PRAXAIR INC
Form 424B2
March 05, 2014
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As filed pursuant to Rule 424(b)(2)

Registration No. 333-183150

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	Amount to be Registered(1)	Maximum Aggregate Offering Price	Amount of Registration Fee(2)
1.500% Notes due 2020	$824,580,000.00	$820,407,625.20	$105,668.50

(1) 600,000,000 aggregate principal amount of 1.500% Notes due 2020 will be issued. The amount to be registered is based on the March 4, 2014 closing Euro/U.S. exchange rate of 1/U.S.$1.3743, as reported by Bloomberg.
(2) Calculated in accordance with Rule 457(r) under the Securities Act of 1933 (the Securities Act).

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Prospectus Supplement

March 4, 2014

(To Prospectus Dated August 8, 2012)

600,000,000

1.500% Notes due 2020

We are offering 600,000,000 of our 1.500% Notes due 2020. We will pay interest on the notes annually in arrears on March 11 of each year, beginning March 11, 2015. The notes will mature on March 11, 2020. We may redeem some or all of the notes at any time before maturity at the applicable redemption price described under the caption Description of the Notes Optional Redemption. In addition, the notes may be redeemed in whole but not in part, at any time at our option, in the event of certain developments affecting United States taxation as described under the heading Description of the Notes Redemption Upon Tax Event. There is no sinking fund for the notes.

Investing in the notes involves risk. See Risk Factors in our Annual Report on Form 10-K for the year ended December 31, 2013.

	Per Note	Total
Public offering price(1)	99.494%	596,964,000
Underwriting fee	0.350%	2,100,000
Proceeds, before expenses, to Praxair(1)	99.144%	594,864,000

(1) Plus accrued interest, if any, from March 11, 2014 if settlement occurs after that date.

We intend to apply to list the notes on the New York Stock Exchange. The listing application will be subject to approval by the New York Stock Exchange. If such a listing is obtained, we have no obligation to maintain such listing, and we may delist the notes at any time.

Neither the Securities and Exchange Commission, or the SEC, 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 facilities of Clearstream Banking, *société anonyme*, and Euroclear Bank S.A./N.V. as operator of the Euroclear System, on or about March 11, 2014.

Joint Book-Running Managers

Credit Suisse **Deutsche Bank** **HSBC**

Co-Managers

Bradesco BBI **BBVA** **Mitsubishi UFJ Securities** **PNC Capital Markets LLC** **TD Securities**

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Prospectus Supplement

Prospectus

We have not, and the underwriter has not, authorized any other person to provide you with any information other than that contained or incorporated by reference in this prospectus or in any free-writing prospectus prepared by or on behalf of us to which we have referred you. We and the underwriter take no responsibility for, and can provide no assurance as to the reliability of, any other information that others may give you. You should assume that the information appearing in this prospectus supplement, the accompanying prospectus and the documents incorporated by reference herein and therein is accurate only as of their respective dates. Our business, financial condition, results of operations and prospects may have changed since that date.

The notes are being offered for sale only in jurisdictions where it is lawful to make such offers. The distribution of this prospectus supplement and the accompanying prospectus and the offering of the notes in certain jurisdictions may be restricted by law. Persons outside the United States who receive this prospectus supplement and the accompanying prospectus should inform themselves about and observe any such restrictions. This prospectus supplement and the accompanying prospectus do not constitute, and may not be used in connection with, an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorized or in which the person making such offer or solicitation is not authorized or qualified to do so or to any person to whom it is unlawful to make such offer or solicitation. See Underwriting in this prospectus supplement.

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References to we, us, our, the Company, and Praxair are to Praxair, Inc. and its subsidiaries unless the context otherwise requires. References in this prospectus supplement and the accompanying prospectus to $ and dollars are to the currency of the United States. References to and euro in this prospectus supplement and the accompanying prospectus are to the currency of the member states of the European Monetary Union that have adopted or that adopt the single currency in accordance with the treaty establishing the European Community, as amended by the Treaty on European Union. The financial information presented in this prospectus supplement and the accompanying prospectus has been prepared in accordance with generally accepted accounting principles in the United States.

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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, as amended, until we sell all of the securities covered by this prospectus supplement and the accompanying prospectus, provided that information furnished and not filed by us under any item of any Current Report on Form 8-K including the related exhibits is not incorporated by reference.

Annual Report on Form 10-K for the fiscal year ended December 31, 2013 (the 2013 Form 10-K).

The information responsive to Part III of Form 10-K for the fiscal year ended December 31, 2012 provided in our Proxy Statement on Schedule 14A filed on March 12, 2013.

Current Reports on Form 8-K filed on October 30, 2013 (Item 5.02 only) and January 29, 2014 (Item 8.01 only).

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

Praxair, Inc.

39 Old Ridgebury Road

Danbury, Connecticut 06810-5113

Attn: Assistant Corporate Secretary

Telephone: (203) 837-2000.

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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 changes in pension plan liabilities; the impact of tax, environmental, healthcare and other legislation and government regulation in jurisdictions in which the Company operates; the cost and outcomes of investigations, litigation and regulatory proceedings; 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; the impact of information technology system failures, network disruptions and breaches in data security; and the effectiveness and speed of integrating new acquisitions into the 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. Additionally, financial projections or estimates exclude the impact of special items which the Company believes are not indicative of ongoing business performance. The Company assumes 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 the 2013 Form 10-K filed with the SEC, which should be reviewed carefully. Please consider the Company s forward-looking statements in light of those risks.

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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 gas supplier in North and South America, is rapidly growing in Asia, and has strong, well-established businesses in Europe. Praxair s primary products in 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 primarily for internal use. The Company s surface technologies segment, operated through Praxair Surface Technologies, Inc., supplies wear-resistant and high-temperature corrosion-resistant metallic and ceramic coatings and powders. Praxair s sales were $11,925 million, $11,224 million, and $11,252 million for 2013, 2012, and 2011, respectively.

Praxair serves approximately 25 industries as diverse as healthcare, petroleum refining, computer-chip manufacturing, beverage carbonation, fiber-optics, steel making, aerospace, chemicals and water treatment. In 2013, 95% of sales were generated in four geographic 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 customers by continuously 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, Danbury, Connecticut 06810-5113 and its telephone number is (203) 837-2000.

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USE OF PROCEEDS

We intend to use the net proceeds of this offering for general corporate purposes, including repayment of debt and share repurchases under our share repurchase program. Prior to their application, the net proceeds may be used to repay short term debt and/or invested in short term investments.

RATIO OF EARNINGS TO FIXED CHARGES

The following table sets forth our ratio of earnings to fixed charges. We did not have any preferred stock outstanding and did not pay or accrue preferred stock dividends during such periods.

	Year Ended December 31,				
	2013	**2012**	**2011**	**2010**	**2009**
Ratio of Earnings to Fixed Charges(a)	9.3	10.0	10.3	9.9	7.3

(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 non-controlling 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.

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DESCRIPTION OF THE NOTES

In this section entitled Description of the Notes, references to the Company, Praxair, we, our, or us refers to Praxair, Inc., as issuer of the and not to any of the subsidiaries of Praxair, Inc.

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, and will be issued only in book-entry form. The notes will mature on March 11, 2020.

The notes will bear interest at the rate of 1.500% per year. Interest on the notes will accrue from March , 2014, or from the most recent date to which interest on the notes has been paid. Interest will be payable annually in arrears on March 11, commencing on March 11, 2015, to the persons in whose names the notes are registered at the close of business on the preceding February 25. Interest on the notes will be computed on the basis of the actual number of days in the period for which interest is being calculated and the actual number of days from and including the last date on which interest was paid on the notes (or March 11, 2014 if no interest has been paid on the notes), to but excluding the next scheduled interest payment date. This payment convention is referred to as ACTUAL/ACTUAL (ICMA) as defined in the rulebook of the International Capital Market Association.

We will issue the notes in registered form without coupons in euro denominations of 100,000 and whole multiples of 1,000 in excess thereof. 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 a common depositary and will be registered in the nominee of the common depositary for the accounts of Clearstream Banking, *société anonyme* (Clearstream) and Euroclear Bank S.A./N.V. (Euroclear). See Description of Debt Securities Book-Entry System Global Clearance and Settlement below.

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 the notes so that the further issue would be consolidated and form a single series with the notes, provided that if any such additional notes are not fungible with the notes previously issued for United States federal income tax purposes, such additional notes will have separate Common Code and ISIN numbers.

As of December 31, 2013, approximately $7,875 million 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 least 20 days but not more than 60 days before a redemption date, we shall mail a notice of redemption by first-class mail to each holder of registered notes.

The redemption price for the notes to be redeemed on any redemption date will be equal to the greater of:

(1) the principal amount of the notes being redeemed plus accrued and unpaid interest to the redemption date; or

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(2) the sum of the present values of the principal amount of the notes, together with the scheduled annual payments of interest (exclusive of interest to the redemption date) from the redemption date to the maturity date of the notes, in each case discounted to the redemption date on an ACTUAL/ACTUAL (ICMA) day count basis at the applicable Comparable Government Bond Rate (as defined below), plus 15 basis points, plus accrued and unpaid interest on the principal amount of the notes to the redemption date.

In any case, the principal amount of a note remaining outstanding after a redemption in part shall be 100,000 or an integral multiple of 1,000 in excess thereof. Once notice of redemption is given, the notes called for redemption become due and payable on the redemption date at the redemption price stated in the notice.

There is no sinking fund for the notes.

Comparable Government Bond Rate means the yield to maturity, expressed as a percentage (rounded to three decimal places, with 0.0005 being rounded upwards), on the third business day prior to the date fixed for redemption, of the Comparable Government Bond (as defined below) on the basis of the middle market price of the Comparable Government Bond prevailing at 11:00 a.m. (London time) on such business day as determined by an independent investment bank selected by us.

Comparable Government Bond means, in relation to any Comparable Government Bond Rate calculation, at the discretion of an independent investment bank selected by us, a German government bond whose maturity is closest to the maturity of the notes to be redeemed, or if such independent investment bank in its discretion determines that such similar bond is not in issue, such other German government bond as such independent investment bank may, with the advice of three brokers of, and/or market makers in, German government bonds selected by us, determine to be appropriate for determining the Comparable Government Bond Rate.

Payment of Additional Amounts

We will, subject to the exceptions and limitations set forth below, pay additional amounts as are necessary in order that the net payment by us of principal of and interest on the notes to a holder who is not a United States person (as defined below), after withholding or deduction for any present or future tax, assessment or similar governmental charge (each, a tax) imposed by the United States, will not be less than the amount which would have been received by such holder in respect of such payments in the absence of such withholding or deduction; provided, however, that the foregoing obligation to pay additional amounts shall not apply:

(1) to any tax to the extent such tax is imposed by reason of the holder (or the beneficial owner for whose benefit such holder holds such note), or a fiduciary, settlor, beneficiary, partner, member or shareholder of the holder if the holder is an estate, nominee, trust, partnership, limited liability company or corporation, or a person holding a power over an estate or trust administered by a fiduciary holder, being considered as:

(a) being or having been engaged in a trade or business in the United States or having or having had a permanent establishment in the United States;

(b) having or having had any other connection with the United States (other than a connection arising solely as a result of the ownership of the notes, the receipt of any payment or the enforcement of any rights hereunder), including being or having been a citizen or resident of the United States;

(c) being or having been a personal holding company, a passive foreign investment company or a controlled foreign corporation for United States federal income tax purposes or a corporation that has accumulated earnings to avoid United States federal income tax;

(d) being or having been a 10-percent shareholder of the Company as defined in section 871(h)(3) of the United States Internal Revenue Code of 1986, as amended (the Code) or any amended or successor provision; or

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(e) being or having been a bank receiving payments on an extension of credit made pursuant to a loan agreement entered into in the ordinary course of its trade or business;

(2) to any holder that is not the sole beneficial owner of the notes, or a portion of the notes, or that is a fiduciary, partnership or limited liability company, but only to the extent that a beneficial owner with respect to the holder, a beneficiary or settlor with respect to the fiduciary, or a beneficial owner or member of the partnership or limited liability company would not have been entitled to the payment of an additional amount had the beneficiary, settlor, beneficial owner or member received directly its beneficial or distributive share of the payment;

(3) to any tax to the extent such tax would not have been imposed but for the failure of the holder or any other person to comply with certification, identification or other information reporting requirements concerning the nationality, residence, identity or connection with the United States of the holder or beneficial owner of the notes, if compliance is required by statute, by regulation of the United States or any taxing authority therein or by an applicable income tax treaty to which the United States is a party as a precondition to exemption from, or reduction of, such tax;

(4) to any tax that is imposed otherwise than by withholding by us or a paying agent from the payment;

(5) to any estate, inheritance, gift, sales, value added, excise, transfer, wealth, gains, personal property tax or similar tax;

(6) to any withholding or deduction required to be made pursuant to any European Union directive on the taxation of savings, or any similar directive of any jurisdiction outside of the European Union, or any law implementing or complying with, or introduced in order to conform to any such directive;

(7) to any tax required to be withheld by any paying agent from any payment of principal of or interest on any note, if such payment can be made without such withholding by at least one other paying agent;

(8) to any tax to the extent such tax would not have been imposed but for the presentation by the holder or beneficial owner of any note, where presentation is required, for payment on a date more than 30 days after the date on which payment became due and payable or the date on which payment thereof is duly provided for, whichever occurs later;

(9) to any tax to the extent such tax is imposed or withheld solely by reason of the beneficial owner being a bank (i) purchasing the notes in the ordinary course of its lending business or (ii) that is neither (A) buying the notes for investment purposes only nor (B) buying the notes for resale to a third-party that either is not a bank or holding the notes for investment purposes only;

(10) to any tax imposed under Sections 1471 through 1474 of the Code (or any amended or successor provisions), any current or future regulations or other official interpretations thereof, any agreement entered into pursuant to Section 1471(b) of the Internal Revenue Code or any fiscal or regulatory legislation, rules or practices adopted pursuant to any intergovernmental agreement entered into in connection with the implementation of such sections of the Internal Revenue Code;

(11) to any backup withholding tax imposed pursuant to Section 3406 of the Code (or any amended or successor provision);

(12) to any tax imposed pursuant to Section 871(h)(6) or 881(c)(6) of the Code (or any amended or successor provisions); or

(13) in the case of any combination of items in the clauses above.

Except as specifically provided under this heading Payment of Additional Amounts, we will not be required to make any payment for any tax imposed by any government or any political subdivision or taxing authority of or in any government or political subdivision.

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As used under this heading Payment of Additional Amounts and under the heading Redemption Upon Tax Event, the term United States means the United States of America, any state thereof or the District of Columbia, and the term United States person means any person that is, for U.S. federal income tax purposes, an individual who is a citizen or resident of the United States, a corporation, partnership or other entity organized under the laws of the United States, an estate, the income of which is subject to United States federal income taxation regardless of its source, or a trust, if (i) a court within the United States is able to exercise primary jurisdiction over its administration and one or more United States persons have the authority to control all of its substantial decisions, or (ii) it has a valid election is in place under applicable Treasury regulations to be treated as a domestic trust.

Neither the trustee nor paying agent shall be responsible for determining whether and how much additional amounts are due and shall exclusively rely on our certification as to the foregoing.

Redemption Upon Tax Event

If, as a result of any change in, or amendment to, any laws (which includes, for the avoidance of doubt, any treaties), or any regulations or rulings promulgated thereunder, of the United States (or any taxing authority in the United States), or any change in, or amendments to, an official position regarding the application, administration or interpretation of any such laws, regulations or rulings (including a holding, judgment or order by a court of competent jurisdiction), which change or amendment is announced or becomes effective on or after the date of this prospectus supplement, we become or, based upon a written opinion of independent counsel selected by us, will become obligated to pay any additional amounts as described herein under the heading Payment of Additional Amounts with respect to the notes, then we may at any time at our option redeem, in whole but not in part, the notes on not less than 10 nor more than 60 days prior notice given by us to the holders, at a redemption price equal to 100% of their principal amount, together with accrued and unpaid interest on those notes to, but not including, the date fixed for redemption (subject to the right of holders of record on the relevant record date to receive interest due on the relevant interest payment date); provided, however, that the notice of redemption shall not be given earlier than 90 days before the earliest date on which we would be obligated to pay such additional amounts if a payment in respect of the notes were then due.

Exchange Rates and Exchange Controls

An investment in the notes by a purchaser whose home currency is not the euro entails significant risks. These risks include the possibility of significant changes in rates of exchange between the holder s home currency and the euro and the possibility of the imposition or modification of foreign exchange controls. These risks generally depend on factors over which we have no control, such as economic and political events and the supply of and the demand for the relevant currencies. In recent years, rates of exchange between the euro and certain currencies have been highly volatile, and each holder should be aware that volatility may occur in the future. Fluctuations in any particular exchange rate that have occurred in the past, however, are not necessarily indicative of fluctuations in the rate that may occur during the term of the notes. Depreciation of the euro against the holder s home currency would result in a decrease in the effective yield of such note below its coupon rate and, in certain circumstances, could result in a loss to the holder.

If the euro is unavailable to us due to the imposition of exchange controls or other circumstances beyond our control or the euro is no longer used by the member states of the European Monetary Union that have adopted the euro as their currency or for the settlement of transactions by public institutions of or within the international banking community, then all payments in respect of the notes will be made in U.S. dollars until the euro is again available to us or so used. The amount payable on any date in euro will be converted into U.S. dollars on the basis of the most recently available market exchange rate for the euro. Any payment in respect of the notes so made in U.S. dollars will not constitute an event of default under the notes or the indenture.

Applicable Law and Foreign Currency Judgments

The indenture is, and the notes will be, governed by the laws of the State of New York. Under New York law, a New York state court rendering a judgment on the notes would be required to render the judgment in euro. However, the judgment would be converted into dollars at the exchange rate prevailing on the date of entry of the judgment. Consequently, in a lawsuit for payment on the notes, investors would bear currency exchange risk until

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a New York state court judgment is entered, which could be a significant amount of time. A federal court sitting in New York with diversity jurisdiction over a dispute arising in connection with the notes would apply New York law.

In courts outside of New York, investors may not be able to obtain a judgment in a currency other than dollars. For example, a judgment for money in an action based on the notes in many other United States federal or state courts ordinarily would be enforced in the United States only in dollars. The date used to determine the rate of conversion of euro into dollars would depend upon various factors, including which court renders the judgment and when the judgment is rendered.

Defaults and Remedies

Clause 1 of the definition of event of default under the caption Description of the Debt Securities Defaults and Remedies in the accompanying prospectus is revised and applicable to the notes offered hereby as follows:

the Company defaults in any payment of interest on any of the notes when the same becomes due and payable and the default continues for a period of 30 days.

Book-Entry System

Global Clearance and Settlement

The notes will be issued in the form of one or more global notes (the Global Notes) in fully registered form, without coupons, and will be deposited with, or on behalf of, a common depositary, and registered in the name of the nominee of the common depositary, for, and in respect of interests held through, Euroclear and Clearstream. Except as described herein, certificates will not be issued in exchange for beneficial interests in the Global Notes.

Except as set forth below, the Global Notes may be transferred, in whole and not in part, only to Euroclear or Clearstream or their respective nominees.

Beneficial interests in the Global Notes will be represented, and transfers of such beneficial interests will be effected, through accounts of financial institutions acting on behalf of beneficial owners as direct or indirect participants in Euroclear or Clearstream. Those beneficial interests will be in denominations of 100,000 and integral multiples of 1,000 in excess thereof. Investors may hold notes directly through Euroclear or Clearstream, if they are participants in such systems, or indirectly through organizations that are participants in such systems. It is possible that the clearing systems may process trades that could result in amounts being held in denominations smaller than the minimum denominations. If definitive notes are required to be issued in relation to such notes in accordance with the provisions of the relevant global notes, a holder who does not have the minimum denomination or a multiple of 1,000 in excess thereof in its account with the relevant clearing system at the relevant time may not receive all of its entitlement in the form of definitive notes unless and until such time as its holding satisfies the minimum denomination requirement.

So long as Euroclear or Clearstream or their nominee or their common depositary is the registered holder of the global notes, Euroclear, Clearstream or such nominee, as the case may be, will be considered the sole owner or holder of the notes represented by such global notes for all purposes under the indenture and the notes. Payments of principal, interest and additional amounts, if any, in respect of the global notes will be made to Euroclear, Clearstream or such nominee, as the case may be, as registered holder thereof.

We have been advised by Clearstream and Euroclear, respectively, as follows:

Global Clearance and Settlement

Clearstream has advised that it is incorporated under the laws of Luxembourg and licensed as a bank and professional depositary. Clearstream holds securities for its participating organizations and facilitates the clearance and settlement of securities transactions among its participants through electronic book-entry changes

in accounts of its participants, thereby eliminating the need for physical movement of certificates. Clearstream provides to its participants, among other things, services for safekeeping, administration, clearance and settlement of internationally traded securities and securities lending and borrowing. Clearstream interfaces with domestic markets in several countries. Clearstream has established an electronic bridge with the Euroclear Operator (as defined below) to facilitate the settlement of trades between the nominees of Clearstream and Euroclear. As a registered bank in Luxembourg, Clearstream is subject to regulation by the Luxembourg Commission for the Supervision of the Financial Sector. Clearstream customers are recognized financial institutions around the world, including underwriters, securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations and may include the underwriters. Indirect access to Clearstream is also available to others, such as banks, brokers, dealers and trust companies that clear through, or maintain a custodial relationship with, a Clearstream participant, either directly or indirectly.

Distributions with respect to notes held beneficially through Clearstream will be credited to cash accounts of Clearstream participants in accordance with its rules and procedures.

Euroclear

Euroclear has advised that it was created in 1968 to hold securities for its participants and to clear and settle transactions between Euroclear participants through simultaneous electronic book-entry delivery against payment, thereby eliminating the need for physical movement of certificates and any risk from lack of simultaneous transfers of securities and cash. Euroclear includes various other services, including securities lending and borrowing and interfaces with domestic markets in several countries. Euroclear is operated by Euroclear Bank S.A./N.V. (the Euroclear Operator). All operations are conducted by the Euroclear Operator, and all Euroclear securities clearance accounts and Euroclear cash accounts are accounts with the Euroclear Operator. Euroclear participants include banks (including central banks), securities brokers and dealers and other professional financial intermediaries and may include the underwriters. Indirect access to Euroclear is also available to other firms that clear through or maintain a custodial relationship with a Euroclear participant, either directly or indirectly.

Securities clearance accounts and cash accounts with the Euroclear Operator are governed by the Terms and Conditions Governing Use of Euroclear and the related operating procedures of Euroclear, and applicable Belgian law (collectively, the Terms and Conditions). The Terms and Conditions govern transfers of securities and cash within Euroclear, withdrawals of securities and cash from Euroclear, and receipts of payments with respect to securities in Euroclear. All securities in Euroclear are held on a fungible basis without attribution of specific certificates to specific securities clearance accounts. The Euroclear Operator acts under the Terms and Conditions only on behalf of Euroclear participants, and has no records of or relationship with persons holding through Euroclear participants.

Distributions with respect to the notes held beneficially through Euroclear will be credited to the cash accounts of Euroclear participants in accordance with the Terms and Conditions.

Euroclear and Clearstream Arrangements

So long as Euroclear or Clearstream or their nominee or their common depositary is the registered holder of the Global Notes, Euroclear, Clearstream or such nominee, as the case may be, will be considered the sole owner or holder of the notes represented by the Global Notes for all purposes under the indenture and the notes. Payments of principal, interest and additional amounts, if any, in respect of the Global Notes will be made to Euroclear, Clearstream, such nominee or such common depositary, as the case may be, as registered holder thereof. None of us, the trustee, the paying agent, any underwriter or any affiliate of any of the above or any person by whom any of the above is controlled (as such term is defined in the Securities Act of 1933, as amended (the Securities Act)) will have any responsibility or liability for any records relating to or payments made on account of beneficial ownership interests in the Global Notes or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

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Distributions of principal, premium, if any, and interest with respect to the Global Notes will be credited in euro to the extent received by Euroclear or Clearstream from the paying agent to the cash accounts of Euroclear or Clearstream customers in accordance with the relevant system s rules and procedures.

Because Euroclear and Clearstream can act only on behalf of participants, who in turn act on behalf of indirect participants, the ability of a person having an interest in the Global Notes to pledge such interest to persons or entities which do not participate in the relevant clearing system, or otherwise take actions in respect of such interest, may be affected by the lack of a physical certificate in respect of such interest.

Initial Settlement

We understand that investors that hold their notes through Clearstream or Euroclear accounts will follow the settlement procedures that are applicable to conventional eurobonds in registered form. Subject to applicable procedures of Clearstream and Euroclear, notes will be credited to the securities custody accounts of Clearstream and Euroclear participants on the business day following the settlement date, for value on the settlement date.

Secondary Market Trading

Because the purchaser determines the place of delivery, it is important to establish at the time of trading of any notes where both the purchaser s and seller s accounts are located to ensure that settlement can be made on the desired value date.

We understand that secondary market trading between Clearstream and/or Euroclear participants will occur in the ordinary way following the applicable rules and operating procedures of Clearstream and Euroclear. Secondary market trading will be settled using procedures applicable to conventional eurobonds in global registered form.

You should be aware that investors will be able to make and receive deliveries, payments and other communications involving the notes through Clearstream and Euroclear only on days when those systems are open for business. Those systems may not be open for business on days when banks, brokers and other institutions are open for business in the United States.

In addition, because of time-zone differences, there may be problems with completing transactions involving Clearstream and Euroclear on the same business day as in the United States. U.S. investors who wish to transfer their interests in the notes, or to make or receive a payment or delivery of the notes, on a particular day, may find that the transactions will not be performed until the next business day in Luxembourg or Brussels, depending on whether Clearstream or Euroclear is used.

Clearstream or Euroclear will credit payments to the cash accounts of Clearstream customers or Euroclear participants, as applicable, in accordance with the relevant system s rules and procedures, to the extent received by its depositary. Clearstream or the Euroclear Operator, as the case may be, will take any other action permitted to be taken by a holder under the indenture on behalf of a Clearstream customer or Euroclear participant only in accordance with its relevant rules and procedures.

Clearstream and Euroclear have agreed to the foregoing procedures in order to facilitate transfers of the notes among participants of Clearstream and Euroclear. However, they are under no obligation to perform or continue to perform those procedures, and they may discontinue those procedures at any time.

Paying Agent

Payments (including principal, premium and interest) and transfers with respect to notes in certificated form may be executed at the office or agency maintained for such purpose in London (initially the corporate trust office of the Paying Agent) or, at our option, by check mailed to the holders thereof at the respective addresses

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set forth in the register of holders of the notes (maintained by the Registrar), provided that all payments (including principal, premium and interest) on notes in certificated form, for which the holders thereof have given wire transfer instructions, will be required to be made by wire transfer of immediately available funds to the accounts specified by the holders thereof. No service charge will be made for any registration of transfer, but payment of a sum sufficient to cover any tax or governmental charge payable in connection with that registration may be required.

The paying agent for the notes will initially be Elavon Financial Services Limited, UK Branch (the Paying Agent), an affiliate of the trustee.

If we maintain a paying agent in a European Union member state, then we will ensure that, to the extent permitted by law, we maintain a paying agent in a European Union member state that will not be obliged to withhold or deduct tax pursuant to European Council Directive 2003/48/EC or any other directive implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000 (each, a Directive) or any law implementing or complying with, or introduced in order to conform to, such Directive.

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CERTAIN UNITED STATES FEDERAL INCOME TAX CONSEQUENCES

The following is a summary of certain United States federal income tax considerations relating to the purchase, ownership and disposition of the notes, but does not purport to be a complete analysis of all potential tax considerations. This summary is based on the provisions of the Internal Revenue Code of 1986, as amended (the Code), the United States Treasury regulations promulgated thereunder, judicial authority, published administrative positions of the Internal Revenue Service (IRS) and other applicable authorities, all as in effect on the date of this document, and all of which are subject to change, possibly on a retroactive basis. We have not sought any ruling from the IRS with respect to the statements made and the conclusions reached in the following summary and there can be no assurance that the IRS will agree with our statements and conclusions.

This summary deals only with beneficial owners of notes that purchase their notes in this offering at the issue price (the first price at which a substantial amount of the notes is sold to investors for cash, not including sales to underwriters, bond houses, brokers or similar persons or organizations) and that will hold the notes as capital assets within the meaning of section 1221 of the Code (generally, property held for investment). This summary does not purport to deal with all aspects of United States federal income taxation that might be relevant to particular holders in light of their personal investment circumstances or status, nor does it address tax considerations applicable to investors that may be subject to special tax rules, such as banks and other financial institutions, individual retirement and other tax-deferred accounts, tax exempt entities, S corporations, partnerships or other pass through entities for United States federal income tax purposes or investors in such entities, insurance companies, regulated investment companies, real estate investment trusts, broker-dealers, dealers or traders in securities or currencies, former citizens or residents of the United States, controlled foreign corporation, and passive foreign investment companies. This summary also does not discuss notes held as part of a hedge, straddle, synthetic security or conversion transaction, or situations in which the functional currency of a United States Holder (as defined below) is not the U.S. Dollar. This summary does not address any United States federal tax consequences other than United States federal income tax consequences (such as estate or gift tax consequences), the Medicare tax on certain investment income, alternative minimum tax consequences, or any state, local or non-United States tax consequences.

In the case of a beneficial owner of notes that is classified as a partnership for United States federal income tax purposes, the tax treatment of the notes to a partner of the partnership generally will depend upon the status of the partner and the activities of the partner and the partnership. If you are a partner of a partnership considering an investment in the notes, then you should consult your tax advisors.

The following discussion is for informational purposes only and is not a substitute for careful tax planning and advice. Investors considering the purchase of notes should consult their tax advisors with respect to the application of the United States federal income tax laws to their particular situations, as well as any tax consequences arising under any other United States federal tax laws or the laws of any state, local or non-United States taxing jurisdiction or under any applicable tax treaty.

United States Holders

The following is a summary of certain United States federal income tax considerations if you are a United States Holder. For purposes of this discussion, the term United States Holder means a beneficial owner of a note that is, for United States federal income tax purposes:

- an individual who is a citizen or a resident of the United States;
- a corporation organized under the laws of the United States, any state thereof or the District of Columbia;
- an estate, the income of which is subject to United States federal income taxation regardless of its source; or

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a trust, if (i) a court within the United States is able to exercise primary jurisdiction over its administration and one or more United States persons have the authority to control all of its substantial decisions, or (ii) it has a valid election is in place under applicable Treasury regulations to be treated as a domestic trust.

Payment of Stated Interest

Subject to the foreign currency rules discussed below, stated interest on a note will be included in the gross income of a United States Holder as ordinary income at the time such interest is accrued or received, in accordance with the holder s regular method of accounting for United States federal income tax purposes.

A United States Holder that uses the cash method of accounting for United States federal income tax purposes will be required to include in income, as ordinary income, the U.S. Dollar value of the euro payment received (determined by translating the euro received based on the spot rate in effect on the date the payment is received), regardless of whether the payment is in fact converted into U.S. Dollars. A cash method United States Holder will not recognize any foreign currency exchange gain or loss with respect to the receipt of such stated interest, but may recognize exchange gain or loss attributable to the actual disposition of the euro so received.

A United States Holder that uses the accrual method of accounting for United States federal income tax purposes will be required to include in income, as ordinary income, for each taxable year the U.S. Dollar value of the amount of interest income in euro that has accrued with respect to the note during such taxable year. In general, the U.S. Dollar value of such accrued interest income will be determined by translating such income at the average spot rate of exchange for the accrual period or, with respect to an accrual period that spans two taxable years, at the average spot rate of exchange for the partial period within the applicable taxable year. However, a United States Holder may elect to translate such accrued interest income into U.S. Dollars using the spot rate of exchange on the last day of the interest accrual period or, with respect to an accrual period that spans two taxable years, using the spot rate of exchange on the last day of the portion of the accrual period within the applicable taxable year. Alternatively, if the last day of an accrual period is within five business days of the date of receipt of the accrued interest, a United States Holder may translate such interest income at the spot rate of exchange on the date of receipt. The above election must be applied consistently to all debt obligations held by the United States Holder from year to year and may not be changed without the consent of the IRS.

A United States Holder that uses the accrual method of accounting for United States federal income tax purposes will recognize foreign currency exchange gain or loss upon receipt of a stated interest payment (including, upon the sale or other taxable disposition of a note, amounts attributable to accrued but unpaid stated interest) in an amount equal to the difference, if any, between the U.S. Dollar value of the euro payment received (translated at the spot rate in effect on the date such payment is received) and the U.S. Dollar value of the stated interest income such United States Holder previously included in income with respect to such payment, regardless of whether the payment is in fact converted to U.S. Dollars at such time.

Sale, Exchange, Redemption, Retirement or Other Taxable Disposition of the Notes

Subject to the foreign currency rules discussed below, upon the sale, exchange, redemption, retirement or other taxable disposition of a note, a United States Holder generally will recognize gain or loss in an amount equal to the difference, if any, between (i) the amount realized upon such disposition (less any amounts attributable to accrued and unpaid stated interest, which will be taxable as interest income as described in Payments of Stated Interest to the extent not previously so taxed) and (ii) the holder s adjusted tax basis in the note.

A United States Holder s adjusted tax basis in a note generally will equal the U.S. Dollar cost of the note to such holder. If a United States Holder uses foreign currency to purchase a note, the cost of the note generally will be the U.S. Dollar value of the foreign currency paid for such note, determined at the spot rate at the time of purchase. If a note is sold, exchanged, redeemed, retired or otherwise disposed of in a taxable transaction for euro

the amount realized generally will be the U.S. Dollar value of such euro received based on the spot rate in effect on the date of such sale, exchange, redemption, retirement or other taxable disposition. However, if a United States Holder is a cash method taxpayer (or an electing accrual basis United States Holder) and the notes are considered to be traded on an established securities market for tax purposes, the amount realized generally will be the U.S. Dollar value of such euro received on the spot rate in effect on the settlement date of the sale. An election made by an accrual basis United States Holder must be applied consistently to all debt instruments from year to year and cannot be changed without the consent of the IRS. An accrual method United States Holder that does not make the foregoing election will recognize foreign currency exchange gain or loss (taxable as ordinary income or loss) if there are exchange rate fluctuations between the disposition date and the settlement date.

Subject to the discussion below regarding foreign currency exchange gain or loss, any gain or loss recognized upon the sale, exchange, redemption, retirement or other taxable disposition of a note generally will be capital gain or loss, and will be long-term capital gain or loss if the United States Holder has held the note for more than one year. In general, long-term capital gains of a non-corporate United States Holder are eligible for reduced rates of taxation. The deductibility of capital losses is subject to limitations.

A portion of any gain or loss with respect to the principal amount of a note may be treated as foreign currency exchange gain or loss. Any foreign currency exchange gain or loss will be treated as ordinary income or loss. For these purposes, the principal amount of the note is a United States Holder s purchase price for the note calculated in euro on the date of purchase, and the amount of foreign currency exchange gain or loss recognized is equal to the difference, if any, between (i) the U.S. Dollar value of the principal amount determined at the spot rate in effect on the date of the sale, exchange, redemption, retirement or other taxable disposition of the note (or possibly, in the case of a cash basis or electing accrual basis United States Holder, on the settlement date of such disposition if the note is considered to be traded on an established securities market for tax purposes) and (ii) the U.S. Dollar value of the principal amount determined at the spot rate on the date such United States Holder purchased the note. The amount of any exchange gain or loss recognized will be limited to the amount of overall gain or loss recognized on the disposition of the note.

Exchange Gain or Loss with Respect to Foreign Currency

On a sale or other taxable disposition of euro, a United States Holder generally will recognize gain or loss in an amount equal to the difference, if any, between (i) the amount of U.S. Dollars, or the fair market value in U.S. Dollars of any other property, received the such United States Holder in such disposition and (ii) the United States Holder s tax basis in the euro. A United States Holder will have a tax basis in any euro received on a note (whether received as stated interest or on a sale or other taxable disposition) equal to the U.S. Dollar value thereof at the spot rate in effect on the date the euro are received.

Any gain or loss realized by a United States Holder on a sale or other disposition of the foreign currency, including their exchange for U.S. Dollars, will be ordinary income or loss.

Reportable Transactions

Treasury regulations meant to require the reporting of certain tax shelter transactions cover certain transactions generally not regarded as tax shelters, including, in certain circumstances, a sale, exchange, redemption, retirement or other taxable disposition of a note denominated in a foreign currency or euro received in respect of such a note, to the extent that such disposition results in a tax loss in excess of a threshold amount. United States Holders should consult their tax advisors to determine the tax return disclosure obligations, if any, with respect to an investment in the notes, including any requirement to file IRS Form 8886 (Reportable Transaction Disclosure Statement) as part of their U.S. federal income tax returns.

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Information Reporting and Backup Withholding

In general, certain information must be reported to the IRS with respect to payments of stated interest on a note, and payments of the proceeds of the sale, exchange, redemption, retirement or other taxable disposition of a note, unless a United States Holder is an exempt recipient (such as a corporation). The payor (which may be us or an intermediate payor) will be required to impose backup withholding with respect to the foregoing amounts if (i) the payee fails to furnish a taxpayer identification number (TIN) to the payor; (ii) the IRS notifies the payor that the TIN furnished by the payee is incorrect, (iii) there has been a prior notified payee underreporting described in section 3406(c) of the Code, or (iv) the payee has not certified under penalties of perjury that it has furnished a correct TIN, that it is a United States person and that the IRS has not notified the payee that it is subject to backup withholding under the Code.

United States federal backup withholding is not an additional tax. Any amounts withheld under the backup withholding rules from a payment to a United States Holder will be allowed as a credit against the holder s United States federal income tax liability and may entitle the holder to a refund, provided that the required information is timely furnished to the IRS.

Non-United States Holders

The following is a summary of certain United States federal income tax considerations if you are a non-United States Holder. The term non-United States Holder means a beneficial owner of a note that is, for United States federal income tax purposes, an individual, corporation, estate or trust and is not a United States Holder.

Payment of Interest

Subject to the discussion of backup withholding below, interest (including any additional amounts paid in respect of any tax withheld) paid on a note to a non-United States Holder that is not effectively connected with the non-United States Holder s conduct of a trade or business in the United States will be exempt from United States federal income and withholding tax under the portfolio interest exemption, provided that (i) the non-United States Holder does not, actually or constructively, own stock possessing 10 percent or more of the total voting power of our outstanding stock, (ii) the non-United States Holder is not a controlled foreign corporation related to us, actually or constructively, (iii) the non-United States Holder is not a bank that acquired the notes in consideration for an extension of credit made pursuant to a loan agreement entered into in the ordinary course of its trade or business and (iv) either (a) the non-United States Holder provides to the applicable withholding agent an IRS Form W-8BEN (or other applicable form), signed under penalties of perjury, that includes its name and address and that certifies its non-United States status in compliance with applicable law and regulations, or (b) a securities clearing organization, bank or other financial institution that holds customers securities in the ordinary course of its trade or business on behalf of the non-United States Holder provides a statement to the applicable withholding agent under penalties of perjury on which it certifies that an applicable IRS Form W-8BEN (or other applicable form) has been received by it from the non-United States Holder or a qualifying intermediary and furnishes a copy to the applicable withholding agent. This certification requirement may be satisfied with other documentary evidence in the case of a note held in an offshore account or through certain foreign intermediaries.

If a non-United States Holder cannot satisfy the requirements of the portfolio interest exemption described above, then payments of interest made to such holder generally will be subject to United States federal withholding tax at the rate of 30%, unless either (i) the holder provides the applicable withholding agent with a properly executed IRS Form W-8BEN establishing an exemption from or reduction of the withholding tax under the benefit of an applicable income tax treaty or (ii) the interest is effectively connected with the non-United States Holder s conduct of a trade or business in the United States and the non-United States holder provides an appropriate statement to that effect on a properly completed and duly executed IRS Form W-8ECI.

If a non-United States Holder is engaged in a trade or business in the United States and interest on a note is effectively connected with the conduct of that trade or business, the non-United States Holder will be subject to United States federal income tax on such interest on a net income basis in generally the same manner as a United

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States person as defined under the Code, unless an applicable income tax treaty provides otherwise. A non-United States Holder that is treated as a foreign corporation for United States federal income tax purposes may also be subject to a branch profits tax at a 30% rate (or lower applicable treaty rate) on its effectively connected earnings and profits, subject to adjustments.

Sale, Exchange, Redemption, Retirement or Other Taxable Disposition of the Notes

Subject to the discussion of backup withholding below, a non-United States Holder generally will not be subject to United States federal income or withholding tax on any gain realized on a sale, exchange, redemption, retirement or other taxable disposition of a note (other than any amount representing accrued but unpaid interest on the note, which will be treated as interest and in certain cases will be subject to the rules discussed above under Non-United States Holders Payment of Interest) unless:

- the non-United States Holder is an individual who was present in the United States for 183 days or more in the taxable year of the disposition and certain other conditions are met; or

- the gain is effectively connected with the conduct of a trade or business in the United States by the non-United States Holder.

If a non-United States Holder is described in the first bullet point above, such non-United States Holder generally will be subject to United States federal income tax at a flat rate of 30 percent (unless a lower treaty rate applies) on such holder s gain from the disposition, which may be offset by certain United States-source capital losses. If a non-United States Holder is described in the second bullet point above, the non-United States Holder will be subject to United States federal income tax on such gain on a net income basis in generally the same manner as a United States person as defined under the Code, unless an applicable income tax treaty provides otherwise. A non-United States Holder that is treated as a foreign corporation for United States federal income tax purposes may also be subject to a branch profits tax at a 30% rate (or lower applicable treaty rate) on its effectively connected earnings and profits, subject to adjustments.

Information Reporting and Backup Withholding

The amount of interest paid on the notes to a non-United States Holder and the amount of tax, if any, withheld from such payment generally must be reported annually to the non-United States Holder and to the IRS. The IRS may make this information available under the provisions of an applicable income tax treaty to the tax authorities in the country in which the non-United States Holder is resident.

If a non-United States Holder has certified its non-U.S. status (usually by providing an IRS Form W-8BEN) or otherwise established an exemption, the non-United States Holder generally will not be subject to backup withholding with respect to interest payments on, or the proceeds from the disposition (including a retirement or redemption) of, a note.

United States federal backup withholding is not an additional tax. Any amounts withheld under the backup withholding rules will generally be allowed as a refund or a credit against the non-United States Holder s United States federal income tax liability, provided that the required information is timely furnished to the IRS.

EUROPEAN UNION SAVINGS DIRECTIVE AND OTHER SIMILAR DIRECTIVES

Under European Council Directive 2003/48/EC on the taxation of savings income (the Savings Directive), member states are required to provide to the tax authorities of another member state details of payments of interest (or similar income) paid by a person within its jurisdiction to an individual resident in that other member state or to certain limited types of entities established in that other member state. However, for a transitional period, Luxembourg and Austria are instead required (unless during that period they elect otherwise) to operate a withholding system in relation to such payments (the ending of such transitional period being dependent upon the

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conclusion of certain other agreements relating to information exchange with certain