

IN THE MATTER OF THE SECURITIES LEGISLATION OF BRITISH COLUMBIA,
SASKATCHEWAN, MANITOBA, Québec, NOVA SCOTIA, NEWFOUNDLAND,
NEW BRUNSWICK AND PRINCE EDWARD ISLAND

AND

IN THE MATTER OF THE MUTUAL RELIANCE REVIEW SYSTEM FOR
EXEMPTIVE RELIEF APPLICATIONS

AND

IN THE MATTER OF PRAXAIR INC. AND PRAXAIR CANADA INC.

MRRS DECISION DOCUMENT

WHEREAS the local securities regulatory authority or regulator (the "Decision Makers") in each of British Columbia, Saskatchewan, Manitoba, Quebec, New Brunswick, Prince Edward Island, Nova Scotia and Newfoundland (the "Jurisdictions") has received an application from Praxair, Inc. ("Praxair") for a decision under the securities legislation of the Jurisdictions (the "Legislation") that the requirement contained in the Legislation that prohibits a person or company from:

a. trading in a security unless the person or company is registered in the appropriate category of registration under the Legislation (the "Registration Requirement"); and

b. distributing a security unless a preliminary prospectus and prospectus for the security have been filed and receipts obtained for them (the "Prospectus Requirement");

shall not apply to certain intended trades in securities of Praxair under Praxair's Performance Incentive Plan (the "Plan");

AND WHEREAS under to the Mutual Reliance Review System for Exemptive Relief Applications (the "System"), the Executive Director of the British Columbia Securities Commission is the principal regulator for this application;

AND WHEREAS Praxair has represented to the Decision Makers that:

1. Praxair is a corporation incorporated under the laws of Delaware;
2. Praxair is not a reporting issuer or the equivalent under the Legislation of any of the Jurisdictions, and has no present intention of becoming a reporting issuer or the equivalent under the Legislation of any of the Jurisdictions, but is subject to the reporting requirements of the United States *Securities Exchange Act* of 1934 (the "1934 Act");

3. the authorized share capital of Praxair consists of 300,000,000 common shares (the "Common Shares") and 25,000,000 preferred shares of which 163,919,446 Common Shares were issued and outstanding as at September 30, 1999;
4. the Common Shares are posted for trading on The New York Stock Exchange (the "NYSE");
5. Praxair Canada Inc. ("Praxair Canada") is a corporation incorporated under the laws of Canada, is not a reporting issuer or the equivalent under the Legislation of any Jurisdiction and has no present intention of becoming a reporting issuer or the equivalent under the Legislation of any of the Jurisdictions;
6. Praxair Canada is a wholly owned subsidiary of Praxair;
7. Praxair established the Plan for the benefit of its employees and under the Plan, Praxair may issue Common Shares or grant stock options, stock appreciation rights and other performance awards (collectively, the "Options") as performance incentives to employees;
8. Praxair extended the Plan to employees of Praxair Canada (the "Employees") of which there are approximately 2,008 Employees resident in the Jurisdictions;
9. participation in the Plan is voluntary and Employees will not be induced to participate in the Plan by expectation of employment or continued employment with Praxair Canada;
10. Praxair has engaged a plan administrator (the "Administrator"), being Paine Webber Inc., to administer the operation of the Plan, including the exercise of the Options by Employees and former Employees (the "Participants") and the sale by Participants of any Common Shares obtained under the Plan;
11. the Administrator is registered as a broker-dealer under the 1934 Act but is not registered under any of the Legislation;
12. the Administrator will establish an account on behalf of each Participant under the Plan and will record the securities of Praxair held by or issuable to the Participant;
13. the Administrator will not offer any advice to the B.C. Employees regarding the decision to acquire, hold or sell the Common Shares obtained under the Plan or upon the exercise of the Options;
14. all sales of Common Shares made on behalf of Participants under the Plan will be made by the Administrator through the NYSE in accordance with its rules;
15. if at any time the aggregate number of Participants in any one Jurisdiction who acquire Common Shares under the Plan exceeds 10% of the total number of holders of Common Shares, or if the Participants in any one Jurisdiction hold, in the aggregate, in excess of 10% of the total number of issued and outstanding Common Shares, Praxair will apply to the relevant Decision

Maker for an order with respect to further trades by the Participants in that Jurisdiction in Common Shares acquired under the Plan;

16. Participants who acquire Common Shares under the Plan will be provided with all disclosure material relating to Praxair which is provided to holders of Common Shares resident in the United States, as well as a copy of this order;

17. in certain of the Jurisdictions, the Legislation does not contain exemptions from the Registration Requirement and the Prospectus Requirement for the distribution of the Common Shares and Options by Praxair to Employees under the Plan and for the distribution of the Common Shares upon the exercise of the Options;

18. where the Plan Administrator sells Common Shares on behalf of a Participant under the Plan, neither the Participant nor the Plan Administrator is able to rely on the exemption from the Registration Requirement contained in the Legislation for trades made by a person acting solely through a registered dealer under the Legislation;

19. the Legislation of certain of the Jurisdictions deems any trade by the Participants in Common Shares acquired under the Plan to be a distribution unless, among other things, Praxair is a reporting issuer and has been a reporting issuer for the 12 months immediately preceding the trade; and

20. there is no present or anticipated future market in Canada for the Common Shares;

AND WHEREAS under the System this MRRS Decision Document evidences the decision of each Decision Maker (collectively, the "Decision");

AND WHEREAS each of the Decision Makers is satisfied that the test contained in the Legislation that provides the Decision Maker with the jurisdiction to make the Decision has been met;

The Decision of the Decision Makers under the Legislation is that:

1. the Registration and Prospectus Requirements shall not apply to the intended trades by Praxair to Participants in Common Shares and Options under the Plan and the Common Shares upon the exercise of the Options granted under the Plan;

2. the Registration Requirement shall not apply to the intended trades by Participants through the Plan Administrator in Common Shares acquired under the Plan or upon the exercise of the Options granted under the Plan and held outside of Canada on behalf of Participants; and

3. the Prospectus Requirement shall not apply to the intended trades by Participants in Common Shares acquired under the Plan or upon the exercise of Options provided that the trades are executed through the facilities of a stock exchange, including Nasdaq, outside of Canada, in accordance with all laws and rules applicable to such stock exchange or market.

DATED December 21, 1999.

"Margaret Sheehy"

Margaret Sheehy

Director

Headnote

Mutual Reliance Review System for Exemptive Relief Applications – Relief from the registration and prospectus requirements regarding trades of common shares and options granted under an employee share purchase and shares acquired upon the exercise of options as well as relief regarding any resale of the common shares on a stock exchange outside of Canada.

Applicable British Columbia Provisions

Securities Act, R.S.B.C. 1996, c. 418, ss. 45(2)(10), 45(2)(12)(iii), 48, 74(2)(9), 74(2)(11)(iii) and 76