

PRAXAIR INC
Form 424B2
March 09, 2007

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As filed pursuant to Rule 424(b)(2)
 Registration No. 333-139328

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	Amounts to be Registered	Maximum Offering Price Per Unit	Maximum Aggregate Offering Price	Amount of Registration Fee(1)(2)
5.20% Notes due 2017	\$ 325,000,000	99.799%	324,346,750	\$ 9,957.45

(1) Calculated in accordance with Rule 457(r) under the Securities Act of 1933 (the Securities Act).

(2) Previously paid.

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Prospectus Supplement

March 7, 2007

(To Prospectus Dated December 14, 2006)

\$325,000,000

5.20% Notes due 2017

Praxair, Inc. will pay interest on the notes on March 15 and September 15 of each year beginning September 15, 2007. We may redeem the notes at our option, at any time in whole or from time to time in part, by paying the greater of principal and accrued interest on the notes or a Make-Whole Amount. There is no sinking fund for the notes. We will issue the notes only in denominations of \$1,000 and integral multiples of \$1,000.

Investing in these notes involves risk. See Risk Factors in our Annual Report on Form 10-K for the year ended December 31, 2006.

	Per Note	Total
Public offering price(1)	99.799%	\$ 324,346,750
Underwriting discounts	0.650%	\$ 2,112,500
Proceeds, before expenses, to Praxair(1)	99.149%	\$ 322,234,250

(1) Plus accrued interest, if any, from March 15, 2007 if settlement occurs after that date.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus supplement or the accompanying prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The notes will be ready for delivery in book-entry form only through The Depository Trust Company on or about March 15, 2007.

Joint Book-Running Managers

Citigroup

Deutsche Bank Securities

Merrill Lynch & Co.

Credit Suisse

HSBC

JPMorgan

Santander Investment

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Prospectus

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You should rely only on the information contained or incorporated by reference in this prospectus supplement and the accompanying prospectus. We have not, and the underwriters have not, authorized any other person to provide you with different information. If anyone provides you with different or inconsistent information, you should not rely on it. We are not, and the underwriters are not, making an offer to sell these securities in any jurisdiction where the offer or sale is not permitted. You should assume that the information appearing in this prospectus supplement and the accompanying prospectus is accurate as of the date on the front of this prospectus supplement only. Our business, financial condition, results of operations and prospects may have changed since that date.

References to we , us, our, the Company, and Praxair are to Praxair, Inc. and its subsidiaries unless the context otherwise requires.

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WHERE YOU CAN FIND MORE INFORMATION

We file annual, quarterly and special reports, proxy statements and other information with the SEC and our common stock is listed on the New York Stock Exchange under the symbol PX. Our SEC filings are available to the public over the Internet at the SEC's web site at <http://www.sec.gov>. You may also read and copy any document we file at the SEC's public reference room at 100 F Street, NE, Washington, D.C. 20549. You can call the SEC at 1-800-732-0330 for further information about the public reference rooms.

The SEC allows us to incorporate by reference the information we file with them, which means we are assumed to have disclosed important information to you when we refer you to documents that are on file with the SEC. The information we have incorporated by reference is an important part of this prospectus supplement and the accompanying prospectus, and information that we file later with the SEC will automatically update and supersede this information. We incorporate by reference the documents listed below and any future documents we file with the SEC under Sections 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934 until we sell all of the securities covered by this prospectus supplement and the accompanying prospectus.

Annual Report on Form 10-K for the fiscal year ended December 31, 2006.

Proxy Statement on Schedule 14A dated March 21, 2006.

Current Reports on Form 8-K filed on October 6, 2006, December 14, 2006 and February 8, 2007.

You may request a copy of these documents at no cost by writing to us at the following address:

Praxair, Inc.
39 Old Ridgebury Road
Danbury, Connecticut 06810-5113
Attn: Assistant Corporate Secretary
Telephone: (203) 837-2000.

NOTE REGARDING FORWARD-LOOKING STATEMENTS

This prospectus supplement and the accompanying prospectus contain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These statements are based on management's reasonable expectations and assumptions as of the date the statements are made but involve risks and uncertainties. These risks and uncertainties include, without limitation: the performance of stock markets generally; developments in worldwide and national economies and other international events and circumstances; changes in foreign currencies and in interest rates; the cost and availability of electric power, natural gas and other raw materials; the ability to achieve price increases to offset cost increases; catastrophic events including natural disasters, epidemics and acts of war and terrorism; the ability to attract, hire and retain qualified personnel; the impact of changes in financial accounting standards; the impact of tax, environmental, home healthcare and other legislation and government regulation in jurisdictions in which we operate; the cost and outcomes of litigation and regulatory agency actions; continued timely development and market acceptance of new products and applications; the impact of competitive products and pricing; future financial and operating performance of major customers and industries served; and the effectiveness and speed of integrating new acquisitions into our business. These risks and uncertainties may cause actual future results or circumstances to differ materially from the projections or estimates contained in the forward-looking statements. We assume no obligation to update or provide revisions to any forward-looking statement in response to changing

circumstances. The above listed risks and uncertainties are further described in Item 1A; Risk Factors, in our Annual Report on Form 10-K for the year ended December 31, 2006, which should be reviewed carefully. Please consider our forward-looking statements in light of those risks. We are under no duty and do not intend to update any of the forward-looking statements after the date of this prospectus supplement or to conform our prior statements to actual results.

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THE COMPANY

Praxair was founded in 1907 and became an independent publicly traded company in 1992. Praxair was the first company in the United States to produce oxygen from air using a cryogenic process and continues to be a major technological innovator in the industrial gases industry.

Praxair is the largest industrial gases supplier in North and South America, is rapidly growing in Asia, and has strong, well-established businesses in Europe. Praxair's primary products for its industrial gases business are atmospheric gases (oxygen, nitrogen, argon, rare gases) and process gases (carbon dioxide, helium, hydrogen, electronic gases, specialty gases, acetylene). The Company also designs, engineers and builds equipment that produces industrial gases for internal use and external sale. The Company's surface technology segment, operated through Praxair Surface Technologies, Inc., supplies wear-resistant and high-temperature corrosion-resistant metallic and ceramic coatings and powders. Sales for Praxair were \$8,324 million, \$7,656 million and \$6,594 million for 2006, 2005 and 2004, respectively.

Praxair serves approximately 25 industries as diverse as healthcare and petroleum refining; computer-chip manufacturing and beverage carbonation; fiber-optics and steel making; and aerospace, chemicals and water treatment. In 2006, 94% of sales were generated in four regional segments (North America, Europe, South America and Asia) primarily from the sale of industrial gases with the balance generated from the surface technologies segment. Praxair provides a competitive advantage to its customer base by continually developing new products and applications, which allow them to improve their productivity, energy efficiency and environmental performance.

The Company's principal offices are located at 39 Old Ridgebury Road in Danbury, Connecticut 06810-5113 and our telephone number is (203) 837-2000.

USE OF PROCEEDS

We will use the net proceeds from this offering for general corporate purposes, which may include the refinancing of existing indebtedness. Prior to their application, the proceeds may be invested in short-term investments.

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**RATIO OF EARNINGS TO FIXED CHARGES
AND
RATIO OF EARNINGS TO FIXED CHARGES AND PREFERRED STOCK DIVIDENDS**

The following table sets forth our ratio of earnings to fixed charges and ratio of earnings to fixed charges and preferred stock dividends for the periods indicated:

	Year Ended December 31,				
	2006	2005	2004	2003	2002
Ratio of Earnings to Fixed Charges(a)	7.6	6.6	6.1	5.2	3.9
Ratio of Earnings to Fixed Charges and Preferred Stock Dividends(b)	7.6	6.6	6.0	5.2	3.9

- (a) For the purpose of computing the ratio of earnings to fixed charges, earnings are comprised of income from continuing operations of consolidated subsidiaries before provision for income taxes and adjustment for minority interests in consolidated subsidiaries or income or loss from equity investees, less capitalized interest, plus depreciation of capitalized interest, dividends from companies accounted for using the equity method, and fixed charges. Fixed charges are comprised of interest on long-term and short-term debt plus capitalized interest and rental expense representative of an interest factor.
- (b) For the purpose of computing the ratio of earnings to fixed charges and preferred stock dividends, earnings are comprised of income from continuing operations of consolidated subsidiaries before provision for income taxes and adjustment for minority interests in consolidated subsidiaries or income or loss from equity investees, less capitalized interest, plus depreciation of capitalized interest, dividends from companies accounted for using the equity method, and fixed charges as defined in (a). Fixed charges and preferred stock dividends are comprised of fixed charges as defined in (a) plus preferred stock dividend requirements of consolidated subsidiaries.

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DESCRIPTION OF THE NOTES

The following description of the particular terms of the notes supplements, and to the extent inconsistent therewith supersedes, the description of the general terms and provisions of the senior debt securities included in the accompanying prospectus, to which description reference is hereby made.

The notes will be our unsecured general obligations, will be issued under an indenture dated as of July 15, 1992 between Praxair, Inc. and U.S. Bank National Association, as the ultimate successor trustee to Bank of America, Illinois, will be issued only in book-entry form and will mature on March 15, 2017.

The notes will bear interest from March 15, 2007 or from the most recent date to which interest has been paid or provided for, at the rate of 5.20% per year, payable semi-annually in arrears on March 15 and September 15, commencing on September 15, 2007, to the persons in whose names the notes are registered at the close of business on the preceding March 1 and September 1, respectively. The notes will accrue interest on the basis of a 360-day year consisting of 12 months of 30 days each.

The notes are subject to defeasance under the conditions described in the accompanying prospectus, including the condition that an opinion of counsel be delivered with respect to the absence of any tax effect of any such defeasance to holders of the notes.

Upon issuance, the notes will be represented by one or more global securities that will be deposited with, or on behalf of, DTC and will be registered in the name of DTC or a nominee of DTC. See "Description of Debt Securities - Global Debt Securities" in the accompanying prospectus.

We may from time to time without the consent of the holders of the notes create and issue further notes having the same terms and conditions as these notes so that the further issue would be consolidated and form a single series with these notes.

At December 31, 2006, approximately \$2.3 billion aggregate principal amount of senior debt securities were outstanding under the indenture.

Optional Redemption

We may redeem the notes at our option, at any time in whole or from time to time in part, at a redemption price equal to the greater of (1) the principal amount of the notes being redeemed plus accrued and unpaid interest to the redemption date or (2) the Make-Whole Amount for the notes being redeemed.

Make-Whole Amount means, as determined by a Quotation Agent, the sum of the present values of the principal amount of the notes to be redeemed, together with the scheduled payments of interest (exclusive of interest to the redemption date) from the redemption date to the maturity date of the notes being redeemed, in each case discounted to the redemption date on a semi-annual basis, assuming a 360-day year consisting of twelve 30-day months, at the Adjusted Treasury Rate, plus accrued and unpaid interest on the principal amount of the notes being redeemed to the redemption date.

Adjusted Treasury Rate means, with respect to any redemption date, the sum of (x) either (1) the yield, under the heading that represents the average for the immediately preceding week, appearing in the most recent published statistical release designated "H.15 (519)" or any successor publication that is published weekly by the Board of

Governors of the Federal Reserve System and that establishes yields on actively traded United States Treasury securities adjusted to the Comparable Treasury Issue (if no maturity is within three months before or after the remaining term of the notes being redeemed, yields for the two published maturities most closely corresponding to the Comparable Treasury Issue shall be determined and the Adjusted Treasury Rate shall be interpolated or extrapolated from such yields on a straight-line basis, rounded to the nearest month) or (2) if such release (or any successor release) is not published during the week preceding the calculation date or does not contain such yields, the rate per year equal to the semi-annual equivalent yield to maturity of the Comparable Treasury Price for such redemption date, in each case calculated on the third business day preceding the redemption date, and (y) 0.15%.

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Comparable Treasury Issue means the United States Treasury security selected by the Quotation Agent as having a maturity comparable to the remaining term from the redemption date to the maturity date of the notes being redeemed that would be utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to the remaining term of notes.

Comparable Treasury Price means, with respect to any redemption date, if clause (2) of the Adjusted Treasury Rate is applicable, the average of four, or such lesser number as is obtained by the indenture trustee, Reference Treasury Dealer Quotations for such redemption date.

Quotation Agent means the Reference Treasury Dealer selected by the indenture trustee after consultation with us.

Reference Treasury Dealer means Citigroup Global Markets Inc., Deutsche Bank Securities Inc. and Merrill Lynch, Pierce, Fenner & Smith Incorporated, and their respective successors and assigns, and one other nationally recognized investment banking firm selected by us that is a primary U.S. Government securities dealer.

Reference Treasury Dealer Quotations means, with respect to each Reference Treasury Dealer and any redemption date, the average, as determined by the indenture trustee, of the bid and asked prices for the Comparable Treasury Issue, expressed in each case as a percentage of its principal amount, quoted in writing to the indenture trustee by such Reference Treasury Dealer at 5:00 p.m., New York City time, on the third business day preceding such redemption date.

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Under the terms and subject to the conditions set forth in an underwriting agreement dated the date hereof, the underwriters named below have severally agreed to purchase, and we have agreed to sell to them, severally, the respective principal amounts of notes set forth opposite their names below:

Underwriters	Principal Amount of Notes
Citigroup Global Markets Inc.	\$ 75,834,000
Deutsche Bank Securities Inc.	75,833,000
Merrill Lynch, Pierce, Fenner & Smith Incorporated	75,833,000
Credit Suisse Securities (USA) LLC	24,375,000
HSBC Securities (USA) Inc.	24,375,000
J.P. Morgan Securities Inc.	24,375,000
Santander Investment Securities Inc.	24,375,000
 Total	 \$ 325,000,000

The underwriting agreement provides that the obligation of the several underwriters to pay for and accept delivery of the notes is subject to the approval of certain legal matters by their counsel and to certain other conditions. The underwriters are committed to purchase all of the notes if any are purchased.

The underwriters propose to offer the notes initially to the public at the public offering price shown on the cover page hereof and to selling group members at that price less a selling concession of 0.40% of the principal amount of the notes. The underwriters and selling group members may reallow a discount of 0.25% of the principal amount of the notes on sales to other dealers. After the initial offering of the notes, the underwriters may change the offering price and other selling terms.

We estimate that our expenses for this offering will be approximately \$250,000.

We have agreed to indemnify the underwriters against certain liabilities, including liabilities under the Securities Act of 1933, and to contribute to payments the underwriters may be required to make in respect of any of these liabilities.

The notes are a new issue of securities with no established trading market. We do not intend to apply for listing of the notes on a national securities exchange, but have been advised by the underwriters that they currently intend to make a secondary market in the notes, as permitted by applicable laws and regulations. The underwriters are not obligated, however, to make a market in the notes and any such secondary market making may be discontinued at any time without notice at the sole discretion of the underwriters. Accordingly, no assurance can be given as to the liquidity of, or trading market for, the notes.

In connection with the offering of the notes, the underwriters may engage in transactions that stabilize, maintain or otherwise affect the price of the notes. Specifically, the underwriters may overallocate in connection with the offering of the notes, creating a syndicate short position. In addition, the underwriters may bid for, and purchase notes in the open

market to cover syndicate short positions or to stabilize the price of the notes. Finally, the underwriting syndicate may reclaim selling concessions allowed for distributing the notes in the offering of the notes, if the syndicate repurchases previously distributed notes in syndicate covering transactions, stabilization transactions or otherwise. Any of these activities may stabilize or maintain the market price of the notes above independent market levels. The underwriters are not required to engage in any of these activities, and may end any of them at any time without notice.

We expect to deliver the notes against payment therefor in New York, New York on March 15, 2007, which will be the sixth scheduled business day following the date of the pricing of the notes. Under Rule 15c6-1 of the Securities Exchange Act of 1934, trades in the secondary market generally are required to settle in three business days, unless the parties to any such trade expressly agree otherwise. Accordingly, purchasers who wish to trade notes more than three business days prior to March 15, 2007 will be required to specify alternative settlement arrangements to prevent a failed settlement.

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In the ordinary course of their respective businesses, the underwriters and their affiliates have engaged, are engaging and may in the future engage, in commercial banking and/or investment banking transactions with us and our affiliates for which they have received, are receiving and will receive customary compensation, including as arrangers and/or lenders under credit facilities for us and our subsidiaries.

EXPERTS

The financial statements and management's assessment of the effectiveness of internal control over financial reporting (which is included in Management's Report on Internal Control over Financial Reporting) incorporated in this prospectus supplement by reference to the Annual Report on Form 10-K for the year ended December 31, 2006 have been so incorporated in reliance on the report of PricewaterhouseCoopers LLP, an independent registered public accounting firm, given on the authority of said firm as experts in auditing and accounting.

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Prospectus

PRAXAIR, INC.

**Common Stock
Preferred Stock
and
Debt Securities**

We may offer, from time to time, in one or more series:

- shares of our common stock;
- shares of our preferred stock;
- unsecured senior debt securities; and
- unsecured subordinated debt securities.

The securities:

- will be offered at prices and on terms to be set forth in one or more prospectus supplements;
- may be denominated in U.S. dollars or in other currencies or currency units;
- may be offered separately or together with other securities as units, or in separate series;
- may be issued upon conversion of, or in exchange for, other securities; and
- may be listed on a national securities exchange, if specified in the applicable prospectus supplement.

Our common stock is listed on the New York Stock Exchange under the symbol PX .

Our principal offices are located at 39 Old Ridgebury Road in Danbury, Connecticut 06810-5113 and our telephone number is (203) 837-2000.

Investing in these securities involves risk. See Risk Factors in our Annual Report on Form 10-K for the year ended December 31, 2005.

NEITHER THE SECURITIES AND EXCHANGE COMMISSION NOR ANY STATE SECURITIES COMMISSION HAS APPROVED OR DISAPPROVED OF THESE SECURITIES OR DETERMINED IF THIS PROSPECTUS IS TRUTHFUL OR COMPLETE. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

The securities may be sold from time to time directly, through agents or through underwriters and/or dealers. If any agent of the issuer or any underwriter is involved in the sale of the securities, the name of such agent or underwriter and any applicable commission or discount will be set forth in the accompanying prospectus supplement.

This prospectus may not be used unless accompanied by a prospectus supplement.

The date of this prospectus is December 14, 2006.

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ABOUT THIS PROSPECTUS

This prospectus is part of a shelf registration statement filed with the United States Securities and Exchange Commission by us. By using a shelf registration statement, we may sell an unlimited aggregate principal amount of any combination of the securities described in this prospectus from time to time and in one or more offerings. This prospectus only provides you with a general description of the securities that we may offer. Each time we sell securities, we will provide a supplement to this prospectus that contains specific information about the terms of the securities. The prospectus supplement may also add, update or change information contained in this prospectus. Before purchasing any securities, you should carefully read both this prospectus and any prospectus supplement, together with the additional information described under the headings **Where You Can Find More Information** and **Incorporation of Certain Information by Reference**.

You should rely only on the information incorporated by reference or provided in this prospectus or any prospectus supplement. We have not authorized anyone else to provide you with different information. If anyone provides you with different or inconsistent information, you should not rely on it. We are not making an offer of the securities in any jurisdiction where the offer is not permitted. You should not assume that the information in this prospectus or any prospectus supplement is accurate as of any date other than the date on the front of those documents.

References to **we**, **us**, **our**, **the Company**, and **Praxair** are to Praxair, Inc. and its subsidiaries unless the context requires otherwise.

NOTE REGARDING FORWARD-LOOKING STATEMENTS

This prospectus (including the documents incorporated herein by reference) contains and any prospectus supplement (including the documents incorporated therein by reference) will contain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These statements are based on management's reasonable expectations and assumptions as of the date the statements are made but involve risks and uncertainties. These risks and uncertainties include, without limitation: the performance of stock markets generally; developments in worldwide and national economies and other international events and circumstances; changes in foreign currencies and in interest rates; the cost and availability of electric power, natural gas and other raw materials; the ability to achieve price increases to offset cost increases; catastrophic events; the ability to attract, hire and retain qualified personnel; the impact of changes in financial accounting standards; the impact of tax and other legislation and government regulation in jurisdictions in which we operate; the cost and outcomes of litigation and regulatory agency actions; continued timely development and market acceptance of new products and applications; the impact of competitive products and pricing; future financial and operating performance of major customers and industries served; and the effectiveness and speed of integrating new acquisitions into our business. These risks and uncertainties may cause actual future results or circumstances to differ materially from the projections or estimates contained in the forward-looking statements. We assume no obligation to update or provide revisions to any forward-looking statement in response to changing circumstances. The above listed risks and uncertainties are further described in Item 1a, **Risk Factors**, in our Annual Report on Form 10-K for the year ended December 31, 2005 and will be described in the applicable prospectus supplement (including information incorporated by reference) and our filings with the SEC. Please consider our forward-looking statements in light of those risks. We are under no duty and do not intend to update any of the forward-looking statements after the date of this prospectus or to conform our prior statements to actual results.

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THE COMPANY

Praxair was founded in 1907 and became an independent publicly traded company in 1992. Praxair was the first company in the United States to produce oxygen from air using a cryogenic process and continues to be a major technological innovator in the industrial gases industry.

Praxair is the largest industrial gases supplier in North and South America, is rapidly growing in Asia, and has strong, well-established businesses in Europe. Praxair's primary products for its industrial gases business are atmospheric gases (oxygen, nitrogen, argon, rare gases) and process gases (carbon dioxide, helium, hydrogen, electronic gases, specialty gases, acetylene). The Company also designs, engineers and builds equipment that produces industrial gases for internal use and external sale. The Company's surface technology segment, operated through Praxair Surface Technologies, Inc., supplies wear-resistant and high-temperature corrosion-resistant metallic and ceramic coatings and powders. Sales for Praxair were \$7,656 million, \$6,594 million and \$5,613 million for 2005, 2004 and 2003, respectively. For the nine-month periods ended September 30, 2006 and 2005, sales for the Company were \$6,201 million and \$5,636 million, respectively.

Praxair serves approximately 25 industries as diverse as healthcare and petroleum refining; computer-chip manufacturing and beverage carbonation; fiber-optics and steel making; and aerospace, chemicals and water treatment. In 2005, 94% of sales were generated in four regional segments (North America, Europe, South America and Asia) primarily from the sale of industrial gases with the balance generated from the surface technologies segment. Praxair provides a competitive advantage to its customer base by continually developing new products and applications, which allow them to improve their productivity, energy efficiency and environmental performance.

The Company's principal offices are located at 39 Old Ridgebury Road in Danbury, Connecticut 06810-5113 and our telephone number is (203) 837-2000.

USE OF PROCEEDS

Except as otherwise described in the applicable prospectus supplement, we will use the net proceeds from the sale or sales of our securities for general corporate purposes, which may include, without limitation, the repayment of outstanding indebtedness, working capital increases and capital expenditures, and acquisitions of companies in a similar line of business. Prior to their application, the proceeds may be invested in short-term investments. Reference is made to our financial statements incorporated by reference herein for a description of the terms of our outstanding indebtedness.

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**RATIO OF EARNINGS TO FIXED CHARGES
AND
RATIO OF EARNINGS TO FIXED CHARGES AND PREFERRED STOCK DIVIDENDS**

The following table sets forth our ratio of earnings to fixed charges and ratio of earnings to fixed charges and preferred stock dividends for the periods indicated:

	Year Ended December 31,					Nine Months Ended September 30, 2006
	2005	2004	2003	2002	2001	
Ratio of Earnings to Fixed Charges(a)	6.6	6.1	5.2	3.9	3.1	7.4
Ratio of Earnings to Fixed Charges and Preferred Stock Dividends(b)	6.6	6.0	5.2	3.9	3.1	7.4

- (a) For the purpose of computing the ratio of earnings to fixed charges, earnings are comprised of income from continuing operations of consolidated subsidiaries before provision for income taxes and adjustment for minority interests in consolidated subsidiaries or income or loss from equity investees, less capitalized interest, plus depreciation of capitalized interest, dividends from companies accounted for using the equity method, and fixed charges. Fixed charges are comprised of interest on long-term and short-term debt plus capitalized interest and rental expense representative of an interest factor.
- (b) For the purpose of computing the ratio of earnings to fixed charges and preferred stock dividends, earnings are comprised of income from continuing operations of consolidated subsidiaries before provision for income taxes and adjustment for minority interests in consolidated subsidiaries or income or loss from equity investees, less capitalized interest, plus depreciation of capitalized interest, dividends from companies accounted for using the equity method, and fixed charges as defined in (a). Fixed charges and preferred stock dividends are comprised of fixed charges as defined in (a) plus preferred stock dividend requirements of consolidated subsidiaries.

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DESCRIPTION OF CAPITAL STOCK

Authorized Capital Stock

Under the Restated Certificate of Incorporation of the Company the total number of shares of all classes of stock that the Company has authority to issue is 825,000,000, of which 25,000,000 may be shares of preferred stock, par value \$.01 per share, and 800,000,000 may be shares of common stock, par value \$.01 per share. As of November 30, 2006, 367,543,065 shares of our common stock were issued (of which 322,113,873 shares were outstanding and 45,429,192 shares were held in treasury) and 57,394,845 shares reserved for issuance pursuant to benefit plans.

Common Stock

Holders of the Company's common stock are entitled to receive ratably dividends, if any, subject to the prior rights of holders of outstanding shares of preferred stock, as are declared by the board of directors of the Company out of the funds legally available for the payment of dividends. Except as otherwise provided by law, each holder of common stock is entitled to one vote per share of common stock on each matter submitted to a vote of a meeting of stockholders. The common stock does not have cumulative voting rights in the election of directors.

In the event of any liquidation, dissolution or winding up of the Company, whether voluntary or involuntary, after all liabilities and liquidation preference, if any, of preferred stock have been paid in full, the holders of the Company's common stock are entitled to receive any remaining assets of the Company.

The Company's common stock has no preemptive or conversion rights or other subscription rights. There are no redemption or sinking fund provisions applicable to our common stock. Each outstanding share of the Company's common stock is accompanied by a right to purchase one one-hundredth of a share of participating preferred stock at a price of \$150 subject to certain anti-dilution adjustments. This right is described in more detail below under the heading "Rights Agreement".

The Company is authorized to issue additional shares of common stock without further stockholder approval (except as may be required by applicable law or stock exchange regulations). With respect to the issuance of common shares of any additional series, the board of directors of the Company is authorized to determine, without any further action by the holders of the Company's common stock, the dividend rights, dividend rate, conversion rights, voting rights and rights and terms of redemption, as well as the number of shares constituting such series and the designation thereof. Should the board of directors of the Company elect to exercise its authority, the rights and privileges of holders of the Company's common stock could be made subject to rights and privileges of any such other series of common stock. The Company has no present plans to issue any common stock of a series other than the Company's common stock currently issued and outstanding.

The transfer agent and registrar for the shares of our common stock is Registrar and Transfer Company, 10 Commerce Drive, Cranford, New Jersey 07016-3572.

Preferred Stock

The Company's board of directors may issue up to 25,000,000 shares of preferred stock in one or more series and, subject to the Delaware corporation law, may:

fix the rights, preferences, privileges and restrictions of the preferred stock;

fix the number of shares and designation of any series of preferred stock; and

increase or decrease the number of shares of any series of preferred stock but not below the number of outstanding shares.

The Company's board of directors has the power to issue our preferred stock with voting and conversion rights that could negatively affect the voting power or other rights of our common stockholders, and the board

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of directors could take that action without stockholder approval. The issuance of our preferred stock could delay or prevent a change in control of the Company.

At September 30, 2006, no shares of our preferred stock, series A, and no shares of our preferred stock, series B, were outstanding.

If the Company offers any series of preferred stock, whether separately, or together with, or upon the conversion of, or in exchange for, other securities, certain terms of that series of preferred stock will be described in the applicable prospectus supplement, including, without limitation, the following:

the designation;

the number of authorized shares of the series in question;