committee, the Compensation Committee, the Nominating and Governance Committee and is the Chairman of the Strategic Planning Committee) and Chicago Bridge & Iron Company (where he serves on the Audit Committee, the Strategic Initiatives Committee and is the Chairman of the Corporate Governance Committee). He is also a member of the Dean s Council of Texas Tech University s Engineering School.

As a former senior operating executive at BP, one of the largest global energy companies, Mr. McVay brings the senior executive experience and skills cited above, and has an in-depth understanding of engineering management and of worldwide energy markets, operations and technology. He also has practical experience in operating in Russia and the Middle East.

WAYNE T. SMITH Age 65
Director Since 2001

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 former director of Citadel Broadcasting Corporation (where he served on the Audit Committee and the Compensation Committee) and is a trustee, and past Chairman of, the Federation of American Hospitals.

As the Chief Executive Officer of Community Health Systems, a large healthcare services company, Mr. Smith brings the senior executive experience and skills described above. He also has an in-depth understanding of the health care business and the regulatory, compliance and business environment in which it operates.

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ROBERT L. WOOD Age 56
Director Since 2004

Former Chairman, President & Chief Executive Officer of Chemtura Corporation (a specialty chemicals company) from 2004 to 2008. 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 (where he serves on the Audit Committee and is the Chairman of the Executive Compensation Committee), and has served as chairman of the American Plastics Council. During the past five years, he was also a director of the American Chemistry Council.

As a former Chief Executive Officer of Chemtura Corporation, a global specialty chemicals company, and a former senior operating executive of Dow, a global chemicals company, Mr. Wood brings the senior executive experience and skills noted above. He also has a deep understanding of the specific challenges and opportunities facing a global basic materials company.

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, 55, See description under The Board of Directors.

James T. Breedlove, 63, 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, 49, is a Senior Vice President of Praxair, Inc. and served as a Vice President from 2003 to 2011. He is also President of White Martins Gases Industriais Ltda. (White Martins), Praxair s Brazilian subsidiary, since 2003. 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.

James J. Fuchs, 58, an Executive Vice President of Praxair, Inc., will retire from Praxair effective March 31, 2011. From 2006 to 2010 he served as Senior Vice President, and served as a Vice President from 2001 to 2006. He also served as President of North American Industrial Gases from 2001 to July, 2010 and, from December 2009 to February 2010, he also oversaw Praxair Distribution, Inc. From 2006 to 2011, Mr. Fuchs was also responsible 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.

Elizabeth T. Hirsch, 57, is Vice President and Controller of Praxair, Inc. since December 2010. Prior to becoming Controller, she served as Praxair s Director of Investor Relations since 2002 and as Vice President of Investor Relations since October 2010. She joined Praxair in 1995 as Director of Corporate Finance and later served as Assistant Treasurer. Previously, she had fifteen years of experience in corporate banking, primarily at Manufacturers Hanover Trust Company.

Ricardo S. Malfitano, 52, is an Executive Vice President of Praxair, Inc., overseeing Praxair s South America and Asia regions, and the electronics businesses, global hydrogen business, global supply systems, 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, 47, is a Senior Vice President of Praxair, Inc. overseeing Praxair s North American Industrial Gases and Mexico businesses. From 2010 to March 2011, he was a Vice President of Praxair with responsibility for the North American Industrial Gases business. From 2007 to 2010, he was 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.

John Panikar, 43, is a Vice President of Praxair, Inc. and has been President of Praxair Distribution, Inc. since November 2010. From 2009 to 2010, he served as Vice President for the U.S. South Region of North American Industrial Gases, and in 2008 he was Vice President of product management and analysis of North American

Industrial Gases. From 2004 to 2008, he was Managing Director of Praxair India, and served as Director of business development for Praxair Asia from 2002 to 2004. Mr. Panikar joined Praxair in 1991 and held various project management positions.

James S. Sawyer, 54, is an Executive Vice President and the Chief Financial Officer of Praxair, Inc. Mr. Sawyer was designated the Company s Chief Financial Officer in 2000. From 2003 to 2006, he also served as a Senior Vice President.

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Todd A. Skare, 40, is a Vice President of Praxair, Inc. and President of Praxair Europe since July 2010. From 2009 to 2010, he was a Vice President of Praxair Distribution s South Region. He joined Praxair in 1992 as a process engineer, and held increasingly responsible roles in sales and engineering, including Director of China Engineering and Construction from 2005 2009.

Scott E. Telesz, 43, is a Senior Vice President of Praxair responsible for Praxair s business in Europe, Praxair Surface Technologies, Praxair Healthcare Services, Strategic Planning, and the Company s Global Procurement and Materials Management group. Before joining Praxair in 2010, he was a Vice President from 2007 to 2010 of SABIC Innovative Plastics, a major division of Riyadh-based Saudi Basic Industries Corporation, a global manufacturer of chemicals, fertilizers, plastics and metals. From 1998 to 2007, he held a variety of general management positions with General Electric, and from 1989 to 1998, Mr. Telesz held several positions, including Engagement Manager in the United States and Australia, with McKinsey & Company.

Executive Compensation

Compensation Committee Report

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 Named Executive Officers. 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 set forth under the heading The Compensation & Management Development Committee on pages 22 to 23 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.

Summary

In 2010, despite the difficult economic environment, which showed only modest recovery from the downturn in 2008 and 2009, Praxair delivered strong operating performance. Executive incentive compensation for 2010 reflected this strong performance and was aligned with the objectives of the executive compensation program.

Strong growth in operating results for 2010 resulted in above-target annual incentive payouts. As described below, the Company achieved better-than-target results for sales, adjusted net income, and working capital as a percentage of sales. This performance resulted in above-target annual incentive payouts.

The global economic downturn in 2008 and 2009 negatively impacted financial performance, and certain outstanding long-term incentive awards were forfeited or paid out below target. As described below, because the threshold earnings per share (EPS) growth target for the 2008 Performance Options Awards was not met, these options did not vest and were forfeited. Similarly, Performance Shares initially awarded in 2008 were paid out in 2010 at below-target levels because financial targets were not fully achieved.

Praxair s executive compensation program focused on motivating performance and retaining talent. The Company delivered a total compensation package composed of salary, performance-based cash and equity incentives, and a competitive employee benefits program. Together these elements reinforced the Company s pay-for-performance philosophy, provided

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a balanced focus on both long- and short-term performance, and encouraged employee engagement and retention.

Praxair continued to utilize compensation best practices including, among others:

- total compensation set at competitive market levels,
- annual variable compensation awards based principally upon performance against objective pre-established goals,
- long term equity incentive awards consisting predominantly of stock options and performance share units,
- limited perquisites and personal benefits,
- no payments of tax gross-ups to executives for any perquisites and personal benefits unless available to employees generally,
- double trigger change-in-control severance agreements which limit lump sum payouts to 2 times salary plus target variable compensation (for agreements first effective on or after January 1, 2010),
- substantial stock ownership requirements for officers,
- a clawback (recapture) policy adopted in 2008, and
- a policy against hedging related to Company stock held by officers.

Praxair s Executive Compensation Objectives

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; and
- align executives with shareholder expectations by closely linking total compensation with
  - short term business performance, and
  - longer term shareholder value creation.

The Compensation Committee seeks to achieve these compensation program objectives by providing a competitive total compensation package designed to attract and retain high-performing, results-oriented executives. To further illustrate how these objectives are achieved in both design and results, the following two sections provide: (1) a summary of the alignment of the program with the Company s business objectives and (2) an overview of the program s pay-for-performance design and results.

Alignment of Executive Compensation with Praxair Business Objectives

Business Objective: Achieve sustained growth in profitability and shareholder return resulting in a robust cash flow to fund capital investment opportunities and dividends.

Annual performance-based variable compensation earned by meeting or exceeding pre-established revenue, net income and working capital goals.

Annual grants of performance share units (comprising 50% of the total value of equity grants made in the year) that vest if a three-year cumulative EPS growth target is met.

Annual grants of stock options (comprising 50% of the total value of equity grants made in the year) the value of which is directly linked to the growth in the Company s stock price.

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Business Objective: Maintain world-class standards in safety, environmental responsibility, compliance, talent management, and financial controls.

Annual payout of variable compensation is materially influenced (up to +/-35 percentage points) by performance against pre-established non-financial goals in these and other areas.

Business Objective: Attract and retain executives who thrive in a performance-driven culture.

A competitive base salary and benefits program annually benchmarked against peer companies of similar size and scope.

Total compensation opportunity is highly leveraged according to Company performance with significant downside risk and upside opportunity (87% of CEO s annual direct compensation is performance-based).

Pay-for-Performance Overview

In order to align executive compensation with Company performance, the Compensation Committee considers a variety of factors, including the degree to which executive compensation is at risk depending upon Company performance, as well as a comparison of the Company s performance in relation to that of other companies.

Pay Mix

Between 72% and 87% of the NEOs target total direct compensation opportunity for 2010 was in the form of performance-based variable compensation and long-term incentives, motivating them to deliver strong business performance and create shareholder value. These compensation elements are at risk and are dependent upon the Company s achievement of financial and other business goals set by the Compensation Committee and, for long term incentives, the Company s stock price performance.

The chart below shows the CEO s 2010 target pay mix, which consisted of 87% performance-based compensation and 13% non-performance-based compensation (performance-based equity compensation is valued at the grant-date fair value of each incentive award as determined under accounting standards related to share-based compensation). As further described elsewhere in this Proxy Statement, the annual incentive payout and the ultimate value of the incentive equity grants could be zero if the Company does not perform.

Praxair CEO s Target Pay Mix for 2010

Comparative Company Performance

In seeking overall alignment between executive compensation and Company performance, the Compensation Committee considers a variety of guideposts, including the Company s comparative performance with respect to total shareholder return (TSR) and other financial measures. The graph below compares the most recent five-year cumulative returns of Praxair s common stock with those of the

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Standard & Poor s 500 Index and the S5 Materials Index, which covers 30 companies, including Praxair. The figures assume an initial investment of $100 on December 31, 2005, and that all dividends have been reinvested.

It is noteworthy that, despite a Praxair TSR performance in 2007 far exceeding that of the S&P 500 and the S5 Materials Index, Praxair s TSR drop associated with the financial and economic dislocation in the second half of 2008 was not as severe as that experienced by the indices and, over the entire period, an investment in Praxair has significantly outperformed those indices.

Pay Earned in 2010 for Performance

Performance-based Variable Compensation for 2010. As detailed under the caption Annual Performance-Based Variable Compensation on page 41 of this Proxy Statement:

The Company s performance in 2010 with respect to Revenue, Net Income and Working Capital (as a percent of sales) exceeded the targets set at the beginning of the year, in most cases significantly so.

In addition, the Compensation Committee determined that the Company s performance against non-financial goals set for the year warranted a positive adjustment to the annual variable compensation payout.

Based on this significantly above-target performance plus an individual performance adjustment, the CEO earned a variable compensation payout for 2010 equal to $3,105,000, well above the 2009 payout of $1,242,000 that resulted when financial targets were not met.

2010 vesting and payout of prior performance-incentive grants. As detailed under the caption Long Term Incentive Awards on page 45 of this Proxy Statement:

2008 grants of performance-based stock options were forfeited in their entirety for failure to meet the threshold 3-year 33% EPS growth target set in early 2008, as 31% growth was attained.

Accordingly, the CEO forfeited all such options thus realizing <u>none of the</u> $980,050 grant-date fair value of this 2008 award that was included in his 2008 pay mix.

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2008 grants of performance share units vested in February 2010 at 88% of target because financial results for 2008 and 2009 were not fully achieved against the targets. This resulted in the CEO s receiving 1,708 fewer shares (valued at $128,168 on the vesting date) than he would have received if the target results had been achieved.

Compensation Risk Analysis

Highlight:

Based on its annual review of the Company s incentive compensation programs and operating controls, the Compensation Committee concluded that those programs do not encourage inappropriate risk-taking

The Compensation Committee considers whether the Company s compensation policies and practices create incentives for risk-taking that could have a material adverse effect on the Company. Each year, the Compensation Committee conducts a review of the Company s incentive compensation programs applicable to all employees, including executive officers, in order to evaluate whether they encourage excessive risk-taking through either the design of the executive and management incentive programs, or operational decision-making that could affect compensation payouts. The Compensation Committee has determined that (1) there exist sufficient operational controls, checks and balances that prevent or constrain compensation-driven decision-making that is inappropriate or excessively risky including, among others, frequent risk discussions with the Board, particularly in connection with capital project or acquisition proposals, (2) the Company does not use highly leveraged short term incentives that would tend to drive high risk decisions for short term, unsustainable gain, and (3) the Company s executive stock ownership policy and the recapture policy described below also serve as disincentives for unacceptable risk-taking. Based upon this review, the Compensation Committee has concluded that the Company s incentive compensation programs are designed appropriately to provide reasonable assurance that they do not encourage risk-taking that could be reasonably likely to have a material adverse affect on the Company.

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 2010 was made in part by use of a formula that measured Company financial performance achieved against selected and pre-set financial measures.

Compensation Consultant Analysis and Advice

The Compensation Committee engages an executive compensation consultant to provide data, analysis and advice. During 2010, 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 and the long term incentive program.

Deloitte Consulting analyzed a 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.

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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 2010, the Compensation Committee utilized benchmark companies selected based upon an annual benchmarking review conducted with advice of its compensation consultant. The benchmark companies comprised a *Key Company Group* and a *Practices Tracking Group*. The *Key Company Group* peers were selected with reference to the following financial measures: Market Capitalization, Revenue and Net Income and are generally similar in size to the Company in one or more of these measures. Also considered were Net Assets, number of employees, whether or not a company had global operations and whether a company s operations were similar to that of Praxair or of Praxair s customers. The Compensation Committee used the *Key Company Group* to assess competitive market compensation levels for NEO positions. For 2010, the 21 companies identified below were included in the *Key Company Group*:

Air Products and Chemicals	Duke Energy	Kellogg
Applied Materials	DuPont	Kimberly Clark
Baker Hughes	EMC	Monsanto
Baxter International	General Mills	Norfolk Southern
Chesapeake Energy Corp	Illinois Tool Works	PPG Industries
Covidien	Ingersoll Rand	Schering Plough Corp
CSX Corp	International Paper	US Steel

The Compensation Committee also consulted market data from a broader *Key Industry Group*, comprised of companies included in a broad spectrum of manufacturing industries, in order to ensure that market data from the *Key Company Group* was not impacted by any unusual or short-term factors.

The *Practices Tracking Group* consists of companies that are in the same industry as the Company and/or are considered to be companies that Praxair s executives may consider for employment if they were to leave the Company. The *Practices Tracking Group* was used for an evaluation of executive compensation practices in the chemicals industry such as: forms of equity awards, stock ownership guidelines, perquisites and personal benefits, and retirement and other termination arrangements. For 2010 decisions, the Compensation Committee s pay practices evaluation used a *Practices Tracking Group* comprised of the following companies: Air Products and Chemicals, Ashland, Celanese Corp, Dow Chemical, DuPont, Eastman Chemical, Huntsman Corp, Lubrizol, Monsanto and PPG Industries.

Application of Benchmark Data. For target total direct compensation opportunity, the Compensation Committee examined the median and the 75th percentiles of benchmark company data for each NEO s position. When possible, data provided to the Compensation Committee was adjusted based on regression analysis to account for the differing scope of operations of comparator companies. 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) to account for experience in the position, (b) because of year-to-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.

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 incentive awards for individual executive officers (other than himself) based on analysis of the market benchmark data.

with respect to the compensation of the individual NEOs, the Company s retention goals for such NEOs and recognition of relative roles and responsibilities of the NEOs within the Company.

the form of long term incentive awards most appropriate to drive sustainable shareholder value creation while also providing appropriate retention incentive for NEOs.

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

the financial and non-financial performance metrics to be used in the Company s incentive program.

Evaluation of Aggregate Compensation

Total Compensation and Benefits. The Compensation Committee considers whether 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, is consistent with the Compensation Committee s executive compensation objectives. In December 2009, the Compensation Committee performed this review and determined that the total compensation opportunity granted to each NEO in 2009 was consistent with its executive compensation objectives and that no structural adjustments should be made to any component of the 2010 total compensation opportunity.

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 has concluded that the amounts that could be received are appropriate to each NEO s circumstances.

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 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.

The details of this policy are under review in light of Section 954 (entitled Recovery of Erroneously Awarded Compensation) of the Dodd-Frank Wall Street Reform and Consumer Protection Act. The Company s response will be guided by SEC final rules implementing this new law which have not yet been published.

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 CFO) 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

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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 2010, 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 2010 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 that executives were compliant with the stock ownership policy, including the policy s anti-hedging provisions, 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 (see also the disclosure on page 14 of this Proxy Statement regarding the Company s anti-hedging policy).

Elements of Direct Compensation for Executive Officers

The methods by which the amounts of 2010 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 for 2010 was established by the Compensation Committee from its consideration of the benchmark data for equivalent positions in the *Key Company Group* and is typically effective April 1 of each year. In addition, experience, time-in-position and recruiting and retention goals may influence the salary for any individual executive in any given year. The salaries reported in the Summary Compensation Table reflect actual cash paid for each calendar year.

Annual Performance-Based Variable Compensation

Highlights:

Awards determined based on Company performance against challenging pre-established financial goals on three equally-weighted measures (net income, sales revenue, and working capital as a percentage of sales) and non-financial goals.

Individual adjustments may be made based on personal performance.

No minimum guaranteed annual variable compensation award for any executive.

No payout for below threshold financial performance.

Payouts for financial performance extrapolated from zero at threshold performance to a cap of 200% for above target performance.

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 2010 performance. Below is a description of how the Compensation Committee determined the 2010 annual performance-based variable compensation earned by each NEO under the Company s Variable Compensation Plan. The Company uses comparable criteria to determine the performance-based variable compensation that is awarded to all eligible employees.

Target Performance-Based Variable Compensation Level. The target performance-based variable compensation level for 2010 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 target goals) was established by the Compensation Committee in January 2010 and ranged from 80% to 140% of salary. The compensation target for each NEO was established by the Compensation Committee primarily from its consideration of the benchmark data for equivalent positions in the *Key Company Group* (with secondary reference to the *Key Industry Group*, as described above).

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Establishment of Financial Measures. In January 2010, 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 2010 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 subject to certain adjustments that the Compensation Committee approves based on factors that it deems to be extraordinary, non-recurring, or otherwise properly modified, excluded or included.

Modification for 2011. In order to further incent management to deliver profitable growth and thereby further align executives and shareholders interests, the Compensation Committee determined that these three financial measures would continue to be used for 2011 variable compensation determinations, but with Net Income weighted at 50%, and each of sales revenue and working capital as a percent of sales weighted at 25%.

Establishment of Financial Goals and Earned Payouts. Target 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 a minimum, or threshold , performance level below which no variable compensation would be earned based on financial performance. Variable compensation based on financial performance alone is capped at 2 times the target compensation, regardless of actual Company performance against the selected financial goals.

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 target 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 threshold. In setting the target financial goals, the Compensation Committee sought to establish challenging but achievable goals that would motivate and reward the NEOs for the delivery of strong business results without encouraging excessive risk taking. The factors considered by the Compensation Committee in assessing the challenge inherent in the goals included:

- management s operating plan, including expected year-over-year changes in performance,
- macro-economic trends and outlooks in each of the countries in which the Company operates,
- currency exchange trends and outlook,
- expected 2010 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) employee engagement and people development, including diversity in hiring, retention and advancement, and career development for future leadership for the Company, (5) demonstrated organizational capabilities in productivity and efficiency resulting from the Company s Six Sigma and other initiatives, and (6) audit/compliance initiatives and issues. Based on the CEO s evaluation of performance against non-financial goals, including evidence supporting that evaluation, the Compensation Committee s assessment of the Company s performance of these non-financial goals, and consideration of unforeseen external factors beyond management s control that may have helped or hindered management s achievement of the financial goals, the Committee may make a subjective adjustment of up to plus or minus 35% of target compensation to performance-based variable compensation payout as determined by the performance against financial measures.

Individual Performance. The Compensation Committee may make a positive or negative adjustment to each NEO s performance-based variable compensation (calculated based on the performance against financial and non-financial goals described above) based on its evaluation of individual performance, determined with reference to one or more of the qualitative factors described below. The Compensation Committee takes into consideration the CEO s recommendations for the adjustment appropriate for each NEO. For 2010, an adjustment could have been applied resulting in a payout as low as zero or as high as 1.5 times the NEO s calculated performance-based variable compensation.

In evaluating individual performance, the Compensation Committee considers various qualitative factors relating to each NEO, examples of which may include:

- the NEO s performance in his principal area of responsibility and the degree to which the Compensation Committee wishes to reward such performance; and

- the NEO s exhibition of the values, competencies and behaviors that are important to the success of the Company.

Performance-Based Variable Compensation Illustration. To illustrate how the Compensation Committee made 2010 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 target performance-based variable compensation was 85% of base salary; (2) the Company achieved above target performance for each of the three financial measures rendering a financial payout result of 150 percentage points; (3) the Compensation Committee determined that the Company s achievement of non-financial goals supported a positive adjustment of 15 percentage points; and (4) the Compensation Committee made an upward adjustment of 10% to the NEO s performance-based variable compensation based upon his individual performance. The NEO s performance-based variable compensation would have been $771,375 calculated as follows: $500,000 base salary times 85% (the target level for the executive) which would equal $425,000 times 165% (being the 150 percentage points for financial performance plus the 15 percentage points positive adjustment for non-financial performance) which would equal $701,250 times 1.1 for individual performance, which equals $771,375.

Adjustments of Payouts Under Section 162(m). In December 2009, the Compensation Committee established an upper limit on performance-based variable compensation that could be paid to NEOs for 2010 under the shareholder-approved Praxair, Inc. Plan for Determining Awards under Section 162(m) (the 162(m) Plan). For 2010, 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 based on 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. 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.

2010 Results and Payout Based on Performance. Despite the difficult economic environment in 2010 which showed only modest recovery from the downturn in 2009, the Company delivered strong operating financial performance. Sales were well above the target goal, resulting in an above target payout related to that measure. In addition, management was able to leverage cost reduction and productivity initiatives to increase net income significantly above the target goal, resulting in an above target payout related to that measure. Working capital as a percentage of sales was improved over 2009 and better than the target goal, resulting in an above target payout for this measure as well.

Overall, weighting these results according to the 2010 variable compensation plan design, management earned a payout for financial performance above target. The determination of these results excluded the effects on net income of a fourth quarter charge to earnings related to the settlement of tax disputes in Spain and a fourth quarter income tax benefit related to the repatriation of highly taxed foreign income (which items are discussed in the Company s 2010 Form 10-K and Annual Report). Consistent with the pre-established variable compensation plan design, the Compensation Committee determined to exclude these items from net income for purposes of variable compensation calculation since, among other things, these amounts did not reflect, or result from, management s operating performance during the year, and in the case of the tax settlement charge, prior year variable compensation payouts did not benefit from the impact of the tax positions that were the subject of the disputes.

The table below shows for each financial performance measure the Company s 2009 and 2010 actual financial performance, and the 2010 target financial goals set by the Compensation Committee that would earn a payout of 100% of target compensation.

Financial Measure	2009 Actual Performance* (millions)	2010 Target Goals (millions)	Growth Required for Target	2010 Actual Performance* (millions)	Actual Growth Achieved
Sales	$ 9,062	$ 9,583	+6%	$ 10,096	+11%
Net Income	$ 1,228	$ 1,340	+9%	$ 1,414	+15%
Working Capital as % of sales	13.2%	13.1%	n/a	12.2%	n/a

* as adjusted per the terms of the Variable Compensation Plan (see *Establishment of Financial Measures* and *Establishment of Financial Goals and Earned Payouts* on page 42)

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 for 2010 performance-based variable compensation. The report of the internal auditors confirmed to the Compensation Committee that such performance was properly determined.

In addition to determining performance against financial measures, the Compensation Committee determined that the Company s performance with respect to the pre-established non-financial goals was generally strong, and, consequently, should be a positive factor in determining performance-based variable compensation. For example, the Compensation Committee noted that the Company (i) made significant progress in expanding its position in the hydrogen business and expansion globally including international capital projects and joint ventures that would further enhance the Company s strategic position for the future, (ii) was selected for the Dow Jones Sustainability World Index, for the eighth year in a row, and as the current year s only industrial gases company, (iii) continued advancements in productivity and efficiency programs including replication of Lean and Six Sigma initiatives, and (iv) continued improvements in the number of lost work days and recordable injuries. The Compensation Committee applied a positive adjustment of 12 percentage points to the variable compensation payout in recognition of the Company s performance relative to the non-financial goals.

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. Individual adjustments were based upon the Compensation Committee s evaluation of NEO performance against factors that included those listed above under the subcaption *Individual Performance.* However, the Compensation Committee did not find it practical, nor did it attempt, to assign relative weights to any individual factors or subject them to pre-defined, rigid formulas, or set financial or other objective goals related to personal performance, and the importance and relevance of specific factors varied for each NEO. In 2010, none of these factors individually, nor any combination of them collectively, had any material impact on the total annual compensation for any NEO; nor was there any material variation in individual performance adjustments among the NEOs except that the individual performance adjustment for Mr. Fuchs was 8% higher than the average individual adjustment for the other NEOs, reflecting his success in leading the Company s North American business to achieve strong performance despite that region s slow economic recovery.

Long Term Incentive Awards

Highlights:

Provide a balance of annual, medium term, and long term performance incentives and rewards.

Annual grant value based primarily on benchmark peer company data.

Annual grants consist predominantly of stock options (approximately 50% of value delivered) and performance share units (approximately 50% of value delivered).

Performance share units:

Vest if performance meets cumulative earnings-per-share growth over a 3-year performance period. Pay no dividends or dividend equivalents prior to vesting.

Stock options:

Priced at the closing market price on date of grant.

Date of grant uniformly set in advance as the date of the Board s regular February meeting.

Vest in equal tranches of one-third per year over three years and expire after ten years.

In addition to annual variable compensation to incent and reward short term performance, the Company grants its executives a mix of equity awards designed to incent and reward sustained performance over the medium and long term. The structure of these awards is intended to both 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 grants of stock options, performance share units, and in some cases, time-vested restricted stock units.

Determining the Value to be Delivered. The 2010 target dollar value of annual long term incentive awards for each NEO was established by the Compensation Committee in December 2009 primarily from its consideration of the benchmark data for equivalent positions in the *Key Company Group* (with secondary reference to the *Key Industry Group,* as described above). In determining the target dollar value of long term incentive awards to be delivered in 2010 to NEOs, the Compensation Committee did not deem relevant the number or value of equity awards then held by NEOs or the amount of previous gains realized by NEOs from exercises of options, the vesting of performance share units, or in Mr. Angel s case, the vesting of previously-granted restricted stock.

Determining the Form of Awards. The Compensation Committee determined that, as in 2009, the regular 2010 long term incentive awards should be a mix of 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 to reflect market trends indicating an increased use of multiple forms of equity-based awards, and to provide a sustainable equity mix which would reward improvements in EPS and stock appreciation. In addition, in February 2010, the Compensation Committee approved a one-time grant of time-vesting restricted stock units to certain key members of management including the NEOs (except for Mr. Telesz, who joined the Company in April 2010, and Mr. Angel). These were limited grants that ranged from 1,500 to 2,000 units. The purpose of this additional award was to recognize the overall success of the recipients in proactively addressing the effects on the Company of the global economic downturn of 2008 and 2009. To establish continued alignment with shareholder interests beyond the year of grant, the Compensation Committee determined that the restricted stock units should vest in three equal annual installments.

The Compensation Committee determined 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 future value acts both as a retention tool 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 historical 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 value over their ten-year term, encourage long term decision-making.

To assure a strong alignment with shareholders interests in medium term performance, the performance share unit awards granted in February 2010 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, 2010 and ending on December 31, 2012. A three-year performance period was believed to be an appropriate medium-term balance between the one-year performance-based variable compensation goals and the longer-term stock option share price growth goals. If EPS goals are met, the performance share unit awards will vest and will be 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 the EPS goals are not met, the awards will be forfeited. However, 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 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 determines that no payment should be made.

Determining the Amount of Awards. In January 2010, the Compensation Committee determined the number of option shares and performance share units to be granted to each NEO based on the target for the dollar value to be delivered to each NEO from long term incentive awards as described above under the caption Determining the Value to be Delivered. The number of option shares was based on an estimated valuation of the Company s options using a Black-Scholes valuation model and applying that per-option value to 50% of the dollar value to be awarded to each NEO. The number of performance share units was based on the estimated valuation of the shares and applying that per-share value to 50% of the dollar value to be awarded to each NEO, as previously determined.

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 approve specific long term incentive awards to be granted to each NEO and the other executive officers. The Compensation Committee sets the actual grant date of these long term incentive awards 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. For employees other than NEOs, separate stock option grants and other equity awards may occur on other dates throughout each year as part of hiring new employees, to address individual retention concerns, or upon promotions.

Consistent with this practice, on January 25, 2010, the Compensation Committee established February 23, 2010 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.

A reasonable interval would exist between the Company s public release of 2009 earnings results in late January 2010 and the February 23, 2010 grant date upon which the exercise price of the options was set.

Forfeiture and Below Target Payout of 2008 Equity Awards. The global economic downturn in 2008 and 2009 negatively impacted financial performance, and certain outstanding long-term incentive awards

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were forfeited or were paid out below target. Specifically, because the 33% three-year EPS target for the 2008 performance-vesting options awards was not met, these options did not vest and were forfeited in their entirety. Similarly, performance share units initially awarded in 2008 were paid out in 2010 at 88% of the target level because two-year target financial goals were not fully achieved.

Stock Ownership Policy and Holding Period Requirement. In order to align executives interests with shareholder interests, the Compensation Committee has established a stock ownership policy for NEOs (see disclosure on details of this policy in the Corporate Governance and Board Practices section of this Proxy Statement under the caption Executive Stock Ownership Policy). NEOs may comply with this policy 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 other personal investments. Under the Company s Officers Stock Ownership Policy, until the stock ownership level is met, an officer may not sell any of his/her holdings of Company stock, and must hold all shares acquired after tax upon vesting of performance share units or restricted stock. As of the date of this Proxy Statement, each NEO has met or exceeded his ownership requirement or is within the time permitted to meet the required share ownership.

Benefit Plans Available to Executive Officers

Highlight:

NEO benefit plans and benefit calculations are essentially the same as generally available to other U.S. employees.

The Company s practice is to make available to NEOs essentially the same benefit plans generally available to other employees. 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 2010. 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 a 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 related 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 plan, dental plan, and relocation and vacation programs.

Retirement Plans

Highlights:

Non-qualified Supplemental Retirement Income plans provide certain retirement benefits that would otherwise have been paid to senior managers under the tax-qualified pension plan but for application of certain federal tax laws.

Only salary and variable compensation are considered in pension calculations.

The benefits payable to NEOs under the Company s retirement plans are described in the Pension Benefits table on page 57 and its related footnotes and narrative. As described more fully therein, the Compensation Committee, with the advice of its independent consultant, has in the past approved certain additional retirement benefits for certain executives, including service year credits for Mr. Angel. This benefit was provided in order to attract Mr. Angel to the Company and to provide additional retention incentive by compensating him for benefits lost upon departure from his previous employer. 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.

Compensation Deferral Program

Highlight:

No above-market earnings are payable on deferred compensation.

U.S. employees eligible to participate in the Variable Compensation Plan, including the NEOs, are eligible to participate in the Company s Compensation Deferral Program. Contributions, earnings, withdrawals and year-end balances for 2010 for each NEO under the Compensation Deferral Program are reported in the Nonqualified Deferred Compensation table on page 58.

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 NEOs. Each 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 or as provided under the Compensation Deferral Program.

Perquisites and Personal Benefits

Highlights:

Perquisites and personal benefits for executives that are not available to employees generally are limited.

All perquisites or personal benefits provided to executive officers are reviewed at least annually by the Compensation Committee.

No tax gross-up is permitted for any executive officer perquisite or personal benefit unless such gross-up is available to employees generally.

The Company s policy is not to extend perquisites or personal benefits to employees other than for limited and specifically defined business purposes. The incremental costs to the Company in 2010 of those benefits provided to NEOs that the SEC deems to be perquisites and personal benefits are reported in the Summary Compensation Table on page 51 (included in the amounts reported in the column captioned All Other Compensation). The Compensation Committee exercises oversight over the perquisites and personal benefits that are made available to NEOs. Accordingly, the Compensation

Committee reviewed 2010 Company expenses, regardless of amount, 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 reasonable 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.

Beginning in 2008, the Company ceased reimbursing NEOs for any taxes on income imputed to them based on the value of Company-provided perquisites and personal benefits (such reimbursements are typically called tax gross-ups) unless such tax gross-up payments are available to employees generally.

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 2010, and their costs to the Company, were reasonable and properly disclosed to shareholders.

Severance and Change-in-Control Arrangements

Severance Plan

Highlights:

- Limited severance upon a without-cause termination.
- No severance and a forfeiture of equity upon a for-cause termination.

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 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 in appropriate cases.

Change-in-Control Arrangements

Highlights:

- Double trigger is required for payments (requires both change-in-control and termination).

Termination must be by the Company other than for cause or by executive with good reason and within 2 years of change-in-control.

For agreements initiated from January 2010 (earlier agreements are grandfathered):

Lump sum payout equals 2 times salary plus target variable compensation.

No reimbursement of excise taxes and no tax gross-up .

The Company has entered into 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. As a condition to entering into the executive severance compensation agreements, the Company requires each NEO to enter into a Nondisclosure, Nonsolicitation and Noncompetition Agreement under which the NEO agrees 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. The Compensation Committee determined that these arrangements are generally comparable to those provided by companies in the *Practices Tracking Group* and provide a legitimate and reasonable benefit to the Company and its shareholders.

In 2009, the Compensation Committee determined that, for any executive who becomes an officer of the Company on or after January 1, 2010, his or her executive severance compensation agreement would include reduced benefits as compared to those available to then current executives. The material terms of the executive severance compensation agreements are described in the Section captioned Potential Payments Upon Termination or Change-In-Control on page 59.

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 2010, 2009 and 2008. The five tables following the Summary Compensation Table provide more detailed information about the various types of NEO compensation for 2010, 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 ($)(1)	Stock Awards ($)(2)	Option Awards ($)(2)	Non-equity Incentive Plan Compensation ($)(3)	Change in Pension Value and Nonqualified Deferred Compensation Earnings ($)(4)	All other Compensation ($)(5)	T
Angel, resident & Chief fficer	2010	1,083,750	3,087,000	2,568,232	3,105,000	5,320,000	162,660	1
	2009	1,035,000	3,035,109	2,266,156	1,242,000	2,478,000	128,039	1
	2008	1,026,250	1,194,594	3,230,706	2,500,000	2,134,000	94,031	1
Malfitano, ice President	2010	600,000	952,331	674,186	1,086,874	1,961,000	34,493	
	2009	585,000	904,902	675,395	457,470	642,000	24,553	
	2008	576,250	335,560	977,744	915,360	2,243,000	14,412	
wyer, ice President & cial Officer	2010	568,750	952,331	674,186	851,120	1,103,000	20,491	
	2009	550,000	875,621	653,660	448,800	269,000	20,625	
	2008	543,750	335,560	977,744	813,330	47,000	19,639	

chs, Vice President	2010	490,000	698,187	492,211	874,895	1,494,000	29,290
	2009	460,000	641,934	479,458	323,840	187,000	15,515
	2008	451,250	244,120	714,860	644,010	806,000	18,422
esz, President(7)	2010	362,841	1,199,805		793,100	10,639	399,904

(1) Amounts reported are actual salaries paid for the calendar year and include adjustments to base salary rates if applicable. Base salary adjustments are typically effective April 1 of each year.

(2) These amounts are the full grant date fair value of stock and option awards made for each year as determined under accounting standards related to share-based compensation. The Option Awards amounts are the values for options granted in each of the years. The Stock Awards amounts are the values for performance share unit grants made to each NEO in each of the years valued at the target number of shares granted. The maximum payout values of the performance share unit awards are: Mr. Angel: $4,630,536, $4,552,664, and $2,389,188 for 2010, 2009 and 2008, respectively; Mr. Malfitano: $1,215,562, $1,357,353, and $671,120 for 2010, 2009 and 2008, respectively; Mr. Sawyer: $1,215,562, $1,313,432 and $671,120 for 2010, 2009 and 2008, respectively; and Mr. Fuchs: $887,588, $962,901 and $488,240 for 2010, 2009 and 2008, respectively. In addition, for 2010 the Stock Awards amounts include the value of the restricted stock unit grants made to three of the NEOs in 2010 (Messrs. Malfitano, Sawyer and Fuchs). The assumptions used in computing the Option Awards and Stock Awards amounts are included in Note 15 to the Company s 2010 financial statements in the 2010 Form 10-K and Annual Report.

The amounts shown in the Stock Awards and Option Awards columns were not actually paid to any NEO in the year reported; rather the grants represented by these amounts are subject to vesting and performance conditions that may or may not result in actual payouts in future years. In addition, a stock option has value only if the Company s stock price increases above the option exercise price (an in-the-money option). If a NEO exercises an in-the-money option, he would then realize an actual gain. Any gain actually realized for options exercised in 2010, and the number of performance share units that vested in 2010 and the value realized upon vesting are reported in the Option Exercises and Stock Vested table below.

(3) In 2010, 2009 and 2008, the Company achieved certain financial and non-financial goals that the Compensation Committee set under the Company s Variable Compensation Plan. Therefore, the Compensation Committee awarded each NEO performance-based variable compensation payments in February 2011 (for 2010 performance), February 2010 (for 2009 performance), and February 2009 (for 2008 performance). These amounts are reported as Non-equity Incentive Plan Compensation. See the detailed description of the Variable Compensation Plan in the preceding CD&A under the caption Annual Performance-Based Variable Compensation.

(4) Amounts in this column are the annual increase in actuarial present value of retirement benefits payable under the Company s Pension Program. These amounts were not actually paid to any NEO. See the detailed description of the Pension Program and how these amounts are calculated in Appendix 5 Section 3 Additional Information Regarding 2010 Pension Benefits Table on pages 5-3 to 5-5. The total pension present value accrued for each NEO through 2010 under the Company s Pension Program is disclosed in the Pension Benefits Table on page 57.

No amounts accumulated under the Company s Compensation Deferral Program earn above market or preferential interest or other earnings; therefore, no earnings are included in this column.

(5) The amounts in this column include Company matching contributions to the Company s 401(k) Savings Plan and Company contributions to the Compensation Deferral Program described under the Nonqualified Deferred Compensation table below. Company plan contributions in 2010 were: $39,769 for Mr. Angel; $21,823 for Mr. Malfitano; $20,491 for Mr. Sawyer; $16,620 for Mr. Fuchs; and $11,802 for Mr. Telesz. This column also includes any perquisites or personal benefits that exceeded $10,000 for any NEO during 2010, valued at the Company s incremental costs. Such perquisites or personal benefits were: (1) financial planning services and physical examinations provided to Messrs. Angel, Malfitano, Fuchs and Telesz, (2) $109,683 for Mr. Angel s personal use of corporate aircraft, and (3) reimbursement of $263,261 in relocation costs incurred by Mr. Telesz in relocating from Massachusetts to the Company s headquarters in Connecticut, including household goods shipment costs, temporary housing and living expenses, a partial (but not full) offset of loss incurred on his home sale, new home search, inspection and closing costs, and duplicate or overlapping household maintenance costs during the transition, plus a $105,196 payment for the tax liabilities arising from the income imputed to him by reason of the foregoing reimbursements. These benefits were included among the inducements offered to recruit Mr. Telesz to join the Company in 2010 as a key member of the senior executive management team and are also consistent with Company practice with respect to employee relocations. For reasons of security and time management, the Board requires the Chief Executive Officer to use the Company s corporate aircraft for personal use as well as business travel. The aircraft is available for the Company s use through a time-share arrangement. The Company pays a fixed time-share charge for the right to use the aircraft, and a per-trip charge. The Company calculates the incremental aircraft costs for Mr. Angel s personal use as the full amount of those per-trip charges attributable to his personal use. The fixed time-share charge is not included as an incremental cost, as the Company must pay this amount even if Mr. Angel does not use the aircraft for personal travel. Consistent with Company policy, NEOs were not reimbursed for any taxes due based on the imputed value of Company-provided perquisites or personal benefits not generally available to all employees.

In addition, the Company pays for or provides executive officer travel, lodging and related expenses incurred in connection with attending Company business related events, including Board meetings (including the expenses related to the attendance of spouses if they are specifically invited for appropriate business purposes), and may provide use of Company chartered aircraft if available. No amounts are reported in the table for these business expenses. The Company also maintains certain country club memberships for business entertainment purposes which memberships, by club rules, must be in an executive s name. By Company policy, reimbursement of club costs is authorized only when membership and use of the club facilities are judged to be important to the conduct of the Company s business. Since no NEO made personal use of these club memberships during 2010, no amounts are reported in the table.

(6) The amount reported in the Total column is the sum of all of the columns. It includes the Stock Awards, Option Awards and Change in Pension Value amounts, none of which were not actually paid to any NEO in 2010, 2009 or 2008. The Stock Awards, Option Awards and Change in Pension Value amounts actually paid or provided in the future may be more or less than the reported amounts. The amount of compensation actually paid or provided to each NEO for 2010 (being Salary, Non-equity Incentive Plan Compensation and All Other Compensation was: Mr. Angel: $4,351,410 (28% of Total Compensation reported); Mr. Malfitano: $1,721,367 (29% of Total Compensation reported); Mr. Sawyer: $1,440,361 (30% of Total Compensation reported); Mr. Fuchs: $1,394,185 (31% of Total Compensation reported); and Mr. Telesz: $1,555,845 (56% of Total Compensation reported).

(7) Because Mr. Telesz joined the Company in April 2010, only 2010 compensation information is provided.

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2010 GRANTS OF PLAN-BASED AWARDS

The following table provides more detailed information regarding the 2010 Non-Equity Incentive Plan Compensation, Stock Awards and the Option Awards reported in the Summary Compensation Table above. The 2010 option grants and restricted stock unit and performance share unit awards reported in the table below were made under the 2009 Praxair, Inc. Long Term Incentive Plan. Options, restricted stock units and performance share units granted to NEOs are made on substantially the same terms as grants to all other eligible employees. For additional information regarding the terms of these grants, see Appendix 5 - Section 1 Additional Information Regarding Grants of Plan-Based Awards Table.

		Estimated Possible Payouts Under Non-Equity Incentive Plan Awards			Estimated Future Payouts Under Equity Incentive Plan Awards				
t	Compen-sation Committee Approval Date(1)	Threshold ($)	Target ($)	Maximum ($)	Threshold (#)	Target (#)	Maximum (#)	All Other Stock Awards: Number of Shares of Stock or Units (#)	All Ot Optic Awar Numbe Securit Underly Options
		0	1,517,250	5,348,306					
010	1/25/2010				0	43,485	65,228		
010	1/25/2010								204
		0	540,000	1,903,500					
010	1/25/2010				0	11,415	17,123		
010	1/25/2010								53
010	1/25/2010							2,000	
		0	511,875	1,804,359					

010	1/25/2010				0	11,415	17,123		
010	1/25/2010									53
010	1/25/2010								2,000	
		0	416,500	1,468,163						
010	1/25/2010				0	8,335				