

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.

Table of Contents**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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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;

The Board of Directors and Committees

Board of Directors

The Board of Directors has an Audit Committee and a Compensation Committee but does not have a standing nominating committee. The Board of Directors held four meetings and acted by consent fourteen times during the fiscal year ended November 30, 2004. All incumbent directors attended 75% or more of the aggregate number of Board and related committee meetings during the year.

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The board's view in the past for the basis that it is appropriate not to have a standing nominating committee was that Audiovox is a "Controlled Company" under Rule 4350(c)(5) of the NASD Manual, as in effect as of the date of this proxy statement. However, Audiovox is in the process of forming a standing nominating committee in keeping with corporate best practices.

Audit Committee

The Audit Committee, which held five meetings and acted by consent two times in fiscal 2004, currently consists of four members, namely, Paul C. Kreuch, Jr., Dennis F. McManus, Irving Halevy and Peter A. Lesser. The Board of Directors has determined that each of the four members is "independent" under Rule 4200(a) of the NASD Manual, as in effect as of the date of this proxy statement. The Board of Directors has also determined that at least one member of the audit committee is an "audit committee financial expert" as defined by Item 401(h)(2) of Regulation S-K. The name of such audit committee financial expert is Paul C. Kreuch, Jr. The functions of the Audit Committee are described below under the heading "—Committee Reports and Performance—Audit Committee Report."

Compensation Committee

The Compensation Committee, which held two meetings and acted by consent nine times in fiscal 2004, currently consists of four members, namely, Messrs. Kreuch, McManus, Halevy and Lesser. The

Compensation Committee recommends to the Board of Directors remuneration arrangements for senior management and the directors, approves and administers other compensation plans, including the profit sharing plan of Audiovox, in which officers, directors and employees participate.

The following Audit Committee Report, Compensation Committee Report on Executive Compensation and Performance Graph do not constitute soliciting material and should not be deemed filed or incorporated by reference into any other Company filing under the Securities Act of 1933 or the Securities Exchange Act of 1934, except to the extent the Company specifically incorporates this information by reference therein.

AUDIT COMMITTEE REPORT

Each member of the Audit Committee is "independent" as that term is defined under the Securities Exchange Act of 1934, as amended, the rules and regulations of the SEC thereunder, and the listing standards of the Nasdaq Stock Market. In addition, the Board has determined that the Audit Committee has an "audit committee financial expert", as defined in regulations issued pursuant to the Sarbanes-Oxley Act of 2002. Our "audit committee financial expert" is the Chairman, Paul C. Kreuch, Jr.

The Audit Committee of the Board is responsible for providing independent, objective oversight of the quality and integrity of the Company's accounting and auditing functions, internal controls and financial reporting practices. One of the Audit Committee's primary responsibilities is to enhance the independence of the audit function and therefore, the Audit Committee is directly responsible for the appointment, compensation, retention and oversight of the work of our independent auditors, who report directly to the Audit Committee. The full responsibilities of the Audit Committee are set forth in its written charter which was approved by the Company's Board of Directors.

The duties and responsibilities of the Audit Committee include: (1) oversight and review of our financial reporting process and internal control systems; (2) evaluation of our financial performance, as well as our compliance with laws and regulations; (3) oversight of managements' establishment and enforcement of financial policies; and (4) providing an open avenue of communication among the independent auditors, financial and senior management and the Board, including the resolution of any disagreements that may arise regarding financial reporting.

The Audit Committee has:

- reviewed and discussed our audited financial statements for the fiscal year ended November 30, 2004 with our management and Grant Thornton LLP, our independent registered public accounting firm including a discussion of the quality and effect of our accounting principles, the reasonableness of significant judgments and the clarity of disclosures in the financial statements;

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- discussed the matters required by Statement on Auditing Standards No. 61 (Communication with Audit Committees) with Grant Thornton LLP, including any process used by management in formulating particularly sensitive accounting estimates and the basis for the conclusions of Grant Thornton LLP regarding the reasonableness of those estimates; and
 - met with representatives of our independent registered public accounting firm, with and without management present, to discuss the results of their examinations, their evaluations of

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our internal controls and the overall quality of our financial reporting.
For the fiscal years ended November 30, 2004 and 2003, the Company paid or accrued the following fees to Grant Thornton LLP (and its affiliates) for services rendered during the year or for the audit in respect of that year:

Fee Type	2004	2003
	(In Thousands)	
Audit Fees (1)	\$ 3,694	\$ 1,213
Audit-Related Fees(2)	680	79
Tax Fees(3)	1,029	21
All Other Fees	—	—
Total	\$ 5,403	\$ 1,313

(1) Audit Fees comprise fees for professional services necessary to perform an audit or review in accordance with the standards of the Public Company Accounting Oversight Board, including services rendered for the audit of the Company's annual financial statements (including services incurred with rendering an opinion under Section 404 of the Sarbanes-Oxley Act of 2002 at an incremental audit fee of \$1,084 in fiscal 2004) and review of quarterly financial statements. Also includes fees for statutory audits of international subsidiaries for the fiscal years, and in fiscal 2004, fees of \$364 for the audit of the Closing Statement of Net Assets of Audiovox Communications Corp. and fees of \$815 for the audit of the Company's fiscal 2002 consolidated financial statements.

(2) Audit-Related Fees comprise fees for services that reasonably relate to the performance of the audit or review of the Company's financial statements including the support of business acquisitions and divestiture activities and the audit of the Company's employee benefit plans. For fiscal 2004, these services included \$640 paid principally for the divestiture of Audiovox Communications Corp.

(3) Tax Fees comprise fees for tax compliance, tax planning and tax advice. For fiscal 2004, these services include technical tax advice related to the divestiture of Audiovox Communications Corp. as well as other permissible corporate tax services.

The Audit Committee of the Board of Directors has considered whether the provision of non-audit services by Grant Thornton LLP is compatible with maintaining auditor independence. In 2003, the Audit Committee adopted a policy concerning approval of audit and non-audit services to be provided by Grant Thornton LLP. The policy requires that all services Grant Thornton LLP may provide to the Company, including audit services and permitted audit-related and non-audit services, be pre-approved by the Audit Committee. The Chairman of the Audit Committee may approve certain permitted non-audit services in between Committee meetings, which services are subsequently reported to and approved by the Audit Committee. In addition, for particular permitted services, the Chief Financial Officer may approve the engagement of Grant Thornton LLP provided such engagement will amount to fees of less than \$50,000 and such engagement is reported to the Chairman of the Committee and reported to and ratified by the Committee at its next meeting.

All of the services for Audit-Related Fees, Tax Fees and All Other Fees referenced above were approved by the Audit Committee pursuant to Rule 2-01(c)(7)(i)(C) of Regulation S-X under the Securities Act of 1933, as amended.

Approval by the stockholders of the appointment of the independent registered public accounting firm is not required, but the board believes that it is desirable to submit this matter to the stockholders. If holders of a majority of our common stock present and entitled to vote on the matter do not approve the selection of Grant Thornton LLP, as our independent registered public accounting firm for fiscal 2005 at the annual meeting, the selection of independent accountants will be reconsidered by the Audit Committee. Abstentions will be considered a vote against this proposal and broker non-votes will have no effect on such matter since these votes will not be considered present and entitled to vote for this purpose.

The Audit Committee considered the compatibility of the non-audit services provided to us by Grant Thornton LLP in fiscal 2004 on the independence of Grant Thornton LLP from us in evaluating whether to appoint Grant Thornton LLP to perform the audit of our financial statements for the year ended November 30, 2005.

The Audit Committee has also received the written disclosures and the letter from Grant Thornton LLP required by Independence Standards Board Standard No. 1 (Independence Discussion with Audit Committees), has discussed the independence of Grant Thornton LLP and considered whether the provision of non-audit services by Grant Thornton LLP is compatible with maintaining auditor independence, and has satisfied itself as to the auditor's independence.

Based upon the Audit Committee's discussions with management and representatives of our independent registered public accounting firm, and the Audit Committee's review of the representations of management and Grant Thornton LLP, the Audit Committee is satisfied that its responsibilities under the charter for the period ended November 30, 2004, were met and that the financial reporting processes of the Company are functioning efficiently.

Members of the Audit Committee

Paul C. Kreuch, Jr. (Chairman)
Dennis F. McManus
Irving Halevy
Peter A. Lesser

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COMPENSATION COMMITTEE REPORT ON EXECUTIVE COMPENSATION

Responsibilities of the Committee

The Compensation Committee of the Board of Directors reviews and approves compensation for Audiovox's executive officers and oversees and administers Audiovox's stock option and restricted stock plans. The Compensation Committee recommends compensation for the Chief Executive Officer subject to the Board of Directors approval of such recommendations. The Chief Executive Officer submits recommended compensation levels for other executive officers of Audiovox to the Compensation Committee for its review and approval. Each member of the Compensation Committee is an independent director in accordance with Nasdaq rules. The Compensation Committee of the Board of Directors has furnished the following report on executive compensation for fiscal 2004.

What is Audiovox's Philosophy of Executive Officer Compensation?

Our compensation programs are designed to attract and retain talented executives and motivate them to achieve corporate and business objectives that will increase stockholder value. To attain both near and long term corporate goals, it is our policy to provide incentives to senior management and reward outstanding performance and contributions to Audiovox's businesses. Audiovox's compensation program has three primary components: base salary, a performance-based annual bonus and stock-based compensation.

This approach to executive compensation enables Audiovox to attract and retain executives of outstanding ability while ensuring that our executives' compensation advances the interests of our shareholders. Consequently, a large proportion of our executives' compensation, the annual bonus, is dependent in significant part on Audiovox's performance. Although Audiovox does not have employment agreements with any of its executive officers, Mr. Philip Christopher's compensation was governed by an employment agreement while he was employed by Audiovox Communications Corp.

In 2004, the Company engaged performance compensation consultants Sibson and Company to review Audiovox's compensation program for executive officers and other officers of Audiovox Corporation. Sibson's review encompassed total compensation, peer compensation levels, and the linkage between cash incentive compensation, plan results, and Company performance. Sibson is in the process of finalizing its report and recommendations. The Compensation Committee will review Sibson's report and recommendations when they are available and will incorporate those recommendations as the Compensation Committee deems advisable and in the best interests of the Company.

Base Salary

Salaries for the executive officers are designed to attract and retain qualified and dedicated executive officers. Annually, the Committee reviews salary recommendations made by Audiovox's Chief Executive Officer, and evaluates individual responsibility levels, experience, performance and length of service. While the Compensation Committee believes that base salaries for Audiovox's executive officers are fixed at levels commensurate with competitive amounts paid to senior executives with comparable qualifications at companies engaged in the same or similar businesses, the Compensation Committee will evaluate Sibson's recommendations with respect to this component of compensation.

Annual Bonus

Bonus compensation provides Audiovox with a means of rewarding performance based upon attainment of corporate profitability during the fiscal year. For fiscal 2004, the Compensation Committee established bonus compensation formulas for its executives based upon the pre-tax earnings of the Company. The annual bonus paid to Mr. Lavelle is based upon the achievement of fiscal goals within Audiovox Electronics Corp.

Stock Options

During fiscal 2004, no stock options were granted to the Company's employees, including the Company's executive officers.

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How is the Chief Executive Officer Compensated?

The Compensation Committee has fixed the base salary of the Chief Executive Officer based on competitive compensation data, the Committee's assessment of Mr. Shalam's past performance and its expectation as to his future contributions in guiding and directing Audiovox and its business. Mr. Shalam's bonus for fiscal 2004 was calculated on Audiovox's pre-income tax profit before extraordinary items, other non-recurring transactions and income taxes of the Company in accordance with Audiovox's Executive Officer Bonus Plan that was approved by the shareholders in 2000. Mr. Shalam also received \$1.9 million upon the closing of the asset sale to UTStarcom Inc. pursuant to an amendment to a long-term incentive award, approved by this Committee, which clarified that such payment would be paid upon a sale of the wireless business pursuant to an asset sale.

How is Audiovox Addressing Internal Revenue Code Limits on Deductibility of Compensation?

Section 162(m) of the Internal Revenue Code generally disallows a tax deduction to public corporations for compensation over \$1,000,000 paid for any fiscal year to the corporation's chief executive officer and four other most highly compensated executive officers as of the end of any fiscal year. However, the statute exempts qualifying performance-based compensation from the deduction limit if certain requirements are met. The Compensation Committee currently intends to structure performance-based compensation, including stock option grants and annual bonuses, to executive officers who may be subject to Section 162(m) in a manner that satisfies those requirements.

The Board and the Compensation Committee reserve the authority to award non-deductible compensation in other circumstances as they deem appropriate. Further, because of ambiguities and uncertainties as to the application and interpretation of Section 162(m) and the regulations issued thereunder, no assurance can be given, notwithstanding the Company's efforts, that compensation intended by the Company to satisfy the requirements for deductibility under Section 162(m) does in fact do so.

Members of the Compensation Committee

Paul C. Kreuch, Jr. (Chairman)
 Dennis F. McManus
 Irving Halevy
 Peter A. Lesser

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Executive Compensation

The following Summary Compensation Table sets forth the compensation earned by each individual who served as Audiovox's Chief Executive Officer during fiscal 2004 and the four most highly compensated executive officers who were serving as such as of November 30, 2004 (collectively, the "Named Officers").

Summary Compensation Table

Name and Principal Position(1)	Year	Annual Compensation(1)			Long Term Compensation	All Other Compensation(3)
		Salary(2)	Bonus			

				Payouts	
John J. Shalam, President and CEO	2004	\$ 450,000	\$ 498,150	\$ 1,916,500	\$ 17,437
	2003	450,000	673,500		12,376
	2002	450,677	128,669		11,025
Philip Christopher, Former Executive Vice President	2004	391,342(4)	100,347	\$ 1,916,500	3,014
	2003	507,000	112,000		4,179
	2002	476,419(5)	1,800,000		2,762
Charles M. Stoehr, Senior Vice President and CFO	2004	325,000	666,050		9,245
	2003	325,000	224,500		5,831
	2002	326,418	242,890		4,253
Patrick M. Lavelle, Senior Vice President	2004	200,000	947,546		7,391
	2003	200,000	1,588,532		3,814
	2002	201,277	1,204,508		1,980
Richard A. Maddia, Vice President, Information Systems	2004	175,500	100,000		6,099
	2003	175,500	75,000		1,976
	2002	176,209	37,500		1,213

- (1) No other annual compensation was paid and no restricted stock awards or options were granted to the named individuals in 2004, 2003 and 2002 and the "Other Annual Compensation," "Restricted Stock" and "Securities Underlying Options" columns have been omitted.
- (2) For fiscal 2004, salary includes: for Mr. Shalam \$1,640 in 401(k) Audiovox matching contribution; for Mr. Christopher \$949 in 401(k) Audiovox matching contribution; for Mr. Stoehr \$1,139 in 401(k) Audiovox matching contribution; for Mr. Lavelle \$1,640 in 401(k) Audiovox matching contribution; and for Mr. Maddia \$829 in 401(k) Audiovox matching contribution.
- (3) For fiscal 2004, includes allocation to profit sharing accounts and executive life insurance premiums paid for the benefit of the named executive. For fiscal 2003 and 2002, this only includes executive life insurance premiums paid for the benefit of the named executive.
- (4) On June 10, 2004, Mr. Christopher entered into an Agreement and General Release with Audiovox and Audiovox Communications Corp. pursuant to which, upon the closing of the asset sale to UTStarcom Inc., Mr. Christopher was paid \$4,000,000 in consideration of the termination of Mr. Christopher's Employment Agreement and the Award Agreement evidencing the grant of an award pursuant to Audiovox Communications Corp's Long Term Incentive Compensation Plan. The \$1,916,500 Long Term Compensation Payout is included in the \$4,000,000 payment.
- (5) Mr. Christopher's base salary for the first six (6) months of fiscal 2002 was \$450,000. Effective May 29, 2002, Mr. Christopher's base salary was increased to \$500,000 pursuant to an employment agreement (see discussion below under caption "— Employment Agreements").

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 Employment Agreements

Effective May 29, 2002, ACC entered into an employment agreement with Philip Christopher. The employment agreement, unless terminated earlier, shall continue until May 29, 2007 and thereafter will automatically extend by consecutive twelve-month periods unless terminated by ACC on written notice.

Pursuant to the employment agreement, Mr. Christopher receives a base salary of \$500,000, subject to annual Consumer Price Index increases, and an annual bonus equal to two (2%) percent of ACC's annual earnings before income taxes.

The employment agreement further provides for equity incentives, vesting of stock options, reimbursement of reasonable business expenses and use of an automobile. The employment agreement also provided for a bonus pool of \$3.2 million, of which Mr. Christopher received \$1.8 million (see Bonus disclosure in Executive Compensation Table).

In the event ACC terminates Mr. Christopher's employment without cause or if Mr. Christopher resigns his employment within ninety (90) days after: a significant adverse change in his authority and responsibilities; a reduction in his base salary; nonpayment of his bonus; material breach by ACC of any obligation under the agreement; or, a change in control where the successor entity fails to assume ACC's obligations under this employment agreement, Mr. Christopher is entitled to receive a separation payment equal to his salary for the remainder of the contract term, plus an average annual bonus plus a cash payment of one million dollars. Mr. Christopher will not be entitled to a separation payment if his employment with ACC is terminated for any reason after the fifth anniversary of the effective date.

The employment agreement also contains non-competition and non-solicitation covenants. This employment agreement is only assignable to a successor entity of ACC that would grant Mr. Christopher the same compensation, benefits and rights that he would have under this employment agreement.

Notwithstanding the foregoing, pursuant to the Agreement and General Release, dated June 10, 2004, by and among ACC, Audiovox and Mr. Christopher, Mr. Christopher's employment agreement was terminated on November 1, 2004. Pursuant to the terms of his employment agreement and long-term incentive compensation award, Mr. Christopher received a payment equal to \$4 million on the closing date of the asset purchase agreement pursuant to the Agreement and General Release. Furthermore, Mr. Christopher received a payment of \$16 million on November 1, 2004 under the Personally Held Intangibles Purchase Agreement, dated June 10, 2004, between ACC and Mr. Christopher. See "Certain Relationships and Related Transactions" for a discussion of this payment.

Option Grants in Last Fiscal Year (2004)

No options were granted in the fiscal year ended November 30, 2004.

Long-Term Incentive Compensation Award Payments

Audiovox issued Long-Term Incentive Compensation Awards to John Shalam and Philip Christopher as of May 29, 2002 to motivate and reward Mr. Shalam and Mr. Christopher for fulfilling their personal responsibilities with regard to our long-range achievements. The intention of the board of directors was to reward Mr. Shalam and Mr. Christopher for their efforts to bring about a sale of ACC. Although the original awards did not contemplate a sale of the assets of ACC, the compensation committee of our board of directors and our board of directors determined that the sale to UTStarcom of substantially all of the operational assets of the wireless business was equivalent to ACC being sold and that the awards to Mr. Shalam and Mr. Christopher should be amended to clarify that a sale of the wireless business by means of an asset sale should be included in the change of control provisions of the award. The compensation committee of our board of directors and our board of directors determined that this amendment was necessary to reflect their intention

with respect to the initial award. As a result of the amendment, on November 1, 2004 Audiovox paid Mr. Shalam \$1,916,477 and Mr. Christopher received a payment of \$1,916,477 from ACC, which payment was part of the \$4 million paid to Mr. Christopher on November 1, 2004.

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Aggregated Option Exercises in Last Fiscal Year and Fiscal Year-End Option Values

The following table sets forth information concerning option exercises in fiscal year 2004 and option holdings as of November 30, 2004 with respect to each of the Named Officers. No stock appreciation rights were outstanding at the end of that year.

Name	Shares Acquired on Exercise	Value Realized(\$)	Number of Securities Underlying Options at November 30, 2004	Value* of In-the-Money Options at November 30, 2004
			Exercisable/Unexercisable	Exercisable/Unexercisable
John J. Shalam	0	0	525,000/0	\$ 4,129,125/\$0
Philip Christopher	75,000	\$ 825,000	936,000/0	\$ 2,639,675/\$0
Charles M. Stoehr	0	0	142,500/0	\$ 370,338/\$0
Patrick M. Lavelle	0	0	211,200/0	\$ 81,340/\$0
Richard A. Maddia	0	0	40,000/0	\$ 145,250/\$0

*Based on the fair market value of Audiovox's common stock at November 30, 2004 less the exercise price payable for such shares.

Long-Term Incentive Plans — Awards in Last Fiscal Year

No long-term incentive plan awards were made during the fiscal year ended November 30, 2004.

Compensation of Directors

For their service, non-employee directors receive an annual retainer of \$25,000 and meeting fees of \$500 and \$1,500 each, for telephonic and in-person attendance at meetings, respectively. Audit Committee members (other than Mr. Kreuch) are paid \$1,500 and \$1,000 each for in-person and telephonic attendance at Audit Committee meetings, respectively, and all Compensation Committee members are paid \$1,000 and \$500 each for in-person and telephonic attendance at Compensation Committee meetings, respectively. Additional compensation of \$15,000 per annum and \$10,000 per annum is paid to Mr. Kreuch for his service as Chairman of the Audit and Compensation Committees. He is also paid \$2,500 and \$1,500 each for in-person and telephonic attendance at Audit Committee meetings.

Compensation Committee Interlocks and Insider Participation

The Compensation Committee is currently comprised of four independent directors, Paul C. Kreuch, Jr., Dennis F. McManus, Irving Halevy and Peter A. Lesser.

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Performance Graph

The following Performance Graph does not constitute soliciting material and should not be deemed filed or incorporated by reference into any Audiovox filing under the Securities Act of 1933 or the Securities Exchange Act of 1934, except to the extent Audiovox specifically incorporates this information by reference therein.

COMPARISON OF CUMULATIVE TOTAL RETURN OF AUDIOVOX, INDUSTRY INDEX AND BROAD MARKET

COMPARE 5-YEAR CUMULATIVE TOTAL RETURN AMONG AUDIOVOX CORPORATION, NASDAQ MARKET INDEX AND SIC CODE INDEX

The annual changes for the five-year period are based on the assumption that \$100 had been invested on December 1, 1999, and that all quarterly dividends were reinvested. The total cumulative dollar returns shown on the graph represent the value that such investments would have had on November 30, 2004.

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MISCELLANEOUS

Other Matters

Management does not know of any matters to be presented for action at the meeting other than as set forth in Items 1 through 2 of the Notice of Annual Meeting. However, if any other matters come before the meeting, it is intended that the holders of the proxies will vote thereon in their direction.

Stockholder Proposals

Proposals of stockholders intended to be presented at the next Annual Meeting of Stockholders currently scheduled for May 18, 2006, must be received by the Secretary of the Company not later than December 9, 2005 for inclusion in the proxy statement. The proposals must comply with all applicable statutes and regulations.

Available Information

The Company is subject to the reporting requirements of the Securities and Exchange Act of 1934, as amended,

and is required to file periodic reports, proxy statements and other documents with the Securities and Exchange Commission (the "SEC") relating to its business, financial conditions and other matters. Such reports, proxy statements and other documents may be examined and copies may be obtained from the SEC at 450 Fifth Street, N.W., Washington, D.C. 20549, and at the SEC's Website at <http://www.sec.gov>. Copies should be available by mail upon payment of the SEC's customary charges by writing to the SEC's principal offices at 450 Fifth Street, N.W., Washington, D.C. 20549.

Along with these proxy materials, we are distributing our Annual Report on Form 10-K for fiscal 2004 to the stockholders of record on March 28, 2005 all of which are a part of this proxy statement. Exhibits to the Annual Report on Form 10-K may be obtained from Audiovox upon request. To obtain any such exhibits or an additional copy of the Form 10-K without charge, please contact Chris Lis Johnson, Audiovox's Secretary, 150 Marcus Boulevard, Hauppauge, New York 11788, Telephone: (631) 231-7750.

BY ORDER OF THE BOARD OF DIRECTORS
CHRIS LIS JOHNSON
Secretary
Audiovox Corporation

Hauppauge, New York
March 30, 2005

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VOTE BY TELEPHONE OR INTERNET
QUICK * EASY *** IMMEDIATE**

AUDIOVOX CORPORATION

• You can now vote your shares electronically through the Internet or the telephone. • This eliminates the need to return the proxy card. • Your electronic vote authorizes the named proxies to vote your shares in the same manner as if you marked, signed, dated and returned the proxy card.

TO VOTE YOUR PROXY BY INTERNET

www.audiovox.com

Have your proxy card in hand when you access the above website. You will be prompted to enter the company number, proxy number and account number to create an electronic ballot. Follow the prompts to vote your shares.

TO VOTE YOUR PROXY BY MAIL

Mark, sign and date your proxy card below, detach it and return it in the postage-paid envelope provided.

TO VOTE YOUR PROXY BY PHONE

1-866-894-0537

Use any touch-tone telephone to vote your proxy. Have your proxy card in hand when you call. You will be prompted to enter the company number, proxy number and account number. Follow the voting instructions to vote your shares.

PLEASE DO NOT RETURN THE BELOW CARD IF

ELECTRONICALLY

> FOLD AND DETACH HERE AND READ THE REVERSE SIDE >

PROXY BY MAIL

THIS PROXY IS SOLICITED BY THE BOARD OF DIRECTORS

<p>1. ELECTION OF DIRECTORS. To elect our board of ten directors;</p> <p>WITHHELD FOR: (Write that nominee's name in the space provided below).</p> <hr/>	<p>WITHHELD FOR ALL</p> <p>Class A. Stockholders vote: 01 Paul C. Kreuch, Jr. 02 Dennis F. McManus 03 Irving Halevy, 04 Peter A. Lesser</p> <p>Class A and Class B Stockholders vote: 05 John J. Shalam, 06 Philip Christopher, 07 Charles M. Stoehr, 08 Patrick M. Lavelle</p>	<p>2. To ratify the appointment of [redacted] LLP as our independent accounting firm for the period ending November 30, 2005.</p>
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IF YOU WISH TO VOTE ELECTRONICALLY PLEASE READ THE INSTRUCTIONS ABOVE

**COMPANY ID:
PROXY NUMBER:
ACCOUNT NUMBER:**

Signature	Signature	Date
NOTE: When signing as Executor, Administrator, Trustee, Guardian, etc. please add full title. (Sign exactly as name appears on this proxy.)		

> FOLD AND DETACH HERE AND READ THE REVERSE SIDE >

AUDIOVOX CORPORATION

**180 Marcus Boulevard
Hauppauge, New York 11788**

**NOTICE OF ANNUAL MEETING OF SHAREHOLDERS
TO BE HELD ON MAY 19, 2005
THIS PROXY IS SOLICITED ON BEHALF OF THE BOARD OF DIRECTORS**

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The undersigned appoints each of and Charles M. Stoehr and Patrick M. Lavelle as proxies, with power to act without the other and with power of substitution, hereby authorizes them to represent and vote, as designated on the other side, all the shares of stock of Audiovox Corporation standing in the name of the undersigned with all powers which the undersigned would possess if present at the Annual Meeting of Shareholders of the Company to be held May 19, 2005, at the Sheraton Smithtown 110 Motor Parkway, Hauppauge, NY 11788 at 10:00 a.m., or any adjournment thereof.

(Continued, and to be marked, dated and signed, on the other side)
