

UNITED TECHNOLOGIES CORP /DE/  
Form 424B5  
June 12, 2012  
**Table of Contents**

Filed Pursuant to Rule 424(b)(5)  
Registration No. 333-167771

This preliminary prospectus supplement relates to an effective registration statement under the Securities Act of 1933 as amended, but is not complete and may be changed. This preliminary prospectus supplement and the accompanying prospectus are not an offer to sell these securities and they are not soliciting an offer to buy these securities in any jurisdiction where the offer or sale is not permitted.

**SUBJECT TO COMPLETION, DATED JUNE 12, 2012**

**Prospectus Supplement**

(To Prospectus dated April 27, 2012)

## **20,000,000 Equity Units**

**(Initially Consisting of 20,000,000 Corporate Units)**

# **United Technologies Corporation**

This is an offering of Equity Units by United Technologies Corporation. The Equity Units will each have a stated amount of \$50 and will initially be in the form of a Corporate Unit consisting of a purchase contract issued by United Technologies Corporation and, initially, a 1/20, or 5%, undivided beneficial ownership interest in \$1,000 principal amount of United Technologies Corporation's % junior subordinated notes due 2022, which we refer to as the notes.

We have applied to list the Corporate Units on the New York Stock Exchange and expect trading to commence within 30 days of the date of initial issuance of the Corporate Units under the symbol UTX PR A . Prior to this offering, there has been no public market for the Corporate Units.

Our common stock is listed on the New York Stock Exchange under the symbol UTX . The closing price of our common stock on June 11, 2012 was \$74.62 per share.

**Investing in the Equity Units involves certain risks. You should read this prospectus supplement and the accompanying prospectus, including the documents incorporated by reference herein and therein, carefully before you make your investment decision. See the Risk Factors sections beginning on page S-27 of this prospectus supplement and page 2 of the accompanying prospectus, as well as under Risk Factors in our Annual Report on Form 10-K for the year ended December 31, 2011 and under Risk Factors in our Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2012, which are incorporated by reference herein for more information.**

*(continues on next page)*

	<b>Per Corporate Unit</b>	<b>Total</b>
Public offering price	\$ 50.00	\$
Underwriting discounts and commissions	\$	\$
Proceeds, before expenses, to us	\$	\$

We have granted the underwriters the option to purchase from us, within the 13-day period beginning on the date of this prospectus supplement, up to an additional 2,000,000 Corporate Units at the public offering price per Corporate Unit, less the underwriting discounts and commissions, solely for the purpose of covering over-allotments.

Neither the Securities and Exchange Commission (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 underwriters expect to deliver the Corporate Units to purchasers in book-entry form only through The Depository Trust Company on or about June , 2012.

*Joint Book-Running Managers*

<b>J.P. Morgan</b>	<b>BofA Merrill Lynch</b>	<b>Citigroup</b>	<b>Goldman, Sachs &amp; Co.</b>	<b>HSBC</b>
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The date of this prospectus supplement is June , 2012.

**Table of Contents**

*(continued from cover)*

The purchase contract will obligate you to purchase from United Technologies Corporation, on August 1, 2015 (or if such day is not a business day, on the following business day), for a price of \$50 in cash, the following number of shares of our common stock, subject to anti-dilution adjustments:

if the applicable market value, which is the average volume weighted average price of our common stock over the 20-trading day period ending on the third scheduled trading day prior to August 1, 2015 equals or exceeds approximately \$ \_\_\_\_\_, \_\_\_\_\_ shares of our common stock;

if the applicable market value is less than approximately \$ \_\_\_\_\_ but greater than \$ \_\_\_\_\_, a number of shares of our common stock equal to \$50 divided by the applicable market value; and

if the applicable market value is less than or equal to \$ \_\_\_\_\_, \_\_\_\_\_ shares of our common stock.

The notes will initially bear interest at a rate of \_\_\_\_\_ % per year, payable quarterly on February 1, May 1, August 1 and November 1 of each year (except that if such date is not a business day, interest will be payable on the following business day, without adjustment), commencing on November 1, 2012. The notes will be subordinated to all of United Technologies Corporation's existing and future Senior Indebtedness (as defined under Description of the Notes Subordination). In addition, the notes will be structurally subordinated to all liabilities of United Technologies Corporation's subsidiaries. The notes will be remarketed in 2015 as described in this prospectus supplement. Prior to August 1, 2015, United Technologies Corporation will have the right to defer interest payments on the notes one or more times for one or more consecutive interest periods without giving rise to an event of default. In connection with the remarketing, United Technologies Corporation may elect to subdivide the notes into multiple tranches, to shorten the maturity of any tranche to a date not earlier than August 1, 2017, to remarket each tranche as either fixed-rate or floating-rate notes and to modify certain other terms of each tranche. If the remarketing is successful, such modifications will become effective, the interest rate will be reset and thereafter, if any of the remarketed notes are fixed-rate notes, interest on such notes will be payable semi-annually.

United Technologies Corporation will also pay you a quarterly contract adjustment payment at a rate of \_\_\_\_\_ % per year of the stated amount of \$50 per Equity Unit, or \$ \_\_\_\_\_ per year, in respect of each purchase contract, subject to United Technologies Corporation's right to defer these payments, as described in this prospectus supplement.

Other than during a blackout period (as defined under Description of the Equity Units Creating Treasury Units by Substituting a Treasury Security for a Note) or after a successful remarketing, you can create Treasury Units from Corporate Units by substituting Treasury securities for your undivided beneficial ownership interest in the notes comprising a part of the Corporate Units, and you can recreate Corporate Units from Treasury Units by substituting an undivided beneficial ownership interest in the notes for the Treasury securities comprising a part of your Treasury Units.

Your ownership interest in the notes (or after a successful optional remarketing, the applicable ownership interest in the Treasury portfolio or, in certain circumstances, cash) or the Treasury securities, as the case may be, will be pledged to United Technologies Corporation to secure your obligation under the related purchase contract.

If there is a successful optional remarketing of the notes and you hold Corporate Units, your applicable ownership interest in the Treasury portfolio purchased with the proceeds from the remarketing or, in certain circumstances, cash will be used to satisfy

your payment obligations under the purchase contract.

If there is a successful final remarketing of the notes and you hold Corporate Units, the proceeds from the remarketing will be used to satisfy your payment obligations under the purchase contract, unless you have elected to settle with separate cash.

**Table of Contents**

We have authorized only the information contained in or incorporated by reference in this prospectus supplement and the accompanying prospectus. We have not, and the underwriters have not, authorized anyone to provide you with different or additional information. We are not, and the underwriters are not, making an offer of these Equity Units in any jurisdiction where the offer or sale of these Equity Units is not permitted. You should not assume that the information appearing in this prospectus supplement, the accompanying prospectus or the documents incorporated by reference herein or therein is accurate as of any date other than their respective dates.

**TABLE OF CONTENTS****Prospectus Supplement**

	<b>Page</b>
<u>Summary</u>	S-1
<u>Risk Factors</u>	S-27
<u>Ratio of Earnings to Fixed Charges</u>	S-39
<u>Use of Proceeds</u>	S-39
<u>Capitalization</u>	S-40
<u>Accounting Treatment</u>	S-42
<u>Description of the Equity Units</u>	S-43
<u>Description of the Purchase Contracts</u>	S-49
<u>Certain Provisions of the Purchase Contract and Pledge Agreement</u>	S-73
<u>Description of the Notes</u>	S-80
<u>Material U.S. Federal Income Tax Consequences</u>	S-96
<u>Certain ERISA Considerations</u>	S-106
<u>Underwriting</u>	S-109
<u>Validity of the Equity Units</u>	S-116
<u>Independent Registered Public Accounting Firm</u>	S-116
<u>Where You Can Find More Information</u>	S-117

**Prospectus**

	<b>Page</b>
<u>About This Prospectus</u>	1
<u>United Technologies Corporation</u>	1
<u>Risk Factors</u>	2
<u>Note Regarding Forward-Looking Statements</u>	2
<u>Use of Proceeds</u>	3
<u>Ratio of Earnings to Fixed Charges</u>	3
<u>Description of Debt Securities</u>	3
<u>Description of Debt Warrants</u>	20
<u>Description of Currency Warrants</u>	22
<u>Description of Stock-Index Warrants</u>	26
<u>Description of Capital Stock</u>	29
<u>Description of Equity Units and Stock Purchase Contracts</u>	31
<u>Legal Ownership</u>	31
<u>Plan of Distribution</u>	34
<u>Validity of the Securities</u>	35
<u>Independent Registered Public Accounting Firm</u>	35
<u>Where You Can Find More Information</u>	35

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**Table of Contents**

**SUMMARY**

*The following summary highlights selected information contained elsewhere in this prospectus supplement, the accompanying prospectus and the documents incorporated by reference in this prospectus supplement and the accompanying prospectus and may not contain all the information you need in making your investment decision. You should read this entire prospectus supplement, the accompanying prospectus and the documents incorporated by reference herein and therein carefully, including the Risk Factors sections contained in this prospectus supplement and the accompanying prospectus, the Risk Factors section of our Annual Report on Form 10-K for the year ended December 31, 2011 and the consolidated financial statements and the related notes incorporated by reference therein and the Risk Factors section of our Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2012 and the accompanying condensed consolidated financial statements and the related notes.*

**United Technologies Corporation**

United Technologies Corporation ( UTC ) provides high technology products and services to the building systems and aerospace industries worldwide. UTC conducts its business through five principal segments: Otis, UTC Climate, Controls & Security, Pratt & Whitney, Hamilton Sundstrand and Sikorsky. Each segment groups similar operating companies and the management organization of each segment has general operating autonomy over a range of products and services. Effective starting in 2012, UTC Climate, Controls & Security combines the prior Carrier and UTC Fire & Security segments into one segment. UTC has also established UTC Propulsion & Aerospace Systems, a new organization consisting of Pratt & Whitney and Hamilton Sundstrand, which will enable Pratt & Whitney and Hamilton Sundstrand to develop and offer integrated aerospace and propulsion products and solutions. Pratt & Whitney and Hamilton Sundstrand continue to operate and report as separate segments. The principal products and services of each segment are as follows:

**Otis:** elevators, escalators, moving walkways and services.

**UTC Climate, Controls & Security:** heating, ventilating, air conditioning (HVAC) and refrigeration systems, controls, services and energy efficient products for residential, commercial, industrial and transportation applications, as well as fire and special hazard detection and suppression systems and firefighting equipment, security, monitoring and rapid response systems and service and security personnel services.

**Pratt & Whitney:** commercial, military, business jet and general aviation aircraft engines, parts and services, industrial gas turbines, geothermal power systems and space propulsion.

**Hamilton Sundstrand:** aerospace products and aftermarket services, including power generation, management and distribution systems, flight systems, engine control systems, environmental control systems, fire protection and detection systems, auxiliary power units, propeller systems and industrial products, including air compressors, metering pumps and fluid handling equipment.

**Sikorsky:** military and commercial helicopters, aftermarket helicopter and aircraft parts and services.

United Technologies Corporation was incorporated in Delaware in 1934. Unless the context otherwise requires, UTC, we, us, our or the Company means only United Technologies Corporation and any successor obligor, and not any of its subsidiaries. Our principal executive offices are located at United Technologies Building, One Financial Plaza, Hartford, Connecticut 06103, telephone: (860) 728-7000.

**Table of Contents**

**Recent Developments**

***Pending Acquisition of Goodrich Corporation***

On September 21, 2011, UTC, Charlotte Lucas Corporation, a New York corporation and a wholly owned subsidiary of UTC ( *Merger Sub* ), and Goodrich Corporation, a New York corporation ( *Goodrich* ), entered into a definitive Agreement and Plan of Merger (the *Merger Agreement* ), pursuant to which, among other things and subject to the satisfaction or waiver of specified conditions, Merger Sub will merge with and into Goodrich (the *Acquisition* ). As a result of the Acquisition, Merger Sub will cease to exist, and Goodrich will survive as a wholly owned subsidiary of UTC. The Acquisition is expected to be completed in mid-2012. However, there can be no assurance as to when or whether the Acquisition will be completed. See *Risk Factors* *Risks Related to the Acquisition*.

At the effective time of the Acquisition (the *Effective Time* ), each share of Goodrich common stock issued and outstanding immediately prior to the Effective Time (other than shares held by Goodrich, UTC, Merger Sub or any of their respective wholly owned subsidiaries) will be converted into the right to receive \$127.50 in cash, without interest.

Goodrich is one of the largest worldwide suppliers of aerospace components, systems and services to the commercial and general aviation airplane markets. Goodrich is also a leading supplier of systems and products to the global defense and space markets. Goodrich's business is conducted globally with manufacturing, service and sales undertaken in various locations throughout the world. Goodrich's products and services are sold principally to customers in North America, Europe and Asia. Goodrich had revenues of approximately \$8 billion in 2011. Once the Acquisition is complete, it is expected that Goodrich and Hamilton Sundstrand will be combined to form a new segment named UTC Aerospace Systems. This segment and our Pratt & Whitney segment will be separately reportable segments, although they will both be included within the UTC Propulsion & Aerospace Systems organizational structure.

The completion of the Acquisition is subject to customary conditions, including, without limitation, (1) the expiration or termination of the applicable waiting period under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, and other consents and approvals required under applicable antitrust or other regulatory laws, including, without limitation, Council Regulation No. 139/2004 and Commission Regulation No. 802/2004, as amended, (2) the absence of any order, law or other legal restraint or prohibition preventing or prohibiting completion of the Acquisition, (3) the absence of certain governmental actions, (4) the absence of a material adverse effect on Goodrich, (5) subject to certain exceptions, the accuracy of representations and warranties of Goodrich, UTC and Merger Sub contained in the Merger Agreement and (6) the performance or compliance by Goodrich, UTC and Merger Sub of or with their respective covenants and agreements contained in the Merger Agreement. This offering is not conditioned upon the completion of the Acquisition.

***Acquisition Financing***

We estimate that the total amount of funds needed to pay the cash consideration for the Acquisition and to pay related fees, expenses and other amounts expected to become due and payable by UTC as a result of the Acquisition will be approximately \$16.5 billion (the *Acquisition Obligations* ). In addition, we anticipate that Goodrich will have approximately \$1.9 billion of net debt as of the closing of the Acquisition.

UTC currently anticipates financing the Acquisition Obligations through (1) the issuance of the Equity Units offered hereby, (2) additional borrowings to be made under the \$2 billion term loan credit agreement that UTC entered into on April 24, 2012 (described below), (3) additional borrowing to be made through certain commercial paper issuances and (4) the issuance of \$9.8 billion of fixed and floating rate notes in a registered

**Table of Contents**

public offering which closed on June 1, 2012. We may reduce a portion of these additional borrowings using available cash (up to approximately \$3.5 billion) and the proceeds of certain non-core asset sales. The timing, amounts and terms of these borrowings and any subsequent reductions will depend on market conditions and other factors and our financing plans may change. The Merger Agreement does not contain a financing condition. This offering is not conditioned upon the consummation of any of the financings mentioned in this paragraph.

On November 8, 2011, UTC entered into a credit agreement (the Bridge Credit Agreement ) with JPMorgan Chase Bank, N.A., as administrative agent, J.P. Morgan Securities LLC, HSBC Securities (USA) Inc. and Merrill Lynch, Pierce, Fenner & Smith Incorporated, as joint lead arrangers and joint bookrunners, Bank of America, N.A. and HSBC Bank USA, National Association, as syndication agents, Citibank, N.A., Deutsche Bank AG, BNP Paribas, Goldman Sachs Bank USA and The Royal Bank of Scotland plc, as documentation agents, and the other lenders party thereto. The Bridge Credit Agreement provides for a \$15 billion bridge loan facility that will be available for UTC to pay a portion of the Acquisition Obligations. Any funding under the Bridge Credit Agreement would occur substantially concurrently with the consummation of the Acquisition, subject to customary conditions for acquisition financings of this type. The Bridge Credit Agreement contains provisions requiring the reduction of the commitments of the lenders or the prepayment of outstanding advances by the amount of net cash proceeds above a certain threshold resulting from the incurrence of certain indebtedness by UTC or its subsidiaries (including pursuant to this offering), the issuance of certain capital stock by UTC and certain non-ordinary course sales or dispositions of assets by UTC or its subsidiaries. We reduced the commitments under the Bridge Credit Agreement by approximately \$9.7 billion from the issuance of \$9.8 billion of fixed and floating rate notes in a registered public offering which closed on June 1, 2012. Any loans under the Bridge Credit Agreement would mature on the date that is 364 days after the funding date.

On April 24, 2012, UTC entered into a term loan credit agreement with various financial institutions that provides for a \$2 billion unsecured term loan facility (the Term Loan Agreement ), available for UTC to pay a portion of the Acquisition Obligations. Any loan under the Term Loan Agreement would mature on December 31, 2012, and funding would occur shortly before consummation of the Acquisition, subject to customary conditions for financings of this type. Funding would be conditioned on the substantially contemporaneous termination of the remaining commitments under the Bridge Credit Agreement.



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**Table of Contents**

**THE OFFERING**

*In this offering summary, UTC, we, us, our and the Company refer only to United Technologies Corporation and any successor obligor, and not to any of its subsidiaries.*

**What are Equity Units?**

Equity Units may be either Corporate Units or Treasury Units, as described below. The Equity Units will initially consist of 20,000,000 Corporate Units (or 22,000,000 Corporate Units if the underwriters exercise their over-allotment option in full), each with a stated amount of \$50. You can create Treasury Units from Corporate Units in the manner described below under How can I create Treasury Units from Corporate Units?

**What are the components of a Corporate Unit?**

Each Corporate Unit initially consists of a purchase contract and a 1/20, or 5%, undivided beneficial ownership interest in \$1,000 principal amount of United Technologies Corporation's % junior subordinated notes due 2022. The undivided beneficial ownership interest in the notes corresponds to \$50 principal amount of the notes. Except as described under Description of the Purchase Contracts Termination, the notes will be issued in minimum denominations of \$1,000 and integral multiples of \$1,000. You will own the undivided beneficial ownership interest in the notes comprising part of each of your Corporate Units, but the notes will be pledged to us through the collateral agent to secure your obligation under the related purchase contract. Upon a successful optional remarketing (as defined under What is an optional remarketing? ), the notes comprising part of the Corporate Units will be replaced by the Treasury portfolio described below under What is the Treasury Portfolio? and the applicable ownership interest in the Treasury portfolio will then be pledged to us through the collateral agent to secure your obligation under the related purchase contract.

**What is a purchase contract?**

Each purchase contract that is a component of an Equity Unit obligates you to purchase, and obligates us to sell, on August 1, 2015, or if such day is not a business day, the following business day (which we refer to as the purchase contract settlement date ), for \$50 in cash, a number of shares of our common stock equal to the settlement rate. The settlement rate will be calculated (subject to adjustment under the circumstances set forth in Description of the Purchase Contracts Anti-dilution Adjustments and Description of the Purchase Contracts Early Settlement Upon a Fundamental Change ) as follows:

if the applicable market value (as defined below) of our common stock is equal to or greater than the threshold appreciation price of approximately \$ , the settlement rate will be shares of our common stock (we refer to this settlement rate as the minimum settlement rate );

if the applicable market value of our common stock is less than the threshold appreciation price but greater than the reference price of \$ , the settlement rate will be a number of shares of our common stock equal to \$50 divided by the applicable market value, rounded to the nearest ten thousandth of a share; and

if the applicable market value of our common stock is less than or equal to the reference price, the settlement rate will be shares of our common stock (we refer to this settlement rate as the maximum settlement rate ).

Applicable market value means the average volume-weighted average price, or VWAP, of our common stock on each trading day during the 20 consecutive trading day period ending on the third scheduled trading day immediately preceding the purchase contract settlement date. The VWAP of our common stock

**Table of Contents**

means, for the relevant trading day, the per share VWAP on the principal exchange or quotation system on which our common stock is listed or admitted for trading as displayed under the heading Bloomberg VWAP on Bloomberg page UTX <EQUITY> AQR (or its equivalent successor if such page is not available) in respect of the period from the scheduled open of trading on the relevant trading day until the scheduled close of trading on the relevant trading day (or if such VWAP is unavailable, the market price of one share of our common stock on such trading day determined, using a volume-weighted average method, by a nationally recognized independent investment banking firm retained for this purpose by us). A trading day means, for purposes of determining a VWAP or closing price, a business day on which the principal exchange or quotation system on which our common stock is listed or admitted for trading is scheduled to be open for business and a day on which there has not occurred or does not exist a market disruption event, as defined in Description of the Purchase Contracts Purchase of Common Stock. The threshold appreciation price is equal to \$50 divided by the minimum settlement rate (such quotient rounded to the nearest \$0.0001), which is approximately \$ and represents appreciation of approximately % over the reference price.

If 20 trading days for our common stock have not occurred prior to the third scheduled trading day immediately prior to the purchase contract settlement date, all remaining trading days will be deemed to occur on that third scheduled trading day and the VWAP of our common stock for each of the remaining trading days will be the VWAP of our common stock on that third scheduled trading day or, if such day is not a trading day, the closing price, as defined in Description of the Purchase Contracts Purchase of Common Stock , as of such date.

We will not issue any fractional shares of our common stock upon settlement of a purchase contract. Instead of a fractional share, you will receive an amount of cash equal to the percentage of a whole share represented by such fractional share multiplied by the closing price of our common stock on the trading day immediately preceding the purchase contract settlement date (or the trading day immediately preceding an early settlement date, in the case of early settlement). If, however, a holder surrenders for settlement at one time more than one purchase contract, then the number of shares of our common stock issuable pursuant to such purchase contracts will be computed based upon the aggregate number of purchase contracts surrendered.

You may satisfy your obligation to purchase our common stock pursuant to the purchase contracts as described under How can I satisfy my obligation under the purchase contracts? below.

**Can I settle the purchase contract early?**

You can settle a purchase contract at any time prior to 4:00 p.m., New York City time, on the second business day immediately preceding the purchase contract settlement date, other than, in the case of the Corporate Units, (1) if we elect to conduct an optional remarketing (as defined under What is a remarketing?), from 4:00 p.m., New York City time, on the second business day immediately preceding the first day of an optional remarketing period (as defined under What is an optional remarketing? ) until the settlement date of that remarketing or the date we announce that such remarketing was unsuccessful and (2) after 4:00 p.m., New York City time, on the second business day immediately preceding the first day of the final remarketing period (as defined under What is a final remarketing? ) (we refer to each such period as a blackout period ), by paying \$50 in cash per Corporate Unit or Treasury Unit, in which case shares of our common stock, subject to adjustments, will be issued to you pursuant to the purchase contract (subject to adjustment as described below under Description of the Purchase Contracts Anti-dilution Adjustments and Description of the Purchase Contracts Early Settlement Upon a Fundamental Change ). You may only elect early settlement in integral multiples of 20 Corporate Units or 20 Treasury Units; however, if the Treasury portfolio has replaced the notes as a component of the Corporate Units as a result of a successful optional remarketing, holders of Corporate Units may settle early only in integral multiples of Corporate Units. See Description of the Purchase Contracts Early Settlement.

## **Table of Contents**

Your early settlement right is subject to the condition that, if required under the U.S. federal securities laws, we have a registration statement under the Securities Act of 1933, as amended (the Securities Act), in effect and an available prospectus covering any securities deliverable upon settlement of a purchase contract. We have agreed that, if such a registration statement is required, we will use our commercially reasonable efforts to have a registration statement in effect on the applicable early settlement date and to provide a prospectus in connection therewith, covering any securities to be delivered in respect of the purchase contracts being settled, subject to certain exceptions. In the event that a holder seeks to exercise its early settlement right and a registration statement is required to be effective in connection with the exercise of such right but no such registration statement is then effective, the holder's exercise of such right will be void unless and until such a registration statement is effective and we have provided a prospectus in connection therewith and we will have no further obligation with respect to any such registration statement if, notwithstanding using our commercially reasonable efforts, no registration statement is then effective. For so long as there is a material business transaction or development that has not yet been publicly disclosed, we will not be required to file such registration statement or provide such a prospectus, and the early settlement right will not be available, until we have publicly disclosed such transaction or development.

### **What is the Treasury portfolio?**

Upon a successful optional remarketing, the notes will be replaced by the Treasury portfolio. The Treasury portfolio is a portfolio of U.S. Treasury securities consisting of:

U.S. Treasury securities (or principal or interest strips thereof) that mature on or prior to the purchase contract settlement date in an aggregate amount at maturity equal to the principal amount of the notes underlying the undivided beneficial ownership interests in the notes included in the Corporate Units on the optional remarketing date; and

U.S. Treasury securities (or principal or interest strips thereof) that mature on or prior to the purchase contract settlement date in an aggregate amount at maturity equal to the aggregate interest payment (assuming no reset of the interest rate) that would have been paid to the holders of the Corporate Units on the purchase contract settlement date on the principal amount of the notes underlying the undivided beneficial ownership interests in the notes included in the Corporate Units on the optional remarketing date.

If, on the optional remarketing date, U.S. Treasury securities (or principal or interest strips thereof) that are to be included in the Treasury portfolio have a yield that is less than zero, then the cash proceeds from the remarketing (and not the U.S. Treasury securities) will be substituted for the notes that are components of the Corporate Units and will be pledged to us through the collateral agent to secure the Corporate Unit holders' obligation to purchase our common stock under the purchase contracts. In addition, in such case, references to Treasury security and U.S. Treasury securities (or principal or interest strips thereof) in connection with the Treasury portfolio will, thereafter, be deemed to be references to such amount of cash.

### **What is a Treasury Unit?**

A Treasury Unit is a unit created from a Corporate Unit by substituting the pledged undivided beneficial ownership interest in the notes that secure a holder's obligation under the purchase contract with Treasury securities, which must be purchased in the open market at the expense of the Corporate Unit holder, unless otherwise owned by the holder. A Treasury Unit consists of a purchase contract and a 1/20, or 5%, undivided beneficial ownership interest in a zero-coupon U.S. Treasury security with a principal amount at maturity of \$1,000 that matures on July 31, 2015 (CUSIP No. 912820WH6), which we refer to as a Treasury security. The ownership interest in the Treasury security that is a component of a Treasury Unit will be owned by you, but will be pledged to us through the collateral agent to secure your obligation under the related purchase contract.

## **Table of Contents**

### **How can I create Treasury Units from Corporate Units?**

Each holder of Corporate Units will have the right, at any time other than during a blackout period or after a successful remarketing, to substitute for the related undivided beneficial ownership interest in notes held by the collateral agent Treasury securities having an aggregate principal amount at maturity equal to the aggregate principal amount of the notes underlying such holder's Corporate Units. Because Treasury securities and the notes are issued in minimum denominations of \$1,000, holders of Corporate Units may only make these substitutions in integral multiples of 20 Corporate Units. Each of these substitutions will create Treasury Units, and the notes underlying the holder's Corporate Units will be released upon substitution to the holder and will be separately tradable from the Treasury Units.

### **How can I recreate Corporate Units from Treasury Units?**

Each holder of Treasury Units will have the right, at any time other than during a blackout period or after a successful remarketing, to recreate Corporate Units, by substituting the related Treasury securities held by the collateral agent, with notes having an aggregate principal amount equal to the aggregate principal amount at maturity of the Treasury securities for which substitution is being made. Because Treasury securities and the notes are issued in minimum denominations of \$1,000, holders of Treasury Units may make these substitutions only in integral multiples of 20 Treasury Units. Each of these substitutions will recreate Corporate Units and the applicable Treasury securities will be released to the holder and will be separately tradable from the Corporate Units.

### **What payments am I entitled to as a holder of Corporate Units?**

Subject to any deferral as described under "Do we have the option to defer current payments?" below, holders of Corporate Units will be entitled to receive quarterly cash distributions consisting of their pro rata share of interest payments on the notes, at the rate of % per year, and quarterly contract adjustment payments at the rate of % per year on the stated amount of \$50 per Corporate Unit until the earliest of the occurrence of a termination event, the purchase contract settlement date, the fundamental change early settlement date (in the case of early settlement upon a fundamental change) or the most recent quarterly payment date on or before any early settlement of the related purchase contracts (in the case of early settlement other than upon a fundamental change). Our obligations with respect to the contract adjustment payments will be subordinated and junior in right of payment to our obligations under any of our Senior Indebtedness (as defined under "Description of the Notes - Subordination").

### **What payments will I be entitled to if I convert my Corporate Units to Treasury Units?**

Subject to any deferral as described under "Do we have the option to defer current payments?" below, holders of Treasury Units will be entitled to receive quarterly contract adjustment payments from us at the rate of % per year on the stated amount of \$50 per Treasury Unit. There will be no interest payments in respect of the interest in Treasury securities that is a component of the Treasury Units, but to the extent that such holders of Treasury Units continue to hold the notes that were released to them when they created the Treasury Units, such holders will continue to receive the scheduled interest payments on their separate notes, subject to our right to defer such payments and subject to any modifications made thereto pursuant to a successful remarketing.

### **Do we have the option to defer current payments?**

We have the right to defer all or part of the contract adjustment payments but not beyond the purchase contract settlement date (or, with respect to an early settlement upon a fundamental change, not beyond the fundamental change early settlement date or, with respect to an early settlement other than upon a fundamental change, not beyond the early settlement date). Any deferred contract adjustment payments will accrue additional

## **Table of Contents**

contract adjustment payments at the rate equal to % per annum (which is equal to the rate of total distributions on the Corporate Units), compounded on each contract adjustment payment date, to, but excluding, the contract adjustment payment date on which such deferred contract adjustment payments are paid. We refer to additional contract adjustment payments that accrue on deferred contract adjustment payments as compounded contract adjustment payments. We may pay any deferred contract adjustment payments (including compounded contract adjustment payments thereon) on any scheduled contract adjustment payment date.

If we exercise our option to defer the payment of contract adjustment payments, then until the deferred contract adjustment payments (including compounded contract adjustment payments thereon) have been paid, we generally will not declare or pay dividends or distributions on, or redeem, purchase or acquire or make a liquidation payment with respect to, any shares of our capital stock, or make any payment of principal of, or interest or premium, if any, on, or repay, repurchase or redeem any of our debt securities that upon a liquidation ranks *pari passu* with, or junior in interest to, the contract adjustment payments, or make any guarantee payments under any guarantee by us of securities of any of our subsidiaries if our guarantee ranks *pari passu* with, or junior in interest to, the contract adjustment payments, in each case, subject to the exceptions set forth under Description of the Purchase Contracts Contract Adjustment Payments.

In addition, prior to the purchase contract settlement date, we may elect at one or more times to defer payment of interest on the notes for one or more consecutive interest periods. However, each deferred interest payment may only be deferred until the purchase contract settlement date. We may pay any deferred interest on any scheduled interest payment date occurring on or prior to the purchase contract settlement date. Deferred interest on the notes will bear interest at the interest rate applicable to the notes, compounded on each interest payment date to, but excluding, the interest payment date on which such deferred interest is paid. In connection with any successful remarketing during the final remarketing period, all accrued and unpaid deferred interest (including compounded interest thereon) will be paid to the holders of the notes (whether or not the notes were remarketed in the remarketing) on the purchase contract settlement date in cash.

In the event there is any deferred interest outstanding, we may not elect to conduct an optional remarketing.

In the event that we exercise our option to defer the payment of interest, then until the deferred interest payments (including compounded interest thereon) have been paid, we generally will not declare or pay dividends or distributions on, or redeem, purchase or acquire or make a liquidation payment with respect to, any shares of our capital stock, or make any payment of principal of, or interest or premium, if any, on, or repay, repurchase or redeem any of our debt securities that upon a liquidation rank *pari passu* with, or junior in interest to, the notes, or make any guarantee payments under any guarantee by us of securities of any of our subsidiaries if our guarantee ranks *pari passu* with, or junior in interest to, the notes, in each case, subject to the exceptions set forth under Description of the Notes Dividend and Other Payment Stoppages During Interest Deferral and Under Certain Other Circumstances.

### **What are the payment dates for the Corporate Units and Treasury Units?**

Subject to any deferral as described under Do we have the option to defer current payments? above, the payments described above in respect of the Equity Units will be payable quarterly in arrears on February 1, May 1, August 1 and November 1 of each year (except that if any such date is not a business day, interest and contract adjustment payments will be payable on the following business day, without adjustment for such delay), commencing November 1, 2012. We will make these payments to the person in whose name the Equity Unit is registered on the close of business on the record date. The record date means the 15th day of the calendar month preceding the calendar month in which the relevant payment date falls (whether or not a business day) or, if the Equity Units are held in book-entry form, the record date means the business day immediately preceding the applicable payment date.

## Table of Contents

### **What is a remarketing?**

We refer to each of an optional remarketing and a final remarketing as a remarketing. In a remarketing, the notes that are a part of Corporate Units and any separate notes which were formerly part of Corporate Units but are now held by a holder as a separate security (the separate notes) whose holders have elected to participate in the remarketing will be remarketed as described below under What is an optional remarketing? or, if no optional remarketing has occurred or is successful, in a final remarketing as described below under What is a final remarketing?

In consultation with the remarketing agent and without the consent of any holders of notes, we may elect (but will not be required to elect) to:

divide the notes into more than one tranche, so long as no tranche immediately after the settlement date of the remarketing will have an aggregate principal amount of less than \$400 million;

move up the maturity date of any tranche to a date earlier than August 1, 2022 but not earlier than August 1, 2017;

extend the earliest redemption date on which any tranche may be redeemed at our option, in whole or in part, from August 1, 2017 to a later date or to eliminate the redemption provisions of any tranche; and/or

remarket any tranche as fixed-rate notes or floating-rate notes.

All such modifications will take effect only if the remarketing is successful. If we elect to divide the notes into tranches, we will allocate the notes of holders of separate notes who did not elect to participate in the remarketing (and, in the case of a final remarketing, the notes of holders that are settling with cash), without any requirement for the consent of such holders, among the tranches, so long as no tranche immediately after the settlement date of the remarketing will have an aggregate principal amount of less than \$400 million. If we conduct an optional remarketing that is not successful, we may change the elections described above prior to the final remarketing period.

In order to remarket the notes, the remarketing agent, in consultation with us, may reset the interest rate on any tranche of notes (either upward or downward), or if any tranche is remarketed as floating-rate notes, determine the interest rate spread applicable to such tranche of notes, in order to produce the required price in the remarketing, as discussed under What is an optional remarketing? and What is a final remarketing? The interest deferral provisions of the notes will not apply after a successful remarketing.

During the applicable blackout period relating to a remarketing:

you may not settle a purchase contract early;

you may not create Treasury Units; and

you may not recreate Corporate Units from Treasury Units.

We have agreed to enter into a remarketing agreement with one or more remarketing agents, which we refer to as the remarketing agent, no later than 20 days prior to the first day of the final remarketing period or, if we elect to conduct an optional remarketing, the optional remarketing period. We will separately pay a fee to the remarketing agent for its services. The holders of the notes included in any remarketing will not be responsible for such fee.



## **Table of Contents**

### **What is an optional remarketing?**

Unless a termination event has occurred, we may elect, at our option, to remarket the notes over a period selected by us that begins on or after April 29, 2015 (the second business day immediately preceding the interest payment date prior to the purchase contract settlement date) and ends anytime on or before July 15, 2015 (the eighth day prior to the beginning of the final remarketing period). In any optional remarketing, the aggregate principal amount of the notes that are a part of Corporate Units and any separate notes whose holders have elected to participate in the optional remarketing will be remarketed. We refer to this period as the optional remarketing period, a remarketing that occurs during the optional remarketing period as an optional remarketing and the date the notes are priced in an optional remarketing as the optional remarketing date. If we elect to conduct an optional remarketing, the remarketing agent will use its commercially reasonable efforts to obtain a price for the notes that results in proceeds of at least 100% of the aggregate of the price of the Treasury portfolio described below under What is the Treasury portfolio? , which we refer to as the Treasury portfolio purchase price, and the separate notes purchase price as defined under Description of the Notes Remarketing of Notes That Are Not Included in Corporate Units. We will request that The Depository Trust Company, or DTC, which we refer to as the depository, notify its participants holding Corporate Units, Treasury Units and separate notes of our election to conduct an optional remarketing no later than 15 days prior to the first day of the optional remarketing period. On the business day following the optional remarketing date, if we have elected to divide the notes into tranches, we will notify holders of separate notes who decided not to participate in the optional remarketing how we will allocate their notes between or among the tranches.

We may not elect to conduct an optional remarketing if we are then deferring interest on the notes.

An optional remarketing will be considered successful if the remarketing agent is able to remarket the notes for a price of at least 100% of the Treasury portfolio purchase price and the separate notes purchase price. If we elect to divide the notes into tranches in connection with an optional remarketing, the optional remarketing date will be the same for each tranche and the settlement of each tranche will be conditioned on the settlement of every other tranche.

Following a successful optional remarketing, on the optional remarketing settlement date (as defined below), the portion of the remarketing proceeds equal to the Treasury portfolio purchase price will, except as described in the following paragraph, be used to purchase the Treasury portfolio and the remaining proceeds attributable to the notes underlying the Corporate Units will be remitted to the purchase contract agent for distribution pro rata to the holders of such Corporate Units. The portion of the proceeds attributable to the separate notes sold in the remarketing will be remitted to the custodial agent for distribution on the optional remarketing settlement date pro rata to the holders of such separate notes.

If U.S. Treasury securities (or principal or interest strips thereof) that are to be included in the Treasury portfolio have a yield that is less than zero, then the cash proceeds from the remarketing (and not the U.S. Treasury securities) will be substituted for the notes that are components of the Corporate Units and will be pledged to us through the collateral agent to secure the Corporate Unit holders' obligation to purchase our common stock under the purchase contracts.

Following a successful optional remarketing, each Corporate Unit holder's applicable ownership interest in the Treasury portfolio or cash will be substituted for the holder's undivided beneficial ownership interest in the notes as a component of the Corporate Units, and the portion of the Treasury portfolio described in the first bullet under What is the Treasury portfolio? or such cash will be pledged to us through the collateral agent to secure the Corporate Unit holder's obligation under the related purchase contract. On the purchase contract settlement date, for each Corporate Unit, \$50 of the proceeds from the Treasury portfolio will automatically be applied to satisfy the Corporate Unit holder's obligation to purchase common stock under the purchase contract and the



## **Table of Contents**

proceeds from the portion of the Treasury portfolio described in the second bullet under "What is the Treasury portfolio?", which will equal the interest payment (assuming no reset of the interest rate) that would have been paid on the notes that were components of the Corporate Units at the time of the remarketing will be paid on the purchase contract settlement date to the Corporate Unit holders.

If we elect to conduct an optional remarketing and that remarketing is successful:

settlement of the remarketed notes will occur on the third business day following the optional remarketing date (we refer to that third business day as the "optional remarketing settlement date");

the interest rate on each tranche of remarketed notes will be reset, or, if we remarketed any tranche of notes as floating-rate notes, the interest rate spread will be determined, by the remarketing agent in consultation with us on the optional remarketing date and will become effective on the optional remarketing settlement date;

after the optional remarketing settlement date, your Corporate Units will consist of a purchase contract and the applicable ownership interest in the Treasury portfolio or cash, as described above; and

you may no longer create Treasury Units or recreate Corporate Units from Treasury Units.

If we do not elect to conduct an optional remarketing during the optional remarketing period, or no optional remarketing succeeds for any reason, the notes will continue to be a component of the Corporate Units or will continue to be held separately and the remarketing agent will use its commercially reasonable efforts to remarket the notes during the final remarketing period, as described under "What is a final remarketing?" below.

At any time and from time to time during the optional remarketing period prior to the announcement of a successful optional remarketing, we have the right to postpone any remarketing in our sole and absolute discretion.

### **What is a final remarketing?**

Unless a termination event or a successful optional remarketing has occurred prior to the purchase contract settlement date, we will remarket the notes during the five business day period ending on July 29, 2015 (the third business day immediately preceding the purchase contract settlement date). We refer to such period as the "final remarketing period," the remarketing during this period as the "final remarketing" and the date the notes are priced in the final remarketing as the "final remarketing date." In the final remarketing, the aggregate principal amount of the notes that are a part of Corporate Units and any separate notes whose holders have elected to participate in the final remarketing will be remarketed. The remarketing agent will use its commercially reasonable efforts to obtain a price for the notes that results in proceeds of at least 100% of the aggregate principal amount of all the notes offered in the remarketing. We will request that the depository notify its participants holding Corporate Units, Treasury Units and separate notes of the final remarketing no later than seven days prior to the first day of the final remarketing period. We have the right to postpone the final remarketing in our sole and absolute discretion on any day prior to the last three business days of the final remarketing period. On the business day following the final remarketing date, we will notify holders of Corporate Units who are settling with cash (as described under "Do I have to participate in the remarketing?") and holders of separate notes who did not elect to participate in the final remarketing how we will allocate their notes between or among the tranches.

A remarketing during the final remarketing period will be considered successful if the remarketing agent is able to remarket the notes for at least 100% of the aggregate principal amount of all the notes offered in the

## **Table of Contents**

remarketing. If we elect to divide the notes into tranches in connection with the final remarketing, the final remarketing date will be the same for each tranche and the settlement of each tranche will be conditioned on the settlement of every other tranche.

Following a successful final remarketing, the collateral agent will remit the portion of the proceeds equal to the total principal amount of the notes underlying the Corporate Units to us to satisfy in full the Corporate Unit holders' obligations to purchase common stock under the related purchase contracts. Any excess proceeds attributable to notes underlying Corporate Units that were remarketed will be remitted to the purchase contract agent for distribution pro rata to the holders of such notes. Proceeds from the final remarketing attributable to the separate notes remarketed will be remitted to the custodial agent for distribution pro rata to the holders of the separate notes that were remarketed.

Upon a successful final remarketing, settlement of the remarketed notes will occur on the purchase contract settlement date. On the final remarketing date, if applicable, the interest rate on each tranche of notes remarketed as fixed-rate notes will be reset, or, if any tranche is remarketed as floating-rate notes, the interest rate spread will be determined, by the remarketing agent in consultation with us, and in each case will become effective on the purchase contract settlement date.

### **What happens if the notes are not successfully remarketed?**

If, in spite of using its commercially reasonable efforts, the remarketing agent cannot remarket the notes during the final remarketing period at a price at least equal to 100% of the aggregate principal amount of notes offered in the remarketing, a condition precedent set forth in the remarketing agreement has not been fulfilled or a successful remarketing has not occurred for any other reason, in each case resulting in a failed remarketing, holders of all notes will have the right to put their notes to us for an amount equal to the principal amount of their notes, plus accrued and unpaid interest (including deferred interest and compounded interest thereon), to, but excluding, the purchase contract settlement date. A holder of Corporate Units will be deemed to have automatically exercised this put right with respect to the notes underlying the Corporate Units unless, prior to 4:00 p.m., New York City time, on the second business day immediately prior to the purchase contract settlement date, the holder provides written notice of an intention to settle the related purchase contracts with separate cash and on or prior to the business day immediately preceding the purchase contract settlement date delivers to the securities intermediary \$50 in cash per purchase contract. This settlement with separate cash may only be effected in integral multiples of 20 Corporate Units. Unless a holder of Corporate Units has elected to settle the related purchase contracts and delivered the separate cash on or prior to the business day immediately preceding the purchase contract settlement date, the holder will be deemed to have elected to apply a portion of the proceeds of the put price equal to the principal amount of the notes against the holder's obligations to us under the related purchase contracts, thereby satisfying the holder's obligations in full, and the notes underlying such Corporate Units will be delivered to us and cancelled. Thereafter, the excess, if any, of the put price over the purchase price payable by the holders to us under the purchase contracts will be remitted by the purchase contract agent to the holders of the Corporate Units.

### **Do I have to participate in the remarketing?**

No. You may elect not to participate in a remarketing and to retain the notes underlying the undivided beneficial ownership interests in notes comprising part of your Corporate Units by (1) creating Treasury Units at any time other than during a blackout period, (2) settling the related purchase contracts early at any time other than during a blackout period or (3) in the case of a final remarketing, notifying the purchase contract agent prior to 4:00 p.m., New York City time, on the second business day immediately prior to the first day of the final remarketing period of your intention to settle your obligation under the related purchase contracts on the purchase contract settlement date in cash, and delivering such cash payment required under the purchase

## **Table of Contents**

contracts to the securities intermediary on or prior to 4:00 p.m., New York City time, on the business day immediately prior to the first day of the final remarketing period. You can only elect to satisfy your obligation in cash in increments of 20 Corporate Units. See [Description of the Purchase Contracts](#) [Notice to Settle with Cash](#).

### **Which provisions will govern the notes following the remarketing?**

The remarketed notes will continue to be subordinated and to be governed by the indenture and the supplemental indenture under which they were issued. However, in connection with the remarketing we may divide the notes into more than one tranche, shorten the maturity of any tranche, extend the earliest redemption date or eliminate the optional redemption provisions for any tranche and remarket any tranche as fixed-rate or floating-rate notes, all without the consent of any holders of notes and as described under [What is a remarketing?](#) above.

### **If I am holding separate notes, can I still participate in a remarketing of the notes?**

Yes. If you hold separate notes, you may elect to have your notes remarketed by the remarketing agent along with the notes underlying the Corporate Units as described under [Description of the Notes](#) [Remarketing of Notes That Are Not Included in Corporate Units](#). You may also participate in any remarketing by recreating Corporate Units at any time prior to the remarketing, other than during a blackout period.

### **How can I satisfy my obligation under the purchase contracts?**

You may satisfy your obligations under the purchase contracts as follows:

in the case of the Corporate Units, through the automatic application of the portion of the proceeds of the remarketing equal to the principal amount of the notes underlying the Corporate Units, as described under [What is a final remarketing?](#) above;

through early settlement as described under [Can I settle the purchase contract early?](#) and under [What happens if there is early settlement upon a fundamental change?](#) below;

in the case of Corporate Units, through cash settlement on the purchase contract settlement date as described under [Do I have to participate in the remarketing?](#) above;

in the case of Treasury Units, through the automatic application of the proceeds of the interest in Treasury securities;

in the case of Corporate Units, through the automatic application of the portion of the proceeds from the Treasury portfolio or cash equal to the principal amount of the notes if the Treasury portfolio or cash has replaced the notes as a component of the Corporate Units as a result of a successful optional remarketing, as described under [What is an optional remarketing?](#) above; or

in the case of Corporate Units, through exercise of the put right or cash settlement on the purchase contract settlement date as described under [What happens if the notes are not successfully remarketed?](#) above.

In addition, the purchase contract and pledge agreement that governs the Equity Units provides that all of your obligations under the purchase contract will be terminated without any further action or notice upon the occurrence of a termination event, as defined under [Description of the Purchase Contracts](#) [Termination](#).

If you settle a purchase contract early (other than pursuant to your fundamental change early settlement right), you will be entitled to receive any accrued and unpaid contract adjustment payments (including any



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**Table of Contents**

accrued and unpaid deferred contract adjustment payments and compounded contract adjustment payments thereon) to, but excluding, the quarterly payment date immediately preceding the early settlement date. If you settle a purchase contract early pursuant to your fundamental change early settlement right, you will be entitled to receive any accrued and unpaid contract adjustment payments (including any accrued and unpaid deferred contract adjustment payments and compounded contract adjustment payments thereon) to, but excluding, the fundamental change early settlement date.

If the purchase contracts are terminated as a result of a termination event, you will not have any right to receive accrued and unpaid contract adjustment payments (including any deferred contract adjustment payments and compounded contract adjustment payments thereon). See Description of the Purchase Contracts Early Settlement and Description of the Purchase Contracts Termination.

**What interest payments will I receive on the notes or on the undivided beneficial ownership interests in the notes?**

Subject to any deferral as described in Do we have the option to defer current payments? above, the notes will bear interest at the rate of % per year from the original issuance date to the purchase contract settlement date or, if earlier, the optional remarketing settlement date, payable quarterly in arrears on February 1, May 1, August 1 and November 1 of each year, commencing November 1, 2012 (except that if any such date is not a business day, interest will be payable on the following business day, without adjustment for such delay). On and after the purchase contract settlement date or, if earlier, the optional remarketing settlement date, interest on each note will be payable at the relevant reset rate (as defined under When will the interest rate on the notes be reset and what is the reset rate? ) or the applicable index plus the reset spread (as defined under When will the interest rate on the notes be reset and what is the reset rate? ), or if the interest rate has not been reset, at the initial interest rate of % per year. Except in the case of any tranche of notes that is remarketed as floating-rate notes or in the case of a failed remarketing, following the purchase contract settlement date or, if applicable, the optional remarketing settlement date, interest on the notes will be payable semi-annually in arrears on February 1 and August 1. Interest will be payable to the person in whose name the note is registered on the relevant record date.

**When will the interest rate on the notes be reset and what is the reset rate?**

The interest rate on any tranche of notes may be reset in connection with a successful remarketing as described above under What is an optional remarketing? and What is a final remarketing? The reset rate or, if we elect to remarket any tranche of notes as floating-rate notes, the reset spread will be the interest rate or spread determined by the remarketing agent, in consultation with us, as the rate or spread such tranche of notes should bear in order for the remarketing agent to remarket the notes of such tranche on the remarketing date for a price of at least 100% of the relevant fraction (defined below) of the Treasury portfolio purchase price plus the separate notes purchase price, if any, in the case of an optional remarketing, or at least 100% of the aggregate principal amount of the notes of such tranche being offered in the remarketing, in the case of a final remarketing. In any case, the reset rate for any tranche of notes remarketed as fixed-rate notes or, if we elect to remarket any tranche of notes as floating-rate notes, the applicable index plus the reset spread, may be higher or lower than the initial interest rate on the notes depending on the results of the remarketing and market conditions at that time. The interest rate on the notes will not be reset if there is not a successful remarketing and the notes will continue to bear interest at the initial interest rate. The reset rate or, if we elect to remarket any tranche of notes as floating-rate notes, the applicable index plus the reset spread, will not exceed the maximum rate permitted by applicable law. The relevant fraction for a tranche of notes is a fraction the numerator of which is the aggregate principal amount of the notes in such tranche that are being remarketed and the denominator of which is the aggregate principal amount of all of the notes to be remarketed.

## **Table of Contents**

### **When may the notes be redeemed?**

We may not redeem the notes until August 1, 2017. The notes will be redeemable thereafter, at our option, in whole or in part, at any time from time to time, at a redemption price equal to the principal amount thereof plus accrued and unpaid interest, if any, to but excluding the redemption date. In a remarketing, we may extend the earliest redemption date on which any tranche may be redeemed from August 1, 2017 to a later date or eliminate the redemption provisions of any tranche of notes.

### **What happens if there is early settlement upon a fundamental change?**

If we are involved in a transaction that constitutes a fundamental change (as defined below) prior to the purchase contract settlement date, you will have the right, subject to certain conditions, to accelerate and settle a purchase contract early at the settlement rate determined as described under Description of the Purchase Contracts Early Settlement Upon a Fundamental Change, plus an additional make-whole amount of shares, or the make-whole shares, so long as at such time, if required under the U.S. federal securities laws, there is in effect on the fundamental change early settlement date a registration statement covering any securities to be issued and delivered in connection with such fundamental change early settlement. We refer to this right as the fundamental change early settlement right.

A fundamental change means (a) a person or group within the meaning of Section 13(d) of the Securities Exchange Act of 1934, as amended (or the Exchange Act), has become the direct or indirect beneficial owner, as defined in Rule 13d-3 under the Exchange Act, of shares of our common stock representing more than 50% of the voting power of our common stock without the approval of our board of directors and effectuates a change in a majority of the members of our board of directors (including the Chairman and the President); (b) we are involved in a consolidation with or merger into any other person, or any merger of another person into us, or any other similar transaction or series of related transactions (other than a merger, consolidation or similar transaction that does not result in the conversion or exchange of outstanding shares of our common stock), in each case, in which 90% or more of the outstanding shares of our common stock are exchanged for or converted into cash, securities or other property, greater than 10% of the value of which consists of cash, securities or other property that is not (or will not be upon or immediately following the effectiveness of such consolidation, merger or transaction) common stock listed on any U.S. national securities exchange; (c) our common stock ceases to be listed on at least one U.S. national securities exchange (other than in connection with any consolidation, merger or similar transaction); or (d) our shareholders approve our liquidation, dissolution or termination.

We will provide each of the holders of Equity Units with a notice of the completion of a fundamental change within 10 business days of the effective date of such fundamental change. The notice will specify (1) a date, the fundamental change early settlement date, which will be at least 10 days after the date of the notice but no later than the earlier of 20 days after the date of the notice and two business days prior to the first day of the commencement of the optional remarketing period, or, if we do not elect to conduct an optional remarketing or the optional remarketing is not successful, two business days prior to the commencement of the final remarketing period or, if the final remarketing is not successful, the purchase contract settlement date, by which each holder's fundamental change early settlement right must be exercised, (2) the applicable settlement rate and (3) the amount (per share of common stock) of the cash, securities and other consideration receivable by the holder, including the amount of contract adjustment payments and deferred contract adjustment payments (including compounded contract adjustment payments thereon), upon settlement. To exercise the fundamental change early settlement right with respect to any purchase contracts, you must deliver to the purchase contract agent at the corporate trust office of the purchase contract agent or its agent, in each case, in the Borough of Manhattan, The City of New York, no later than 4:00 p.m., New York City time, on the third business day before the fundamental change early settlement date, payment of the applicable purchase price in immediately available funds less the amount of any accrued and unpaid contract adjustment payments (including any deferred contract adjustment payments and compounded contract adjustment payments thereon) to, but excluding, the fundamental change early settlement date.

## **Table of Contents**

If you exercise the fundamental change early settlement right, we will deliver to you on the fundamental change early settlement date for each purchase contract with respect to which you have elected fundamental change early settlement, the kind and amount of securities, cash or other property that you would have been entitled to receive if you had settled the purchase contract immediately before the fundamental change at the settlement rate described above, plus the number of make-whole shares determined by reference to the table set forth under Description of the Purchase Contracts Early Settlement Upon a Fundamental Change. The notes, applicable ownership interests in the Treasury portfolio or Treasury securities underlying the Corporate Units or Treasury Units, as the case may be, with respect to which you are effecting a fundamental change early settlement, will be delivered to you. If you do not elect to exercise your fundamental change early settlement right, your Corporate Units or Treasury Units will remain outstanding and be subject to normal settlement on the purchase contract settlement date.

We have agreed that, if required under the U.S. federal securities laws, we will use our commercially reasonable efforts to (1) have in effect on the fundamental change early settlement date a registration statement covering the common stock and other securities, if any, to be delivered in respect of the purchase contracts being settled and (2) provide a prospectus in connection therewith, in each case in a form that may be used in connection with the fundamental change early settlement, subject to certain exceptions. In the event that a holder seeks to exercise its fundamental change early settlement right and a registration statement is required to be effective in connection with the exercise of such right but no such registration statement is then effective, the holder's exercise of such right will be void unless and until the registration statement is effective and we will have no further obligation with respect to any such registration statement if, notwithstanding using our commercially reasonable efforts, no registration statement is then effective.

Unless the Treasury portfolio has replaced the notes as a component of the Corporate Units as a result of a successful optional remarketing, holders of Corporate Units may exercise the fundamental change early settlement right only in integral multiples of 20 Corporate Units. If the Treasury portfolio has replaced the notes as a component of Corporate Units, holders of the Corporate Units may exercise the fundamental change early settlement right only in integral multiples of Corporate Units.

A holder of Treasury Units may exercise the fundamental change early settlement right only in integral multiples of 20 Treasury Units.

### **What is the ranking of the notes?**

The notes will be subordinated to all our existing and future Senior Indebtedness. The notes will be effectively subordinated to existing or future preferred stock and indebtedness, guarantees and other liabilities, including trade payables, of our subsidiaries. See Description of the Notes Subordination.

### **How will the notes be evidenced?**

The notes that form a part of the Corporate Units will be issued in fully registered form and will be registered in the name of the purchase contract agent. The notes that do not form a part of the Corporate Units will be evidenced by one or more global notes registered in the name of DTC's nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC.

In a few special situations described in Description of the Notes Book Entry Issuance The Depository Trust Company, a book-entry security representing the notes will terminate and interests in it will be exchanged for physical certificates representing the notes.

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**Table of Contents**

**What are the U.S. federal income tax consequences related to the Equity Units and notes?**

Although the Internal Revenue Service (the IRS) has issued a Revenue Ruling addressing the treatment of units similar to the Equity Units, no statutory, judicial or administrative authority directly addresses all aspects of the treatment of the Equity Units or instruments similar to the Equity Units for U.S. federal income tax purposes. Accordingly, no assurance can be given that the conclusions in the Revenue Ruling would apply to the Equity Units. As a result, the U.S. federal income tax consequences of the purchase, ownership and disposition of the Equity Units are unclear. In addition, there can be no assurance that the IRS or a court will agree with the characterization of the notes as indebtedness for U.S. federal income tax purposes.

Although the matter is not free from doubt, a beneficial owner of Equity Units will be treated for U.S. federal income tax purposes as separately owning the purchase contract and the undivided beneficial ownership interests in the notes, the Treasury portfolio or the Treasury securities constituting the Equity Unit, as applicable. By purchasing the Equity Units, you will be deemed to have agreed to treat the Equity Units in that manner for all U.S. federal income tax purposes. In addition, you must allocate the purchase price of the Equity Units between the notes and the purchase contract in proportion to their respective fair market values, which will establish your initial tax basis in the notes and the purchase contract. With respect to each Corporate Unit purchased in the offering, you will be deemed to have agreed to allocate \$ to the undivided beneficial ownership interest in the notes and \$ to the purchase contract.

We intend to treat the notes as variable rate debt instruments that are subject to applicable U.S. Treasury regulations that apply to reset bonds. Based on the above, you will be required to take into account interest payments on the notes at the time they are paid or accrued in accordance with your regular method of accounting for tax purposes. However, there are no U.S. Treasury regulations, rulings or other authorities that address the U.S. federal income tax treatment of debt instruments that are substantially similar to the notes, and therefore the U.S. federal income tax treatment of the notes is unclear. Under possible alternative characterizations of the notes, you may be required to accrue interest income in amounts that exceed the stated interest on the notes and/or treat as ordinary income, rather than capital gain, any gain recognized on a sale, exchange, redemption or other taxable disposition of a note. See Material U.S. Federal Income Tax Consequences U.S. Holders The Notes Possible Alternative Characterizations.

If the Treasury portfolio has replaced the notes as a component of the Corporate Units as a result of a successful optional remarketing, a beneficial owner of Corporate Units generally will be required to include in gross income its allocable share of any interest payments made with respect to such owner's applicable ownership interest in the Treasury portfolio, and, if appropriate, acquisition discount (as described under Material U.S. Federal Income Tax Consequences) on the applicable ownership interest in the Treasury portfolio.

We intend to treat contract adjustment payments as taxable ordinary income to a U.S. holder (as defined under Material U.S. Federal Income Tax Consequences) when received or accrued, in accordance with the U.S. holder's regular method of tax accounting. We intend to treat any contract adjustment payments paid to a non-U.S. holder (as defined under Material U.S. Federal Income Tax Consequences) as payments generally subject to U.S. federal withholding tax at a 30% rate, unless an income tax treaty reduces or eliminates such tax.

***For a more comprehensive discussion of the U.S. federal income tax consequences of an investment in the Equity Units, please see Material U.S. Federal Income Tax Consequences. Prospective investors in Equity Units should consult their tax advisors regarding the particular tax consequences to them of the purchase, ownership and disposition of Equity Units (including the application and effects of any state, local, or foreign and other tax laws).***



## **Table of Contents**

### **What are the uses of proceeds from the offering?**

We estimate that the net proceeds from the sale of the Equity Units in this offering will be approximately \$       million (approximately \$ million if the underwriters exercise their over-allotment option in full), after deducting the underwriting discounts and commissions but before deducting other offering expenses. These net proceeds will be used primarily to partially fund the Acquisition Obligations. Subject to the satisfaction of customary closing conditions, the closing of the Acquisition is anticipated to take place in mid-2012. The remainder of the net proceeds from the offering of the Equity Units, if any, will be used for general corporate purposes. If the Acquisition does not close, the net proceeds from the offering will be used for general corporate purposes. Pending use, we may, but are not required to, initially invest the net proceeds in short-term interest-bearing obligations.

### **What are the risks relating to the Equity Units?**

See Risk Factors and the risk factors set forth in the documents and reports filed with the SEC that are incorporated by reference in this prospectus supplement and in the accompanying prospectus, including the risk factors set forth under Risk Factors in our Annual Report on Form 10-K for the year ended December 31, 2011 and under Risk Factors in our Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2012 before you make an investment decision pursuant to this prospectus supplement and the accompanying prospectus.

### **The Offering Explanatory Diagrams**

The following diagrams illustrate some of the key features of the purchase contracts and the undivided beneficial ownership interests in notes, Corporate Units and Treasury Units.

#### **Corporate Units**

A Corporate Unit consists of two components as described below:

Notes:

<sup>(1)</sup> Contract adjustment payments may be deferred as described under Description of the Purchase Contracts Contract Adjustment Payments below.

## **Table of Contents**

- (2) Each owner of an undivided beneficial ownership interest in notes will be entitled to 1/20, or 5%, of each interest payment paid in respect of a \$1,000 principal amount note.
- (3) Interest payments may be deferred as described under Description of the Notes Option to Defer Interest Payments below. The optional deferral provisions of the notes will cease to apply on the purchase contract settlement date.
- (4) Notes will be issued in minimum denominations of \$1,000, except in limited circumstances following a termination event. Each undivided beneficial ownership interest in notes represents a 1/20, or 5%, undivided beneficial ownership interest in a note having a principal amount of \$1,000.

The holder of a Corporate Unit owns the 1/20 undivided beneficial ownership interest in a note having a principal amount of \$1,000 that forms a part of the Corporate Unit, but will pledge it to us through the collateral agent to secure its obligations under the related purchase contract.

If the Treasury portfolio has replaced the notes as a result of a successful optional remarketing, the applicable ownership interests in the Treasury portfolio or cash, as applicable, will replace the notes as a component of the Corporate Unit.

## **Treasury Units**

A Treasury Unit consists of two components as described below:<sup>(1)</sup>

Notes:

- (1) Treasury Units may only be created in integral multiples of 20 Corporate Units. As a result, the creation of 20 Treasury Units will release \$1,000 principal amount of the notes held by the collateral agent. During a blackout period or following a successful remarketing, you may not create Treasury Units or recreate Corporate Units.
- (2) Contract adjustment payments may be deferred as described under Description of the Purchase Contracts Contract Adjustment Payments below.

## **Table of Contents**

The holder of a Treasury Unit owns the 1/20 undivided beneficial ownership interest in the Treasury security that forms a part of the Treasury Unit, but will pledge it to us through the collateral agent to secure its obligation under the related purchase contract.

### **Purchase Contract**

Corporate Units and Treasury Units both include a purchase contract under which the holder agrees to purchase shares of our common stock on the purchase contract settlement date. In addition, the purchase contracts require us to make contract adjustment payments as shown in the diagrams on the preceding pages.

Notes:

- (1) The reference price is \$ .
- (2) The threshold appreciation price is equal to \$50 divided by the minimum settlement rate, which is approximately \$ and represents appreciation of approximately % over the reference price.
- (3) If the applicable market value of our common stock is less than or equal to the reference price of \$ , shares of our common stock (subject to adjustment).
- (4) If the applicable market value of our common stock is between the reference price and the threshold appreciation price of approximately \$ , the number of shares of our common stock to be delivered to a holder of an Equity Unit will be calculated by dividing the stated amount of \$50 by the applicable market value, rounded to the nearest ten thousandth of a share (subject to adjustment).
- (5) If the applicable market value of our common stock is greater than or equal to the threshold appreciation price, the number of shares of our common stock to be delivered to a holder of an Equity Unit will be shares (subject to adjustment).
- (6) The applicable market value means the average VWAP of our common stock on each of the 20 consecutive trading days ending on the third scheduled trading day immediately preceding the purchase contract settlement date.

**Table of Contents**

**The Notes**

The notes have the terms described below:

Notes:

- (1) Interest payments may be deferred as described under Description of the Notes Option to Defer Interest Payments and interest payment dates may be adjusted in a successful remarketing as described under Description of the Notes Remarketing. The interest deferral provisions of the notes will cease to apply on the purchase contract settlement date.
- (2) In connection with a remarketing, we may divide the notes into more than one tranche, shorten the maturity of any tranche to a date no earlier than August 1, 2017, extend the earliest optional redemption date to a date later than August 1, 2017 or eliminate the optional redemption provisions of any tranche and remarket any tranche of notes as fixed-rate notes or floating-rate notes, all as described under Description of the Purchase Contracts Remarketing.

**Table of Contents**

**Transforming Corporate Units into Treasury Units and Notes**

Notes:

- (1) Each holder will own a 1/20, or 5%, undivided beneficial ownership interest in, and will be entitled to a corresponding portion of each interest payment payable in respect of, a note having a principal amount of \$1,000.
- (2) Notes will be issued in minimum denominations of \$1,000 and integral multiples thereof, except in limited circumstances following a termination event. In connection with a remarketing, we may divide the notes into more than one tranche, shorten the maturity of any tranche to a date no earlier than August 1, 2017, extend the earliest optional redemption date to a date later than August 1, 2017 or eliminate the optional redemption provisions of any tranche and remarket any tranche of notes as fixed-rate notes or floating-rate notes, all as described under Description of the Notes Remarketing.
- (3) Interest payments may be deferred as described in this prospectus supplement and interest payment dates may be adjusted in a successful remarketing as described under Description of the Notes Option to Defer Interest. The interest deferral provisions of the notes will cease to apply on the purchase contract settlement date.
- (4) Contract adjustment payments may be deferred as described under Description of the Purchase Contracts Remarketing. The diagram above describes each of a Corporate Unit, a Treasury Unit and a separate note.

Because the notes and the Treasury securities are issued in minimum denominations of \$1,000, holders of Corporate Units may only create Treasury Units in integral multiples of 20 Corporate Units.

**Table of Contents**

To create 20 Treasury Units, a holder separates 20 Corporate Units into their two components 20 purchase contracts and a note having a principal amount of \$1,000 and then combines the purchase contracts with a Treasury security having a principal amount at maturity of \$1,000 that matures on July 31, 2015.

The note, which is no longer a component of Corporate Units, is released to the holder and is tradable as a separate security.

A holder owns the Treasury security that forms a part of the 20 Treasury Units but will pledge it to us through the collateral agent to secure its obligation under the related purchase contract.

The Treasury security together with the 20 purchase contracts constitute 20 Treasury Units.

During a blackout period or following a successful remarketing, you may not create Treasury Units or recreate Corporate Units.

Unless a blackout period is occurring or there has been a successful remarketing, the holder can also transform 20 Treasury Units and a note having a principal amount of \$1,000 into 20 Corporate Units. Following that transformation, the Treasury security, which will no longer be a component of the Treasury Unit, will be released to the holder and will be tradable as a separate security.

**Table of Contents**

**Illustrative Remarketing Timeline**

The following timeline is for illustrative purposes only. The dates in this timeline are based on the time periods set forth in the purchase contract and pledge agreement and the form of remarketing agreement that will be an exhibit to the purchase contract and pledge agreement. This timeline assumes that we will elect to conduct an optional remarketing during the maximum permissible optional remarketing period.

<b>Date</b>	<b>Event</b>
No later than April 14, 2015 (15 days prior to the first day of the optional remarketing period)	We will notify holders of Corporate Units, Treasury Units and separate notes of such election. Such notice will specify the optional remarketing period and the procedures to be followed in the optional remarketing.
April 27, 2015 (two business days prior to the beginning of the optional remarketing period)	Last day prior to the optional remarketing to create Treasury Units from Corporate Units and recreate Corporate Units from Treasury Units (holders may once again be able to create and recreate units if the optional remarketing is not successful);
	Last day prior to the optional remarketing for holders of Corporate Units to settle the related purchase contracts early (holders may once again be able to early settle if the optional remarketing is not successful); and
	Last day for holders of separate notes to give notice of their election or to revoke their election to participate in the optional remarketing.
April 29, 2015 to July 15, 2015	Optional remarketing period:
	if the optional remarketing is successful, we will issue a press release on the business day after the optional remarketing date, the remarketing agent will purchase the Treasury portfolio and the settlement date for the optional remarketing will occur on the third business day following the optional remarketing date; and
	if the optional remarketing is not successful, we will issue a press release at the end of the optional remarketing period.

**Table of Contents**

<b>Date</b>	<b>Event</b>
No later than July 16, 2015 (seven days prior to the first day of the final remarketing period)	If there has not been a successful optional remarketing, we will request that the depository notify its participants holding Corporate Units, Treasury Units and separate notes of the final remarketing. Such notice will specify the final remarketing period and the procedures to be followed in the final remarketing.
July 16, 2015 (seven days prior to the first day of the final remarketing period)	First day for holders of Corporate Units to give notice of election to settle with separate cash.
July 21, 2015 (two business days prior to the first day of the final remarketing period)	<p>Last day to create Treasury Units from Corporate Units and recreate Corporate Units from Treasury Units;</p> <p>Last day for holders of Corporate Units to give notice of election to settle the related purchase contracts with separate cash on the purchase contract settlement date (holders may once again be able to settle the related purchase contracts with separate cash on the purchase contract settlement date if the final remarketing is not successful);</p> <p>Last day for holders of separate notes to give notice of their election or to revoke their election to participate in the remarketing; and</p> <p>Last day for holders of Corporate Units or Treasury Units to settle the related purchase contracts early.</p>
July 22, 2015 (one business day prior to the first day of the final remarketing period)	Last day for holders of Corporate Units who have elected to settle the related purchase contracts with separate cash on the purchase contract date to pay the purchase price (holders may once again be able to settle the related purchase contracts with separate cash on the purchase contract settlement date if the final remarketing is not successful).
July 23, 2015 to July 29, 2015 (final remarketing period)	If there has not been a successful optional remarketing, we will attempt a remarketing during the final remarketing period. We may elect to postpone the final remarketing on any day other than one of the last three business days of the final remarketing period.



**Table of Contents**

<b>Date</b>	<b>Event</b>
July 30, 2015 (two business days prior to the purchase contract settlement date)	If the final remarketing has not been successful, last day for holders of Corporate Units to elect to settle the related purchase contracts with separate cash on the purchase contract settlement date.
July 31, 2015 (one business day prior to the purchase contract settlement date)	If the final remarketing has not been successful, last day for holders of Corporate Units who have elected to settle the related purchase contracts with separate cash on the purchase contract settlement date to pay the purchase price.
August 1, 2015 (or if such day is not a business day, the following business day)	Purchase contract settlement date and settlement date for any successful final remarketing of the notes.

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**Table of Contents**

**RISK FACTORS**

*An investment in the Equity Units involves risks. You should carefully consider the risks and uncertainties described in this prospectus supplement and the accompanying prospectus, including the risk factors set forth in the documents and reports filed with the SEC that are incorporated by reference in this prospectus supplement and in the accompanying prospectus, such as the risk factors under Risk Factors in our Annual Report on Form 10-K for the year ended December 31, 2011 and under Risk Factors in our Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2012, before you make an investment decision pursuant to this prospectus supplement and the accompanying prospectus. Our business, financial condition, operating results and cash flows can be impacted by the factors set forth below, any one of which could cause our actual results to vary materially from recent results or from our anticipated future results.*

*The Corporate Units consist of a purchase contract to acquire our common stock and an interest in notes issued by us. When considering an investment in our Corporate Units, you are making an investment decision with respect to our common stock and the notes as well as the Corporate Units. You can create Treasury Units from Corporate Units by substituting Treasury securities for the notes; you would be making an investment decision with respect to our common stock and the notes as well as the Treasury Units in such case. You should carefully review the information in this prospectus supplement and the accompanying prospectus about these securities. As used in this section, UTC, we, us, our, and the Company refer only to United Technologies Corporation and any successor obligor, and not to any of its subsidiaries.*

**Risks Related to the Acquisition**

**We may not complete the Acquisition within the time frame we anticipate or at all; the acquired business may underperform relative to our expectations; the Acquisition may cause our financial results to differ from our expectations or the expectations of the investment community; we may not be able to achieve anticipated cost savings or other anticipated synergies.**

The Acquisition is subject to a number of closing conditions, and the completion and success of the Acquisition is subject to a number of risks and uncertainties. The unpredictability of the business and regulatory conditions affecting the industries in which we and Goodrich operate, the uncertainty of regulatory approvals and other risks and uncertainties may adversely affect our ability to complete the Acquisition within the time frame we anticipate or at all.

In addition, if the Acquisition is consummated, the success of the Acquisition will depend, in part, on our ability to realize the anticipated synergies, cost savings and growth opportunities from the integration of Goodrich with our existing businesses. The integration process may be complex, costly and time-consuming. The potential difficulties of integrating the operations of Goodrich and realizing our expectations for the Acquisition include, among others:

failure to implement our business plan for the combined business;

unanticipated issues in integrating manufacturing, logistics, information, communications and other systems;

unanticipated changes in applicable laws and regulations;

unanticipated changes in the combined business due to potential divestitures or other requirements imposed by antitrust regulators;

retaining key customers, suppliers and employees;

retaining and obtaining required regulatory approvals, licenses and permits;



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**Table of Contents**

operating risks inherent in the Goodrich business and our business;

the impact on our or Goodrich's internal controls and compliance with the requirements under the Sarbanes-Oxley Act of 2002; and

other unanticipated issues, expenses and liabilities.

**We have not identified any specific use of the net proceeds of this offering in the event that the Merger Agreement is terminated and the Acquisition is not consummated.**

Consummation of the Acquisition is subject to a number of conditions, and, if the Merger Agreement is terminated and the Acquisition is not consummated for any reason, our board of directors and management will have broad discretion in the application of the net proceeds. Since the primary purpose of this offering is to provide funds for the Acquisition, we have not identified a specific use for the net proceeds in the event the Acquisition is not completed. If the Acquisition is not completed for any reason, we intend to use the net proceeds of this offering for general corporate purposes, which may include financing acquisitions, repayment of debt, capital expenditures, working capital, share repurchases or satisfaction of other obligations. The failure of our management to use the net proceeds from this offering effectively could have a material adverse effect on our business.

**We have outstanding debt, and we will incur significant Acquisition-related costs in connection with financing the Acquisition; our debt will increase as a result of the Acquisition and any incurrence of indebtedness in connection with financing the Acquisition, and will further increase if we incur additional debt in the future and do not retire existing debt.**

We have outstanding debt and other financial obligations and significant unused borrowing capacity. As of March 31, 2012, we had approximately \$9.8 billion of outstanding indebtedness, approximately \$0.3 billion of which was aggregate outstanding debt of our subsidiaries, including short-term borrowings and excluding fair value adjustments. As of March 31, 2012, we had approximately \$9.7 billion of Senior Indebtedness. In addition, pursuant to a registered public offering which closed on June 1, 2012, we issued an additional \$9.8 billion of fixed and floating rate notes, which is considered Senior Indebtedness the proceeds of which will be used to pay part of the cash consideration for the Acquisition. We anticipate that Goodrich will have approximately \$1.9 billion of net debt as of the closing of the Acquisition, and we further anticipate incurring significant additional debt in connection with the financing of the Acquisition. See Summary Recent Developments Acquisition Financing. Our debt level and related debt service obligations could have negative consequences, including:

requiring us to dedicate significant cash flow from operations to the payment of principal and interest on our debt, which would reduce the funds we have available for other purposes, such as acquisitions;

reducing our flexibility in planning for or reacting to changes in our business and market conditions; and

exposing us to interest rate risk since a portion of our debt obligations are at variable rates.

We may incur significantly more debt in the future. If we add new debt and do not retire existing debt, the risks described above could increase.

On November 4, 2011, we entered into two revolving credit facilities with various financial institutions (the Revolving Credit Agreements). These Revolving Credit Agreements impose restrictions on us, including certain restrictions on our ability to incur liens on our assets. Our current Revolving Credit Agreements are available for general corporate purposes. There are currently no amounts outstanding under our Bridge Credit

## **Table of Contents**

Agreement, Term Loan Agreement or Revolving Credit Agreements. Our long-term debt obligations include covenants that may adversely affect our ability to incur certain secured indebtedness or engage in certain types of sale and leaseback transactions. Our ability to comply with these restrictions and covenants may be affected by events beyond our control. If we breach any of these restrictions or covenants and do not obtain a waiver from the lenders, then, subject to applicable cure periods, our outstanding indebtedness could be declared immediately due and payable.

### **Risks Relating to the Equity Units**

#### **You assume the risk that the market value of our common stock may decline.**

The number of shares of our common stock that you will receive upon the settlement of a purchase contract is not fixed but instead will depend on the average VWAP of our common stock on each of the 20 consecutive trading days ending on the third scheduled trading day immediately preceding the purchase contract settlement date, which we refer to as the applicable market value. There can be no assurance that the market value of common stock you receive on the purchase contract settlement date will be equal to or greater than the effective price per share you paid for our common stock on the date of issuance of the Equity Units. If the applicable market value of the common stock is less than the reference price of \$ , the market value of the common stock issued to you pursuant to each purchase contract on the purchase contract settlement date (assuming that the market value on the purchase contract settlement date is the same as the applicable market value of the common stock) will be less than the effective price per share you paid for the common stock. Accordingly, you assume the risk that the market value of our common stock may decline, and that the decline could be substantial.

In addition, because the number of shares delivered to you on the purchase contract settlement date will be based upon the applicable market value, which is in turn calculated on the basis of the average of the VWAP per share of our common stock on each of the 20 consecutive trading days ending on the third scheduled trading day immediately preceding the purchase contract settlement date, the shares of common stock you receive on the purchase contract settlement date may be worth less than the shares of common stock you would have received had the applicable market value been equal to the VWAP per share of our common stock on the purchase contract settlement date or the average VWAP of our common stock over a different period of days. Also, to the extent that the shares of common stock are delivered after the purchase contract settlement date, you will bear the risk of a decline in the value of that common stock between the purchase contract settlement date and the date of delivery.

#### **The opportunity for equity appreciation provided by an investment in the Equity Units is less than that provided by a direct investment in our common stock.**

Your opportunity for equity appreciation afforded by investing in the Equity Units is less than your opportunity for equity appreciation if you directly invested in our common stock. This opportunity is less because the market value of the common stock to be received by you pursuant to the purchase contract on the purchase contract settlement date (assuming that the market value on the purchase contract settlement date is the same as the applicable market value of the common stock) will only exceed the effective price per share you paid for our common stock if the applicable market value of the common stock exceeds the threshold appreciation price (which represents an appreciation of approximately % over the reference price). If the applicable market value of our common stock exceeds the reference price but does not exceed the threshold appreciation price, you will realize no equity appreciation of the common stock for the period during which you own the purchase contract. Furthermore, if the applicable market value of our common stock equals or exceeds the threshold appreciation price, you would receive on the purchase contract settlement date only approximately % of the value of the shares of common stock you could have purchased with \$ at the closing price of our common stock on the date of the pricing of the Equity Units.

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**Table of Contents**

**The trading prices for the Corporate Units and Treasury Units are expected to be affected by, among other things, the trading prices of our common stock, the general level of interest rates and our credit quality.**

The trading prices of Corporate Units, which we have applied to list on the New York Stock Exchange, and Treasury Units in the secondary market are expected to be affected by, among other things, the trading prices of our common stock, the general level of interest rates and our credit quality. It is impossible to predict whether the price of our common stock or interest rates will rise or fall. The price of our common stock could be subject to wide fluctuations in the future in response to many events or factors, including those discussed in the risk factors herein and in our Annual Report on Form 10-K for the year ended December 31, 2011 and in our Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2012, as well as under Note Regarding Forward-Looking Statements in the accompanying prospectus, many of which events and factors are beyond our control. Fluctuations in interest rates may give rise to arbitrage opportunities based upon changes in the relative value of the common stock underlying the purchase contracts and of the other components of the Equity Units. Any such arbitrage could, in turn, affect the trading prices of the Corporate Units, Treasury Units, notes and our common stock.

**If you hold Corporate Units or Treasury Units, you will not be entitled to any rights with respect to our common stock, but you will be subject to all changes made with respect to our common stock.**

If you hold Corporate Units or Treasury Units, you will not be entitled to any rights with respect to our common stock, such as voting rights and rights to receive dividends or other distributions on our common stock. However, you will be subject to all changes affecting our common stock. You will only be entitled to rights with respect to our common stock if and when we deliver shares of common stock in exchange for Corporate Units or Treasury Units on the purchase contract settlement date, or as a result of early settlement, as the case may be, and the applicable record date, if any, for the exercise of those rights or the receipt of those dividends or distributions occurs after that date.

**The delivery of make-whole shares upon a fundamental change early settlement may not adequately compensate you.**

If a fundamental change (as defined below under Description of the Purchase Contracts Early Settlement Upon a Fundamental Change ) occurs and you exercise your fundamental change early settlement right, you will be entitled to receive additional value in respect of make-whole shares unless the stock price (as defined under Description of the Purchase Contracts Early Settlement Upon a Fundamental Change below), is in excess of \$ per share (subject to adjustment). A description of how the number of make-whole shares will be determined is set forth under Description of the Purchase Contracts Early Settlement Upon a Fundamental Change Calculation of Make-Whole Shares. Although the make-whole shares are designed to compensate you for the lost value of your Equity Units as a result of the fundamental change, this feature may not adequately compensate you for such loss.

In addition, in the event that a holder seeks to exercise its fundamental change early settlement right and a registration statement is required to be effective in connection with the exercise of such right but no such registration statement is then effective, the holder's exercise of such right will be void unless and until the registration statement is effective and we have provided a prospectus in connection therewith and we will have no further obligation with respect to any such registration statement if, notwithstanding using our commercially reasonable efforts, no registration statement is then effective. For so long as there is a material business transaction or development that has not yet been publicly disclosed (but in no event for a period longer than 90 days), we will not be required to file such registration statement or provide such a prospectus, and the fundamental change early settlement right will not be available, until we have publicly disclosed such transaction or development.

**The Equity Units provide limited fixed settlement rate adjustments, and an event could occur that adversely affects the value of the Equity Units or our common stock but that does not result in an adjustment to the fixed settlement rates.**

The number of shares of common stock that you are entitled to receive on the purchase contract settlement date, or as a result of early settlement of a stock purchase contract, is subject to adjustment for certain

## **Table of Contents**

events arising from stock splits and combinations, stock dividends, certain cash dividends and certain other events. We will not adjust the number of shares of common stock that you are to receive on the purchase contract settlement date, or as a result of early settlement of a purchase contract, for other events, including without limitation issuances and purchases in connection with dividend reinvestment plans, employee stock option grants, ordinary dividends, offerings of common stock by us for cash or in connection with an acquisition, and share issuances pursuant to options and other convertible securities. See Description of the Purchase Contracts Anti-dilution Adjustments. There can be no assurance that an event that adversely affects the value of the Equity Units or our common stock, but does not result in an adjustment to the settlement rate, will not occur. Further, other than as described under Underwriting, we are not restricted from issuing additional common stock during the term of the stock purchase contracts and have no obligation to consider your interests for any reason. If we issue additional shares of common stock, it may materially and adversely affect the trading price of our common stock and the Equity Units. If we issue additional shares of common stock, those issuances may materially and adversely affect the price of our common stock and, because of the relationship of the number of shares holders are to receive on the purchase contract settlement date to the price of our common stock, those issuances may adversely affect the trading prices of the Equity Units.

### **The secondary market for the Corporate Units, Treasury Units or notes may be illiquid.**

It is not possible to predict how Corporate Units, Treasury Units or notes will trade or whether a market for them will be liquid or illiquid. There is currently no market for our Corporate Units, Treasury Units or notes. We have applied to list the Corporate Units on the New York Stock Exchange under the symbol UTX PR A and expect trading to commence within 30 days of the date of initial issuance of the Corporate Units. If the Treasury Units or the notes are separately traded to a sufficient extent that applicable exchange listing or quotation system requirements are met, we may endeavor to list the Treasury Units or the notes on the same exchange or quotation system as the Corporate Units. However there can be no assurance that we will list the Treasury Units or the notes. There can be no assurance as to the liquidity of any market that may develop for the Corporate Units, the Treasury Units or the notes, your ability to sell these securities or whether a trading market, if one develops, will continue. In addition, in the event a sufficient number of holders of Equity Units were to convert their Treasury Units to Corporate Units or their Corporate Units to Treasury Units, as the case may be, the liquidity of Corporate Units or Treasury Units could be adversely affected. There can be no assurance that the Corporate Units will not be de-listed from the New York Stock Exchange or that trading in the Corporate Units will not be suspended as a result of holders elections to create Treasury Units, which could cause the number of Corporate Units to fall below the requirement for listing securities on the New York Stock Exchange.

### **Your rights to the pledged securities will be subject to our security interest and may be affected by a bankruptcy proceeding.**

Although you will be the beneficial owner of the undivided beneficial ownership interests in notes, Treasury securities or applicable ownership interests in the portion of the Treasury portfolio described in the first bullet under What is the Treasury portfolio? , as applicable, those securities will be pledged to us through the collateral agent to secure your obligations under the related purchase contracts. Your rights to the pledged securities will be subject to our security interest. Additionally, notwithstanding the automatic termination of the purchase contracts in the event that we become the subject of a case under the U.S. Bankruptcy Code, the delivery of the pledged securities to you may be delayed by the imposition of the automatic stay under Section 362 of the U.S. Bankruptcy Code or by exercise of the bankruptcy court's power under Section 105(a) of the U.S. Bankruptcy Code, and claims arising out of the notes, like all other claims in bankruptcy proceedings, will be subject to the equitable jurisdiction and powers of the bankruptcy court.

### **Upon a successful remarketing of the notes, the terms of your notes may be modified even if you elect not to participate in the remarketing.**

When we attempt to remarket the notes, the remarketing agent will agree to use its commercially reasonable efforts to sell the notes included in the remarketing. In connection with the remarketing, we may elect

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**Table of Contents**

to subdivide the notes into more than one tranche, to shorten the maturity of any tranche to a date not earlier than August 1, 2017, to modify the optional redemption terms and to change the method of calculating interest payments on the notes. If the remarketing is successful, the modified terms will apply to all the notes, even if they were not included in the remarketing. However, holders of the notes must elect to participate in the remarketing before knowing what the modified terms of the notes will be. If we subdivide the notes into more than one tranche and the remarketing is successful, holders of Corporate Units and holders of separate notes may not know which tranche or tranches of notes they will receive if they elect to settle their purchase contracts with separate cash or do not elect to sell their separate notes in the remarketing. Whenever we remarket the notes, we will notify holders of Corporate Units, Treasury Units and separate notes of such remarketing. If we subdivide the notes into more than one tranche and the remarketing is successful, on the business day following the optional remarketing date or the final remarketing date, as applicable, we will notify holders of separate notes who decided not to participate in the remarketing (and, in the case of a final remarketing, holders settling with cash) how we will allocate their notes between the tranches. You may determine that the revised terms of the notes you receive are not as favorable to you as you would deem appropriate.

**The purchase contract and pledge agreement will not be qualified under the Trust Indenture Act and the obligations of the purchase contract agent are limited.**

The purchase contract and pledge agreement among us, the purchase contract agent and the collateral agent will not be qualified as an indenture under the Trust Indenture Act of 1939, or the Trust Indenture Act, and the purchase contract agent and collateral agent will not be required to qualify as a trustee under the Trust Indenture Act. You will not have the benefit of the protection of the Trust Indenture Act with respect to the purchase contract and pledge agreement or the purchase contract agent. The notes constituting a part of the Corporate Units will be issued pursuant to an indenture that has been qualified under the Trust Indenture Act. Accordingly, if you hold Corporate Units, you will have the benefit of the protections of the Trust Indenture Act only to the extent applicable to the ownership interests in notes included in the Corporate Units. The protections generally afforded the holder of a security issued under an indenture that has been qualified under the Trust Indenture Act include:

disqualification of the indenture trustee for conflicting interests, as defined under the Trust Indenture Act;

provisions preventing a trustee that is also a creditor of the issuer from improving its own credit position at the expense of the security holders immediately prior to or after a default under such indenture; and

the requirement that the indenture trustee deliver reports at least annually with respect to certain matters concerning the indenture trustee and the securities.

**The trading price of the Corporate Units or any separate notes may not fully reflect the value of their accrued but unpaid interest.**

The Corporate Units and any separate notes may trade at a price that does not fully reflect the value of accrued but unpaid interest on the notes.

**You may not be able to exercise your rights to settle a purchase contract prior to the purchase contract settlement date unless a registration statement under the Securities Act is in effect and a prospectus is available covering the shares of common stock and other securities, if any, deliverable upon early settlement of a purchase contract.**

The early settlement rights under the purchase contracts are subject to the condition that, if required under the U.S. federal securities laws, we have a registration statement under the Securities Act in effect on the



## **Table of Contents**

applicable early settlement date. If such registration statement is so required, we have agreed to use our commercially reasonable efforts to have a registration statement in effect on the applicable early settlement date and have an available prospectus in connection therewith covering the shares of common stock and other securities, if any, deliverable upon settlement of the purchase contract, subject to certain exceptions. In the event that a holder seeks to exercise its early settlement right and a registration statement is required to be effective in connection with the exercise of such right but no such registration statement is then effective, the holder's exercise of such right will be void unless and until such a registration statement is effective and we will have no further obligation with respect to any such registration statement if, notwithstanding using our commercially reasonable efforts, no registration statement is then effective.

### **The subordinated indenture under which the notes will be issued does not limit our indebtedness, prevent dividends or generally prevent highly leveraged transactions; there are no financial covenants in the indenture.**

Neither we nor any of our subsidiaries are restricted from incurring additional debt or other liabilities, including additional Senior Indebtedness, under the indenture pursuant to which the notes will be issued. If we incur additional debt or liabilities, our ability to pay our obligations on the notes could be adversely affected. We expect that we will from time to time incur additional debt and other liabilities. In addition, except as described under Description of the Notes Dividend and Other Payment Stoppages During Interest Deferral and Under Certain Other Circumstances, we are not restricted under the indenture from paying dividends or issuing or repurchasing our securities.

There are no financial covenants in the indenture. Except for the covenants described under Description of the Notes Consolidation, Merger and Conveyance of Assets as an Entirety, there are no covenants or any other provisions in the indenture which may afford you protection in the event of a highly leveraged transaction including one that may or may not result in a change of control of the Company.

### **The notes and the contract adjustment payments are subordinated to our existing and future Senior Indebtedness and are structurally subordinated to any existing or future preferred stock, indebtedness, guarantees and other liabilities of our subsidiaries.**

The notes and the contract adjustment payments will be obligations exclusively of UTC and will not be guaranteed by any of our subsidiaries. The notes and contract adjustment payments are subordinated to our existing and future Senior Indebtedness (as defined under Description of the Notes Subordination ) and will be structurally subordinated to existing or future preferred stock, indebtedness, guarantees and other liabilities, including trade payables, of our subsidiaries. The indenture under which the notes will be issued will not restrict us or our subsidiaries from incurring substantial additional indebtedness in the future.

As of March 31, 2012, we had approximately \$9.8 billion of outstanding indebtedness, approximately \$0.3 billion of which was the aggregate outstanding debt of our subsidiaries, including short-term borrowings and excluding fair value adjustments. As of March 31, 2012, we had approximately \$9.7 billion of Senior Indebtedness. In addition, UTC anticipates financing the Acquisition Obligations through the issuance of the Equity Units offered hereby and (1) additional borrowings to be made under the \$2 billion Term Loan Agreement, (2) additional borrowings to be made in certain commercial paper issuances and (3) the issuance of \$9.8 billion of fixed and floating rate notes in a registered public offering which closed on June 1, 2012 (which is considered Senior Indebtedness). We may reduce a portion of these additional borrowings using available cash (up to approximately \$3.5 billion ) and the proceeds of certain non-core asset sales. See Summary Recent Developments Acquisition Financing.

Our subsidiaries are separate and distinct legal entities from us. Our subsidiaries have no obligation to pay any amounts due on the notes or the purchase contracts or to provide us with funds to meet our respective payment obligations on the notes or purchase contracts. Any payment of dividends, loans or advances by our

**Table of Contents**

subsidiaries to us could be subject to statutory or contractual restrictions and will be contingent upon the subsidiaries' earnings and business considerations. Our right to receive any assets of any of our subsidiaries upon their bankruptcy, liquidation or similar reorganization, and therefore the right of the holders of the notes or purchase contracts to participate in those assets, will be structurally subordinated to the claims of that subsidiary's creditors, including trade creditors. Even if we are a creditor of any of our subsidiaries, our rights as a creditor would be subordinate to any security interest in the assets of our subsidiaries and any indebtedness of our subsidiaries senior to that held by us.

**Recent regulatory developments may adversely affect the trading price of the Equity Units.**

We expect that many investors in, and potential purchasers of, the Equity Units will employ, or seek to employ, a convertible arbitrage strategy with respect to the Equity Units. Investors that employ a convertible arbitrage strategy with respect to convertible debt instruments typically implement that strategy by selling short the common stock underlying the instrument or by entering into cash-settled over-the-counter derivative transactions with respect to the common stock that have the same economic effect as a short sale of the common stock. As a result, any specific rules regulating short selling of securities or other governmental action that interferes with the ability of market participants to effect short sales in our common stock could adversely affect the ability of investors in, or potential purchasers of, the Equity Units to conduct the convertible arbitrage strategy that we believe they may employ, or seek to employ, with respect to the Equity Units. This could, in turn, adversely affect the trading price and liquidity of the Equity Units.

The SEC and other regulatory and self-regulatory authorities have implemented various rule changes and are expected to adopt additional rule changes in the future that may impact those engaging in short selling activity involving equity securities (including our common stock). In particular, Rule 201 of the SEC Regulation SHO now restricts short selling when the price of a covered security triggers a circuit breaker by falling 10% in one day. If this circuit breaker is triggered, short sale orders can be displayed or executed only if the order price is above the current national best bid, subject to certain limited exceptions. Because our common stock is a covered security, these Rule 201 restrictions may interfere with the ability of investors in, and potential purchasers of, the Equity Units, to effect short sales in our common stock and conduct the convertible arbitrage strategy that we believe they may employ, or seek to employ, with respect to the Equity Units.

The SEC also approved a pilot program allowing several national securities exchanges and the Financial Industry Regulatory Authority, Inc. (FINRA) to halt trading in securities included in the S&P 500 Index, Russell 1000 Index and over 300 exchange traded funds if the price of any such security moves 10% or more from a sale price in a five-minute period (the SRO pilot program). The SRO pilot program was initially extended to August 11, 2011 or the date on which a proposed new limit up/limit down mechanism to address extraordinary market volatility is adopted and effective as to the securities covered by the SRO pilot program (the limit up/limit down proposal). However, the pilot period has been extended to July 31, 2012. The limit up/limit down proposal advanced by FINRA and other SROs would lock trading in listed equity securities into a price band based on the security's average price over the preceding five minutes. The price bands would be 5% above or below the average price for securities currently subject to the SRO pilot program, and 10% for securities not subject to the SRO pilot program; the percentage bands would be doubled during opening or closing. The inability to trade within those price bands would trigger a trading pause. On May 31, 2012, the SEC approved various amendments to the limit up/limit down proposal and the SRO pilot program, as well as their implementation on a pilot basis for a one-year period beginning on February 4, 2013. The amendments will, among other things, update the method for calculating price bands under the limit up/limit down proposal by providing for price bands of 5% or 10%, 20% and 75%, depending on the average price of the applicable stock over a preceding five-minute period. These percentages will be doubled during the opening and closing. In addition, with respect to the SRO pilot program, the amendments will, among other things, reduce previously stipulated trigger percentages to 7%, 13% and 20%, shorten the duration of trading halts associated with each market decline level that do not close the market for the day to 15 minutes, modify the times when a trading halt may be triggered, use the S&P 500 Index rather than the Dow Jones Industrial Average as the pricing reference to measure a market decline and require daily rather than quarterly recalculation of trigger thresholds.

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**Table of Contents**

FINRA and national security exchange rule amendments intended to clarify the review process for potentially erroneous trades in exchange-listed securities have also been adopted. In particular, these rule amendments establish uniform standards for reviews of (a) multi-stock events involving 20 or more securities and (b) transactions that trigger an individual stock trading pause by a primary listing market and subsequent transactions that occur before the trading halt is in effect for over-the-counter trading. The relevant amendments to FINRA Rule 11892 (Clearly Erroneous Transactions in Exchange-Listed Securities) and corresponding national security exchange rules were approved on September 10, 2010 on a pilot basis, with an original end date of April 11, 2011. However, the SEC has approved rule changes to extend the pilot period, the most recent of which extends to the earlier of July 31, 2012 or the date on which the limit up/limit down proposal is adopted and effective as to the securities covered by the pilot.

The enactment of the Dodd-Frank Wall Street Reform and Consumer Protection Act on July 21, 2010 also introduces regulatory uncertainty that may impact trading activities relevant to the Equity Units. This new legislation may require many over-the-counter swaps to be centrally cleared through regulated clearinghouses and traded on exchanges or comparable trading facilities. In addition, swap dealers and major market participants may be required to comply with margin and capital requirements as well as public reporting requirements to provide transaction and pricing data on both cleared and uncleared swaps. These requirements could adversely affect the ability of investors in, or potential purchasers of, the Equity Units to implement a convertible arbitrage strategy with respect to the Equity Units (including increasing the costs incurred by such investors in implementing such strategy). This could, in turn, adversely affect the trading price and liquidity of the Equity Units. The legislation will become effective 60 days after the publication of the final rule. However, it is unclear whether the margin requirements will apply retroactively to existing swap transactions. We cannot predict how this legislation will ultimately be implemented by the SEC and other regulators or the magnitude of the effect that this legislation will have on the trading price or liquidity of the Equity Units.

Although the direction and magnitude of the effect that the amendments to Regulation SHO, FINRA and national securities exchange rule changes and/or implementation of the Dodd-Frank Wall Street Reform and Consumer Protection Act may have on the trading price and the liquidity of the Equity Units will depend on a variety of factors, many of which cannot be determined at this time, past regulatory actions have had a significant impact on the trading prices and liquidity of convertible debt instruments. For example, in September 2008, the SEC issued emergency orders generally prohibiting short sales of the common stock of a variety of financial services companies while Congress worked to provide a comprehensive legislative plan to stabilize the credit and capital markets. The orders made the convertible arbitrage strategy that many convertible debt investors employ difficult to execute and adversely affected both the liquidity and trading price of convertible debt instruments issued by many of the financial services companies subject to the prohibition. Any governmental action that similarly restricts the ability of investors in, or potential purchasers of, the Equity Units to effect short sales of our common stock, including the recently adopted amendments to Regulation SHO, FINRA and exchange rule changes and the implementation of the Dodd-Frank Wall Street Reform and Consumer Protection Act, could similarly adversely affect the trading price and the liquidity of the Equity Units.

**We may defer contract adjustment payments under the purchase contracts, and this may have an adverse effect on the trading prices of the Equity Units.**

We may at our option defer the payment of all or part of the contract adjustment payments under the purchase contracts. If we exercise our right to defer contract adjustment payments, the market price of the Equity Units is likely to be adversely affected. As a result of the existence of our deferral rights, the market price of the Equity Units may be more volatile than would otherwise be the case. In addition, there is risk that we may not be able to pay such deferred contract adjustment payments (including compounded contract adjustment payments thereon) in the future. If we make such a deferral you may be required to continue to recognize income for U.S. federal income tax purposes in respect of the purchase contracts in advance of your receipt of any corresponding cash distributions.

## **Table of Contents**

### **If we exercise our right to defer interest payments on the notes, the market price of the Corporate Units and any separate notes is likely to be adversely affected.**

Prior to the purchase contract settlement date, we may at our option defer interest payments on the notes for one or more consecutive interest periods. During any deferral period (as defined under Description of the Notes Option to Defer Interest Payments below), holders of the notes will receive limited or no current payments and, so long as we are otherwise in compliance with our obligations, holders will have no remedies against us for nonpayment unless we fail to pay all previously deferred interest (including compounded interest thereon) in cash within 30 days of the date due after the end of the deferral period. If we exercise our right to defer interest, the market price of the Corporate Units and any separate notes is likely to be adversely affected. As a result of the existence of our deferral rights, the market price of the Corporate Units and any separate notes may be more volatile than would otherwise be the case. In addition, there is the risk that we may not be able to pay such deferred interest (including compounded interest thereon) in the future.

### **You may have to include interest in your taxable income before you receive cash.**

If we defer interest payments on the notes, you will be required to accrue income, in the form of original issue discount (OID), for U.S. federal income tax purposes in respect of your notes, even if you normally report income when received and even though you may not receive the cash attributable to that income during the deferral period. You will also not receive the cash payment of any accrued and unpaid interest if you sell your interest in the notes before the record date for any such payment, even if you held the interest in such notes on the date that the payments would normally have been paid. See Material U.S. Federal Income Tax Consequences U.S. Holders The Notes.

### **Other tax treatments of the notes are possible.**

We intend to treat the notes as variable rate debt instruments that are subject to applicable U.S. Treasury regulations that apply to reset bonds. Under such treatment, you will be required to take into account interest payments on the notes at the time the interest is paid or accrued in accordance with your regular method of tax accounting. However, because there are no U.S. Treasury regulations, rulings or other authorities that address the U.S. federal income tax treatment of debt instruments that are substantially similar to the notes, alternative characterizations of the notes are possible. For example, the notes could be treated as contingent payment debt instruments for U.S. federal income tax purposes. In that event, you would generally be required to (1) accrue interest income based on a projected payment schedule and comparable yield, which may be higher than the stated interest rate on the notes, regardless of your regular method of tax accounting, and (2) treat any gain recognized on a sale, exchange, redemption or other taxable disposition of a note as ordinary income. See Material U.S. Federal Income Tax Consequences U.S. Holders The Notes Possible Alternative Characterizations.

### **The U.S. federal income tax consequences of the purchase, ownership and disposition of the Equity Units are unclear.**

Although the IRS has issued a Revenue Ruling addressing the treatment of units similar to the Equity Units, no statutory, judicial or administrative authority directly addresses all aspects of the treatment of the Equity Units or instruments similar to the Equity Units for U.S. federal income tax purposes. Accordingly, no assurance can be given that the conclusions in the Revenue Ruling would apply to the Equity Units. As a result, the U.S. federal income tax consequences of the purchase, ownership and disposition of the Equity Units are unclear. In addition, there can be no assurance that the IRS or a court will agree with the characterization of the notes as indebtedness for U.S. federal income tax purposes. You should consult with your own tax advisors regarding the tax consequences of an investment in the Equity Units. See Material U.S. Federal Income Tax Consequences.

## **Table of Contents**

### **Under certain circumstances, you may be treated as receiving a taxable distribution on our common stock even though you do not receive any actual distribution.**

For U.S. federal income tax purposes, you may be treated as receiving a constructive distribution from us with respect to the purchase contract if (1) the fixed settlement rates are adjusted (or fail to be adjusted) and, as a result of the adjustment (or failure to adjust), your proportionate interest in our assets or earnings and profits is increased, and (2) the adjustment (or failure to adjust) is not made pursuant to a bona fide, reasonable anti-dilution formula. For example, if the fixed settlement rates are adjusted as a result of a distribution that is taxable to the holders of our common stock, such as a cash dividend, you will be deemed to have received a constructive distribution of our stock. Thus, under certain circumstances, an adjustment to the fixed settlement rates might give rise to a taxable deemed dividend to you even though you do not actually receive any cash or other distribution in connection with such adjustment. If you are a non-U.S. holder (as defined under Material U.S. Federal Income Tax Consequences ), such deemed dividend may be subject to U.S. federal withholding tax at a 30% rate, unless an income tax treaty reduces or eliminates such tax. See Material U.S. Federal Income Tax Consequences U.S. Holders Purchase Contracts and Material U.S. Federal Income Tax Consequences Non-U.S. Holders U.S. Federal Withholding Tax.

### **We will report contract adjustment payments as ordinary income and we will withhold tax on payments made to non-U.S. holders.**

We intend to treat contract adjustment payments as taxable ordinary income to a U.S. holder (as defined under Material U.S. Federal Income Tax Consequences ) when received or accrued, in accordance with the U.S. holder's regular method of tax accounting. We intend to treat any contract adjustment payments paid to a non-U.S. holder (as defined under Material U.S. Federal Income Tax Consequences ) as payments generally subject to withholding tax at a 30% rate, unless an income tax treaty reduces or eliminates such tax and the holder satisfies the relevant certification requirements. See Material U.S. Federal Income Tax Consequences U.S. Holders Purchase Contracts and Material U.S. Federal Income Tax Consequences Non-U.S. Holders U.S. Federal Withholding Tax. Persons considering the purchase of Equity Units should consult their own tax advisors concerning the possible alternative characterization and tax treatment of Equity Units and the contract adjustment payments.

## **Risk Factors Relating to Our Common Stock**

### **The price of our common stock may be volatile.**

During the year to date, the high sales price per share of our common stock on the New York Stock Exchange was \$87.50 and the low sales price per share was \$70.71. The price of our common stock could be subject to wide fluctuations in the future in response to many events or factors, including those discussed in the risk factors herein, in our Annual Report on Form 10-K for the year ended December 31, 2011 and in our Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2012, as well as under Note Regarding Forward-Looking Statements in the accompanying prospectus, many of which events and factors are beyond our control. For this reason, investors should not rely on recent trends to predict future prices of our common stock or financial condition or results. In addition, future or concurrent issuances of equity or equity-linked securities by us may cause the market price of shares of our common stock to fall.

### **Our corporate documents and provisions of Delaware law may prevent a change in control or management that stockholders may consider desirable.**

Section 203 of the Delaware General Corporation Law, laws of states in which we operate, and our charter and by-laws contain and may in the future contain certain provisions (including certain super majority shareholders voting provisions related to transactions with interested stockholders) that might enable our management to resist a takeover of our company in certain circumstances. These provisions could have the effect

**Table of Contents**

of delaying, deferring, or preventing a change in control of UTC or a change in our management that stockholders may consider favorable or beneficial. These provisions could also discourage proxy contests and make it more difficult for stockholders to elect directors and take other corporate actions. These provisions could also limit the price that investors might be willing to pay in the future for shares of our common stock.

**We may not pay cash dividends on our common stock in the future and are under no legal obligation to do so.**

We are under no obligation to pay dividends. Payment of dividends on our common stock is at all times subject to, among other things, prior satisfaction of dividend and sinking fund requirements, if any, of any series of preferred stock that may then be outstanding, and the availability of funds to UTC, which in turn may be subject to fixed payment obligations which UTC may incur in the future. Payment of dividends on our common stock is also subject to limitation if we are deferring contract adjustment payments or interest payments on the notes. Therefore, there can be no guarantee that we will continue to pay dividends on our common stock in the future or that if paid such dividends will be as large as in prior periods.

**There may be future sales or other dilution of our equity, which may adversely affect the market price of our common stock.**

Except as described under **Underwriting**, we are not restricted from issuing additional shares of our common stock, including any securities that are convertible into or exchangeable for, or that represent the right to receive, our common stock. The market price of our common stock could decline as a result of sales of shares of our common stock or sales of such other securities made after this offering or the perception that such sales could occur.

**Table of Contents****RATIO OF EARNINGS TO FIXED CHARGES**

Quarter Ended March 31, 2012	2011	2010	Year Ended December 31,		
2012	2011	2010	2009	2008	2007
8.59	10.01	8.15	7.57	8.91	8.70

For purposes of computing the ratio of earnings to fixed charges, earnings are divided by fixed charges. Earnings represent the sum of income before income taxes and minority interests for UTC and its consolidated subsidiaries plus fixed charges, minus interest capitalized, plus amortization of interest capitalized. Fixed charges represent interest accrued on indebtedness of UTC and its consolidated subsidiaries and interest related to unrecognized tax benefits, including interest capitalized, plus one-third of rents, the proportion deemed representative of the interest factor.

**USE OF PROCEEDS**

We anticipate that we will receive approximately \$        in net proceeds from the offering of the Equity Units (approximately \$        if the underwriters exercise their option to buy additional Corporate Units in full), after deducting underwriting discounts and commissions but before deducting other offering expenses. These net proceeds will be used primarily to partially fund the Acquisition Obligations. Subject to the satisfaction of customary closing conditions, the closing of the Acquisition is anticipated to take place in mid-2012. The remainder of the net proceeds from the offering of the Equity Units, if any, will be used for general corporate purposes. If the Acquisition does not close, the net proceeds from the offering will be used for general corporate purposes, which may include financing acquisitions, repayment of debt, capital expenditures, working capital, share repurchases or satisfaction of other obligations. Pending use, we may, but are not required to, initially invest the net proceeds in short-term interest-bearing obligations. See Summary Recent Developments Pending Acquisition of Goodrich Corporation and Summary Recent Developments Acquisition Financing.

**Table of Contents****CAPITALIZATION**

The following table sets forth our short-term borrowings and total long-term debt and equity as of March 31, 2012 and as adjusted to give effect to the sale of the Equity Units offered hereby and the sale of \$9.8 billion of fixed and floating rate notes in a registered public offering which closed on June 1, 2012, the proceeds of which will be used to pay part of the Acquisition Obligations. This table should be read in conjunction with the section of this prospectus supplement entitled "Use of Proceeds," the consolidated condensed financial statements and the notes related thereto and the financial and operating data incorporated by reference in this prospectus supplement and the accompanying prospectus.

	As of March 31, 2012	
	Actual	As Adjusted
	(Dollars in millions)	
<b>Short-term borrowings:</b>		
Commercial paper	\$ 20	\$ 20
Other borrowings	201	201
<b>Total short-term borrowings</b>	<b>\$ 221</b>	<b>\$ 221</b>
<b>Long-term debt:</b>		
4.875% notes due 2015*	\$ 1,200	\$ 1,200
5.375% notes due 2017*	1,000	1,000
6.125% notes due 2019*	1,250	1,250
8.875% notes due 2019	272	272
4.500% notes due 2020*	1,250	1,250
8.750% notes due 2021	250	250
6.700% notes due 2028	400	400
7.500% notes due 2029*	550	550
5.400% notes due 2035*	600	600
6.050% notes due 2036*	600	600
6.125% notes due 2038*	1,000	1,000
5.700% notes due 2040*	1,000	1,000
1.200% notes due 2015*, **		1,000
1.800% notes due 2017*, **		1,500
3.100% notes due 2022*, **		2,300
4.500% notes due 2042*, **		3,500
Floating rate notes due 2013**		1,000
Floating rate notes due 2015**		500
% junior subordinated notes due 2022***		
Project financing obligations	87	87
Other (including capitalized leases)	111	111
<b>Total long-term debt</b>	<b>9,570</b>	
Less current portion	(79)	(79)
<b>Long-term debt, net of current portion</b>	<b>9,491</b>	
<b>Equity:</b>		
Common stock	13,653	****
Treasury stock	(19,400)	(19,400)
Retained earnings	33,389	33,389
Unearned ESOP shares	(149)	(149)
Accumulated other comprehensive loss	(5,001)	(5,001)
Noncontrolling interest	1,057	1,057
<b>Total equity</b>	<b>23,549</b>	



Total long-term debt and equity	\$ 33,040	\$
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S-40

**Table of Contents**

- \* We may redeem some or all of these series of notes at any time at a redemption price in U.S. dollars equal to the greater of 100% of the principal amount outstanding of the applicable series of notes to be redeemed, or the sum of the present values of the remaining scheduled payments of principal and interest on the applicable series of notes to be redeemed. The discounts applied on such redemptions are based on a semiannual calculation at an adjusted treasury rate plus 10-50 basis points, depending on the particular series. The redemption price will also include interest accrued to the date of redemption on the principal balance of the notes being redeemed.
- \*\* If we do not complete the Acquisition on or prior to March 25, 2013, or if the Merger Agreement is terminated prior to that date, we must redeem all of the notes on the earlier to occur of (1) March 29, 2013, if the Acquisition has not been completed on or prior to March 25, 2013, or (2) the 15th day (or if such day is not a business day, the first business day thereafter) following the termination of the Merger Agreement prior to March 25, 2013 (the Mandatory Redemption Date), at a redemption price equal to 101% of the aggregate principal amount of the notes, plus accrued and unpaid interest to, but excluding, the Mandatory Redemption Date.
- \*\*\* The % junior subordinated notes due 2022 are a component of the Equity Units offered hereby. The as adjusted amount will increase to approximately \$ million if the underwriters exercise their over-allotment option in full.
- \*\*\*\* Reflects an adjustment of approximately \$ million representing the estimated present value of the contract adjustments payable in connection with the Equity Units. In addition, an increase or decrease in the number of Equity Units offered will result in a decrease or increase, respectively, of our shareowners' common equity to reflect the change in the present value of contract adjustment payments relating to the purchase contract component of the Equity Units.

**Table of Contents**

**ACCOUNTING TREATMENT**

The net proceeds from the sale of the Corporate Units will be allocated between the purchase contracts and the notes in our financial statements based on the underlying fair value of each instrument at the time of issuance taking into consideration the contract adjustment payments. The fair value of the purchase contracts is expected to approximate the present value of the contract adjustment payments and will be initially recorded as a reduction to shareowners' common equity (common stock), with an offsetting credit to liabilities. This liability is accreted over three years by interest charges to the income statement based on a constant rate calculation. Subsequent contract adjustment payments will reduce this liability.

The purchase contracts are forward transactions in our common stock. Upon settlement of each purchase contract, we will receive \$50 pursuant to that purchase contract and will issue the requisite number of shares of our common stock. The \$50 we receive will be credited to shareowners' common equity (common stock).

Before the issuance of shares of our common stock upon settlement of the purchase contracts, the purchase contracts will be reflected in our diluted earnings per share calculations using the treasury stock method. Under this method, the number of shares of our common stock used in calculating diluted earnings per share, based on the settlement formula applied at the end of each reporting period, is deemed to be increased by the excess, if any, of the number of shares that would be issued upon settlement of the purchase contracts less the number of shares that could be purchased by us in the market, at the average market price during the period, using the proceeds receivable upon settlement. Consequently, we anticipate there will be little to no dilutive effect on our earnings per share except during periods when the average market price of our common stock is above the threshold appreciation price of approximately \$ .

Both the Financial Accounting Standards Board and its Emerging Issues Task Force continue to study the accounting for financial instruments and derivative instruments, including instruments such as the Corporate Units. It is possible that our accounting for the purchase contracts and the notes could be affected by any new accounting rules that might be issued by these groups or other accounting standard setting groups or in the event of any other change in any law or regulation of any accounting rule, pronouncement or interpretation.

**Table of Contents**

**DESCRIPTION OF THE EQUITY UNITS**

*In this Description of the Equity Units, UTC, we, us, our and the Company refer only to United Technologies Corporation and any successor obligor, and not to any of its subsidiaries.*

*The following is a summary of some of the terms of the Equity Units. This summary, together with the summaries of the terms of the purchase contracts, the purchase contract and pledge agreement and the notes set forth under the captions Description of the Purchase Contracts, Certain Provisions of the Purchase Contract and Pledge Agreement and Description of the Notes in this prospectus supplement, contain a description of the material terms of the Equity Units, but are only summaries and are not complete. This summary is subject to and is qualified by reference to all the provisions of the purchase contract and pledge agreement, the subordinated indenture, the supplemental indenture, the notes and the form of remarketing agreement, which has been attached as an exhibit to the purchase contract and pledge agreement, including the definitions of certain terms used therein, forms of which have been or will be filed and incorporated by reference as exhibits to the registration statement of which this prospectus supplement and the accompanying prospectus form a part.*

**General**

We will issue the Equity Units under the purchase contract and pledge agreement among us and The Bank of New York Mellon Trust Company, N.A., as purchase contract agent (the purchase contract agent ), and Wilmington Trust, National Association, as collateral agent (the collateral agent ), custodial agent (the custodial agent ) and securities intermediary. The Equity Units may be either Corporate Units or Treasury Units. The Equity Units will initially consist of 20,000,000 Corporate Units (up to 22,000,000 Corporate Units if the underwriters exercise their over-allotment option in full), each with a stated amount of \$50.

Each Corporate Unit offered will consist of:

a purchase contract under which

the holder will agree to purchase from us, and we will agree to sell to the holder, on August 1, 2015 (or if such day is not a business day, the following business day), which we refer to as the purchase contract settlement date, or earlier upon early settlement, for \$50, a number of shares of our common stock equal to the applicable settlement rate described under Description of the Purchase Contracts Purchase of Common Stock, Description of the Purchase Contracts Early Settlement or Description of the Purchase Contracts Early Settlement Upon a Fundamental Change, as the case may be; and

we will pay the holder quarterly contract adjustment payments at the rate of % per year on the stated amount of \$50, or \$ per year, subject to our right to defer such contract adjustment payments as described under Description of the Purchase Contracts Contract Adjustment Payments , and

either:

a 1/20, or 5%, undivided beneficial ownership interest in a \$1,000 principal amount % junior subordinated note due 2022 issued by us, and under which we will pay to the holder 1/20, or 5%, of the interest payment on a \$1,000 principal amount note at the initial rate of %, or \$ per year per \$1,000 principal amount of notes, subject to our right to defer such interest payments as described under Description of the Notes Option to Defer Interest Payments ; or

following a successful optional remarketing, the applicable ownership interest in a portfolio of U.S. Treasury securities, which we refer to as the Treasury portfolio.

**Table of Contents**

Applicable ownership interest means, with respect to the Treasury portfolio,

(1) a 1/20, or 5%, undivided beneficial ownership interest in \$1,000 face amount of U.S. Treasury securities (or principal or interest strips thereof) included in the Treasury portfolio that matures on or prior to August 1, 2015; and

(2) for the scheduled interest payment occurring on the purchase contract settlement date, a % undivided beneficial ownership interest in \$1,000 face amount of U.S. Treasury securities (or principal or interest strips thereof) that mature on or prior to the purchase contract settlement date.

If U.S. Treasury securities (or principal or interest strips thereof) that are to be included in the Treasury portfolio in connection with a successful optional remarketing have a yield that is less than zero, the Treasury portfolio will consist of an amount in cash equal to the aggregate principal amount at maturity of the U.S. Treasury securities described in clauses (1) and (2) above. If the provisions set forth in this paragraph apply, references to Treasury security and U.S. Treasury securities (or principal or interest strips thereof) in connection with the Treasury portfolio will, thereafter, be deemed to be references to such amount of cash.

So long as the Equity Units are in the form of Corporate Units, the related undivided beneficial ownership interest in the note or the applicable ownership interest in the Treasury portfolio described in clause (1) of the definition of Applicable ownership interest above (or \$50 in cash, if the immediately preceding paragraph applies), as the case may be, will be pledged to us through the collateral agent to secure the holders obligations to purchase our common stock under the related purchase contracts.

**Creating Treasury Units by Substituting a Treasury Security for a Note**

Each holder of 20 Corporate Units may create, at any time other than after a successful remarketing or during a blackout period (as defined below), 20 Treasury Units by substituting for a note a zero-coupon U.S. Treasury security (CUSIP No. 912820WH6 ) with a principal amount at maturity equal to \$1,000 and maturing on July 31, 2015, which we refer to as a Treasury security. This substitution would create 20 Treasury Units and the note would be released to the holder and would be separately tradable and transferable from the Treasury Units. Because Treasury securities and notes are issued in integral multiples of \$1,000, holders of Corporate Units may make the substitution only in integral multiples of 20 Corporate Units. After a successful remarketing, holders may not create Treasury Units from Corporate Units or recreate Corporate Units from Treasury Units.

Each Treasury Unit will consist of:

a purchase contract under which

the holder will agree to purchase from us, and we will agree to sell to the holder, on the purchase contract settlement date, or earlier upon early settlement, for \$50, a number of shares of our common stock equal to the applicable settlement rate; and

we will pay the holder quarterly contract adjustment payments at the rate of % per year on the stated amount of \$50, or \$ per year, subject to our right to defer the contract adjustment payments; and

a 1/20, or 5%, undivided beneficial ownership interest in a Treasury security.

The term blackout period means the period (i) if we elect to conduct an optional remarketing, from 5:00 p.m., New York City time, on the second business day (as defined below) immediately preceding the first day of the optional remarketing period until the settlement date of such optional remarketing or the date we announce that such remarketing was unsuccessful and (ii) after 5:00 p.m., New York City time, on the second business day immediately preceding the first day of the final remarketing period.

## **Table of Contents**

The term **business day** means each Monday, Tuesday, Wednesday, Thursday and Friday that is not a day on which banking institutions in New York are authorized or obligated by law or executive order to close.

The Treasury Unit holder's beneficial ownership interest in the Treasury security will be pledged to us through the collateral agent to secure the holder's obligation to purchase our common stock under the related purchase contracts.

To create 20 Treasury Units, a holder is required to:

deposit with the collateral agent a Treasury security that has a principal amount at maturity of \$1,000, which must be purchased in the open market at the expense of the Corporate Unit holder, unless otherwise owned by the holder; and

transfer to the purchase contract agent 20 Corporate Units, accompanied by a notice stating that the holder of the Corporate Units has deposited a Treasury security with the collateral agent, and requesting that the purchase contract agent instruct the collateral agent to release the related note.

Upon receiving instructions from the purchase contract agent and receipt of the Treasury security, the collateral agent will release the related note from the pledge and deliver it to the purchase contract agent on behalf of the holder, free and clear of our security interest. The purchase contract agent then will:

cancel the 20 Corporate Units;

transfer the related note to the holder; and

deliver 20 Treasury Units to the holder.

The Treasury security will be substituted for the note and will be pledged to us through the collateral agent to secure the holder's obligation to purchase shares of our common stock under the related purchase contracts. The note thereafter will trade and be transferable separately from the Treasury Units.

Holders who create Treasury Units will be responsible for any taxes, governmental charges or other fees or expenses (including, without limitation, fees and expenses payable to the collateral agent) attributable to such collateral substitution. See **Certain Provisions of the Purchase Contract and Pledge Agreement** Miscellaneous.

## **Recreating Corporate Units**

Each holder of 20 Treasury Units will have the right, at any time, other than during a blackout period or after a successful remarketing, to substitute for the related Treasury security held by the collateral agent a note having a principal amount equal to \$1,000. This substitution would recreate 20 Corporate Units and the applicable Treasury security would be released to the holder and would be separately tradable and transferable from the Corporate Units. Because Treasury securities and notes are issued in integral multiples of \$1,000, holders of Treasury Units may make this substitution only in integral multiples of 20 Treasury Units. After a successful remarketing, holders may not recreate Corporate Units from Treasury Units.

To recreate 20 Corporate Units, a holder is required to:

deposit with the collateral agent a note having a principal amount of \$1,000, which must be purchased in the open market at the expense of the Treasury Unit holder, unless otherwise owned by the holder; and

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transfer to the purchase contract agent 20 Treasury Units, accompanied by a notice stating that the holder of the Treasury Units has deposited a note having a principal amount of \$1,000 with the collateral agent and requesting that the purchase contract agent instruct the collateral agent to release the related Treasury security.

S-45

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## **Table of Contents**

Upon receiving instructions from the purchase contract agent and receipt of the note having a principal amount of \$1,000, the collateral agent will promptly release the related Treasury security from the pledge and promptly instruct the securities intermediary to transfer such Treasury security to the purchase contract agent for distribution to the holder, free and clear of our security interest. The purchase contract agent then will:

cancel the 20 Treasury Units;

transfer the related Treasury security to the holder; and

deliver 20 Corporate Units to the holder.

The \$1,000 principal amount note will be substituted for the Treasury security and will be pledged to us through the collateral agent to secure the holder's obligation to purchase shares of our common stock under the related purchase contracts. The Treasury security thereafter will trade and be transferable separately from the Corporate Units.

Holders who recreate Corporate Units will be responsible for any taxes, governmental charges or other fees or expenses (including, without limitation, fees and expenses payable to the collateral agent) attributable to the collateral substitution. See Certain Provisions of the Purchase Contract and Pledge Agreement Miscellaneous.

### **Payments on the Equity Units**

Holders of Corporate Units and Treasury Units will receive quarterly contract adjustment payments payable by us at the rate of % per year on the stated amount of \$50 per Equity Unit. We will make all contract adjustment payments on the Corporate Units and the Treasury Units quarterly in arrears on February 1, May 1, August 1 and November 1 of each year (except that if any such date is not a business day, contract adjustment payments will be payable on the following business day, without adjustment), commencing November 1, 2012. Unless the purchase contracts have been terminated (as described under Description of the Purchase Contracts Termination below), we will make such contract adjustment payments until the earliest of the purchase contract settlement date, the fundamental change early settlement date (in the case of a fundamental change early settlement, as described under Description of the Purchase Contracts Early Settlement Upon a Fundamental Change below) and the most recent quarterly payment date on or before any other early settlement of the related purchase contracts (in the case of an early settlement as described under Description of the Purchase Contracts Early Settlement below). If the purchase contracts have been terminated, our obligation to pay the contract adjustment payments, including any accrued and unpaid contract adjustment payments and deferred contract adjustment payments (including compounded contract adjustment payments thereon), will cease. In addition, holders of Corporate Units will receive quarterly cash distributions consisting of their pro rata share of interest payments on the notes (or distributions on the applicable ownership interest in the Treasury portfolio, as applicable), equivalent to the rate of % per year. There will be no interest payments in respect of the Treasury securities that are a component of the Treasury Units, but to the extent that such holders of Treasury Units continue to hold the notes that were released to them when they created the Treasury Units, such holders will continue to receive the scheduled interest payments on their separate notes for as long as they hold the notes.

We have the right to defer payment of quarterly contract adjustment payments and of interest on the notes as described under Description of the Purchase Contracts Contract Adjustment Payments and Description of the Notes Option to Defer Interest Payments, respectively.

### **Listing**

We have applied to list the Corporate Units on the New York Stock Exchange and expect trading to commence within 30 days of the initial issuance of the Corporate Units under the symbol UTX PR A . Except in connection with early settlement, fundamental change early settlement, a termination event or cash settlement,



## **Table of Contents**

unless and until substitution has been made as described in Creating Treasury Units by Substituting a Treasury Security for a Note or Recreating Corporate Units, neither the note or applicable ownership interest in the Treasury portfolio component of a Corporate Unit nor the Treasury security component of a Treasury Unit will trade separately from Corporate Units or Treasury Units. The note or applicable ownership interest in the Treasury portfolio component will trade as a unit with the purchase contract component of the Corporate Units, and the Treasury security component will trade as a unit with the purchase contract component of the Treasury Units. In addition, if Treasury Units or notes are separately traded to a sufficient extent that the applicable exchange listing requirements are met, we will endeavor to cause the Treasury Units or notes to be listed on the exchange on which the Corporate Units are then listed, including, if applicable, the New York Stock Exchange. However, there can be no assurance that we will list the Treasury Units or the notes.

## **Ranking**

The notes will be our junior subordinated obligations, subordinated to our existing and future Senior Indebtedness (as defined under Description of the Notes Subordination ). The notes will be issued under a subordinated indenture, as amended and supplemented by the supplemental indenture (each as defined under Description of Notes ), each between us and The Bank of New York Mellon Trust Company, N.A., as trustee (the trustee ), to be dated as of June , 2012 (collectively, the subordinated indenture ).

In addition, our obligations with respect to contract adjustment payments will be subordinate in right of payment to our existing and future Senior Indebtedness.

The notes and our obligations with respect to contract adjustments payments will be structurally subordinated to existing or future preferred stock and indebtedness, guarantees and other liabilities, including trade payables, of our subsidiaries.

Our subsidiaries are separate and distinct legal entities from us. Our subsidiaries have no obligation to pay any amounts due on the notes or the purchase contracts or to provide us with funds to meet our respective payment obligations on the notes or purchase contracts. Any payment of dividends, loans or advances by our subsidiaries to us could be subject to statutory or contractual restrictions and will be contingent upon the subsidiaries' earnings and business considerations. Our right to receive any assets of any of our subsidiaries upon their bankruptcy, liquidation or similar reorganization, and therefore the right of the holders of the notes or purchase contracts to participate in those assets, will be structurally subordinated to the claims of that subsidiary's creditors, including trade creditors. Even if we are a creditor of any of our subsidiaries, our right as a creditor would be subordinate to any security interest in the assets of our subsidiaries and any indebtedness of our subsidiaries senior to that held by us.

As of March 31, 2012, we had approximately \$9.8 billion of outstanding indebtedness, approximately \$0.3 billion of which was the aggregate outstanding debt of our subsidiaries, including short-term borrowings and excluding fair value adjustments. As of March 31, 2012, we had approximately \$9.7 billion of Senior Indebtedness. We anticipate Goodrich will have approximately \$1.9 billion in net debt as of the closing of the Acquisition, and we further anticipate incurring significant additional debt in connection with the financing of the Acquisition. See Summary Recent Development Acquisition Financing. In addition, pursuant to a registered public offering which closed on June 1, 2012, we issued an additional \$9.8 billion of fixed and floating rate notes, all of which is considered Senior Indebtedness.

## **Voting and Certain Other Rights**

Prior to the purchase of shares of common stock under each purchase contract, such purchase contract shall not entitle the holder of the Corporate Units or Treasury Units to any rights of a holder of shares of our common stock, including, without limitation, the right to vote or receive any dividends or other payments or distributions or to consent to or to receive notice as a shareholder or other rights in respect of our common stock.

**Table of Contents**

**Agreed U.S. Federal Income Tax Treatment**

Each beneficial owner of an Equity Unit, by purchasing such Equity Unit, will be deemed to have agreed (unless otherwise required by any taxing authority) (1) to be treated as the owner of each of the stock purchase contract, the related note, the applicable ownership interests in the Treasury portfolio or Treasury security, as the case may be, for U.S. federal, state and local income tax purposes, (2) to treat the note as indebtedness for all tax purposes, and (3) to allocate, as of the issue date, % of the purchase price paid for the Corporate Units to its ownership interest in the notes and % to each purchase contract, which will establish its initial tax basis in each purchase contract as \$ and its initial tax basis in its ownership interest in the notes as \$. This position will be binding on each beneficial owner of each Equity Unit, but not on the IRS. See Material U.S. Federal Income Tax Consequences.

**Repurchase of the Equity Units**

We may purchase from time to time any of the Equity Units that are then outstanding by tender, in the open market, by private agreement or otherwise, subject to compliance with applicable law.

S-48

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**Table of Contents**

**DESCRIPTION OF THE PURCHASE CONTRACTS**

*In this Description of the Purchase Contracts, UTC, we, us, our and the Company refer only to United Technologies Corporation and any successor obligor, and not to any of its subsidiaries.*

*The following is a summary of some of the terms of the purchase contracts. The purchase contracts will be issued pursuant to the purchase contract and pledge agreement among us, the purchase contract agent, the collateral agent, the custodial agent and the securities intermediary. The summaries of the purchase contracts and the purchase contract and pledge agreement contain a description of the material terms of the contracts but are only summaries and are not complete. This summary is subject to and is qualified by reference to all the provisions of the purchase contract and pledge agreement, the subordinated indenture, the supplemental indenture, the notes and the form of remarketing agreement, including the definitions of certain terms used therein, forms of which have been or will be filed and incorporated by reference as an exhibit to the registration statement of which this prospectus supplement and the accompanying prospectus form a part.*

**Purchase of Common Stock**

Each purchase contract that is a component of a Corporate Unit or a Treasury Unit will obligate its holder to purchase, and us to sell, on August 1, 2015, or if such day is not a business day, the following business day (the purchase contract settlement date), for \$50 in cash a number of shares of our common stock equal to the settlement rate (together with cash, if applicable, in lieu of any fractional shares of common stock in the manner described below), in each case, unless the purchase contract terminates prior to that date or is settled early at the holder's option. The number of shares of our common stock issuable upon settlement of each purchase contract on the purchase contract settlement date (which we refer to as the settlement rate) will be determined as follows, subject to adjustment as described under Anti-dilution Adjustments and Early Settlement Upon a Fundamental Change below:

(1) If the applicable market value of our common stock is equal to or greater than the threshold appreciation price of approximately \$ , the settlement rate will be shares of our common stock (we refer to this settlement rate as the minimum settlement rate).

Accordingly, if the market price for the common stock increases between the date of this prospectus supplement and the period during which the applicable market value is measured and the applicable market value is greater than the threshold appreciation price, the aggregate market value of the shares of common stock issued upon settlement of each purchase contract will be higher than the stated amount, assuming that the market price of the common stock on the purchase contract settlement date is the same as the applicable market value of the common stock. If the applicable market value is the same as the threshold appreciation price, the aggregate market value of the shares issued upon settlement will be equal to the stated amount, assuming that the market price of the common stock on the purchase contract settlement date is the same as the applicable market value of the common stock.

(2) If the applicable market value of our common stock is less than the threshold appreciation price but greater than the reference price of \$ , the settlement rate will be a number of shares of our common stock equal to \$50 divided by the applicable market value, rounded to the nearest ten thousandth of a share.

Accordingly, if the market price for the common stock increases between the date of this prospectus supplement and the period during which the applicable market value is measured, but the market price does not exceed the threshold appreciation price, the aggregate market value of the shares of common stock issued upon settlement of each purchase contract will be equal to the stated amount, assuming that the market price of the common stock on the purchase contract settlement date is the same as the applicable market value of the common stock.

**Table of Contents**

(3) If the applicable market value of our common stock is less than or equal to the reference price of \$ \_\_\_\_\_, the settlement rate will be \_\_\_\_\_ shares of our common stock, which is equal to the stated amount divided by the reference price (we refer to this settlement rate as the maximum settlement rate \_\_\_\_\_).

Accordingly, if the market price for the common stock decreases between the date of this prospectus supplement and the period during which the applicable market value is measured and the market price is less than the reference price, the aggregate market value of the shares of common stock issued upon settlement of each purchase contract will be less than the stated amount, assuming that the market price on the purchase contract settlement date is the same as the applicable market value of the common stock. If the market price of the common stock is the same as the reference price, the aggregate market value of the shares will be equal to the stated amount, assuming that the market price of the common stock on the purchase contract settlement date is the same as the applicable market value of the common stock.

The threshold appreciation price is equal to \$50 divided by the minimum settlement rate (such quotient rounded to the nearest \$0.0001), which is approximately \$ \_\_\_\_\_ and represents appreciation of approximately \_\_\_\_\_ % over the reference price.

If you elect to settle your purchase contract early in the manner described under \_\_\_\_\_ Early Settlement, the number of shares of our common stock issuable upon settlement of such purchase contract will be \_\_\_\_\_, the minimum settlement rate, subject to adjustment as described under \_\_\_\_\_ Anti-dilution Adjustments. We refer to the minimum settlement rate and the maximum settlement rate as the \_\_\_\_\_ fixed settlement rates.

The \_\_\_\_\_ applicable market value means the average volume weighted average price, or VWAP, of our common stock on each trading day during the 20 consecutive trading day period ending on the third scheduled trading day immediately preceding the purchase contract settlement date. The \_\_\_\_\_ VWAP of our common stock means, for the relevant trading day, the per share VWAP on the principal exchange or quotation system on which our common stock is listed or admitted for trading as displayed under the heading Bloomberg VWAP on Bloomberg page UTX<EQUITY>AQR (or its equivalent successor if that page is not available) in respect of the period from the scheduled open of trading on the relevant trading day until the scheduled close of trading on the relevant trading day (or if such VWAP is unavailable, the market price of one share of our common stock on such trading day determined, using a volume-weighted average method, by a nationally recognized independent investment banking firm retained for this purpose by us).

A \_\_\_\_\_ trading day means, for purposes of determining a VWAP or closing price, a business day on which the principal exchange or quotation system on which our common stock is listed or admitted for trading is scheduled to be open for business and a day on which there has not occurred or does not exist a market disruption event.

A \_\_\_\_\_ market disruption event means any of the following events:

any suspension of, or limitation imposed on, trading by the principal exchange or quotation system on which our common stock is listed or admitted for trading during the one-hour period prior to the close of trading for the regular trading session on such exchange or quotation system (or for purposes of determining VWAP any period or periods aggregating one half hour or longer) and whether by reason of movements in price exceeding limits permitted by the relevant exchange or quotation system or otherwise relating to our common stock or in futures or option contracts relating to our common stock on the relevant exchange or quotation system; or

any event (other than a failure to open or a closure as described below) that disrupts or impairs the ability of market participants during the one-hour period prior to the close of trading for the regular trading session on the principal exchange or quotation system on which our common stock is listed or admitted for trading (or for purposes of determining VWAP any period or periods aggregating

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**Table of Contents**

one half hour or longer) in general to effect transactions in, or obtain market values for, our common stock on the relevant exchange or quotation system or futures or options contracts relating to our common stock on any relevant exchange or quotation system; or

the failure to open of the principal exchange or quotation system on which futures or options contracts relating to our common stock are traded or the closure of such exchange or quotation system prior to its respective scheduled closing time for the regular trading session on such day (without regard to after hours or other trading outside the regular trading session hours) unless such earlier closing time is announced by such exchange or quotation system at least one hour prior to the earlier of the actual closing time for the regular trading session on such day and the submission deadline for orders to be entered into such exchange or quotation system for execution at the actual closing time on such day.

If a market disruption event occurs during a day that would otherwise constitute one of the 20 trading days for determining the applicable market value, we will notify investors on the calendar day on which such event occurs to the extent reasonably practicable.

If 20 trading days for our common stock have not occurred prior to the third scheduled trading day immediately prior to the purchase contract settlement date, all remaining trading days will be deemed to occur on that third scheduled trading day and the VWAP of our common stock for each of the remaining trading days will be the VWAP of our common stock on that third scheduled trading day or, if such day is not a trading day, the closing price as determined in its reasonable discretion by a nationally recognized independent investment banking firm retained by us for this purpose.

The closing price per share of our common stock means, on any date of determination, the closing sale price or, if no closing sale price is reported, the last reported sale price of our common stock on the principal U.S. securities exchange on which our common stock is listed, or if our common stock is not so listed on a U.S. securities exchange, the last quoted bid price for our common stock in the over-the-counter market as reported by OTC Markets Group Inc. or similar organization, or, if that bid price is not available, the market value of our common stock on that date as determined by a nationally recognized independent investment banking firm retained by us for this purpose.

We will not issue any fractional shares of our common stock upon settlement of a purchase contract. Instead of a fractional share, the holder will receive an amount of cash equal to the percentage of a whole share represented by such fractional share multiplied by the closing price of our common stock on the trading day immediately preceding the purchase contract settlement date (or the trading day immediately preceding an earlier settlement date, in the case of early settlement). If, however, a holder surrenders for settlement at one time more than one purchase contract, then the number of shares of our common stock issuable pursuant to such purchase contracts will be computed based upon the aggregate number of purchase contracts surrendered.

Unless:

a holder has settled early the related purchase contracts by delivery of cash to the purchase contract agent in the manner described under Early Settlement or Early Settlement Upon a Fundamental Change ;

a holder of Corporate Units has settled the related purchase contracts with separate cash in the manner described under Notice to Settle with Cash ; or

an event described under Termination has occurred;  
then, on the purchase contract settlement date,

in the case of Corporate Units where there has not been a successful optional or final remarketing, the holder will be deemed to have exercised its put right as described under Remarketing

**Table of Contents**

(unless it shall have elected not to exercise such put right by delivering cash as described thereunder) and to have elected to apply a portion of the proceeds of the put price equal to the principal amount of the notes to satisfy in full the holder's obligation to purchase our common stock under the related purchase contracts and any excess proceeds will be delivered to the purchase contract agent for the benefit of the holders of Corporate Units;

in the case of Corporate Units where the Treasury portfolio or cash has replaced the notes as a component of the Corporate Units following a successful optional remarketing, the portion of the proceeds of the applicable ownership interests in the Treasury portfolio when paid at maturity or an amount of cash equal to the stated amount of \$50 per Corporate Unit will be applied to satisfy in full the holder's obligation to purchase common stock under the related purchase contracts and any excess proceeds will be delivered to the purchase contract agent for the benefit of the holders of Corporate Units;

in the case of Corporate Units where the notes have been successfully remarketed during the final remarketing period, the portion of the remarketing proceeds sufficient to satisfy the holder's obligation to purchase our common stock under the related purchase contracts will be applied to satisfy in full the holder's obligation to purchase common stock under the related purchase contracts and any excess proceeds will be delivered to the purchase contract agent for the benefit of the holders of Corporate Units; and

in the case of Treasury Units, the proceeds of the related Treasury securities, when paid at maturity, will be applied to satisfy in full the holder's obligation to purchase our common stock under the related purchase contracts and any excess proceeds will be delivered to the purchase contract agent for the benefit of the holders of Treasury Units.

The common stock will then be issued and delivered to the holder or the holder's designee. We will pay all stock transfer and similar taxes attributable to the initial issuance and delivery of the shares of our common stock pursuant to the purchase contracts, subject to certain exceptions.

Prior to the settlement of a purchase contract, the shares of our common stock underlying each purchase contract will not be outstanding, and the holder of the purchase contract will not have any voting rights, rights to dividends or other distributions or other rights of a holder of our common stock by virtue of holding such purchase contract.

By purchasing a Corporate Unit or a Treasury Unit, a holder will be deemed to have, among other things:

irrevocably appointed the purchase contract agent as its attorney-in-fact to enter into and perform the related purchase contract and the purchase contract and pledge agreement in the name of and on behalf of such holder;

agreed to be bound by the terms and provisions of the Corporate Units or Treasury Units, as applicable, including but not limited to the terms of the related purchase contract and the purchase contract and pledge agreement, for so long as the holder remains a holder of Corporate Units or Treasury Units;

consented to and agreed to be bound by the pledge of such holder's right, title and interest in and to its undivided beneficial ownership interest in notes, the portion of the Treasury portfolio (or cash) described in the first clause of the definition of applicable ownership interest, or the Treasury securities, as applicable, and the delivery of such collateral by the purchase contract agent to the collateral agent; and

## **Table of Contents**

agreed to the satisfaction of the holder's obligations under the purchase contracts with the proceeds of the pledged undivided beneficial ownership in the notes, Treasury portfolio (or cash) or Treasury securities, as applicable, in the manner described above.

### **Remarketing**

We have agreed to enter into a remarketing agreement with one or more remarketing agents, the remarketing agent, no later than 20 days prior to the first day of the final remarketing period or, if we elect to conduct an optional remarketing, the optional remarketing period.

During a blackout period that relates to each remarketing period:

you may not settle a purchase contract early;

you may not create Treasury Units; and

you may not recreate Corporate Units from Treasury Units.

We refer to each of an optional remarketing and a final remarketing as a remarketing. In a remarketing, the notes that are a part of Corporate Units and any separate notes whose holders have elected to participate in the remarketing, as described under Description of the Notes Remarketing of the Notes That Are Not Included in Corporate Units, will be remarketed.

In consultation with the remarketing agent and without the consent of any holders of notes, we may elect (but shall not be required to elect) to:

divide the notes into more than one tranche, so long as no tranche immediately after the settlement date of the remarketing will have an aggregate principal amount of less than \$400 million;

move up the maturity date of any tranche to a date earlier than August 1, 2022 but not earlier than August 1, 2017;

extend the earliest redemption date on which any tranche may be redeemed at our option, in whole or in part, from August 1, 2017 to a later date or to eliminate the redemption provisions of the notes of such tranche altogether; and

remarket any tranche as fixed-rate notes or floating-rate notes and, in the case of floating-rate notes, provide that the interest on the notes of any such tranche will be equal to an index rate determined by the Company plus a spread determined by the remarketing agent, in consultation with the Company, in which case interest on the notes may be calculated on the basis of a 365 day year and the actual number of days elapsed (or such other basis as is customarily used for floating-rate notes bearing interest at a rate based on such index rate).

All such modifications shall take effect only if the remarketing is successful, without the consent of the holders, upon the earlier of the optional remarketing settlement date and the purchase contract settlement date, and will apply to all of the notes whether or not included in the remarketing. See Description of the Notes Remarketing. If we elect to divide the notes into tranches, we will allocate the notes of holders of separate notes who did not elect to participate in any remarketing (and, in the case of a final remarketing, the notes of holders that are settling with cash), without any requirement for the consent of such holders, among the tranches, so long as no tranche immediately after the settlement date of the remarketing will have an aggregate principal amount of less than \$400 million. If we conduct an optional remarketing that is not successful, we may change the elections described above prior to the final remarketing period.

## **Table of Contents**

In order to remarket the notes, the remarketing agent, in consultation with us, may reset the interest rate on any tranche of notes (either upward or downward), or if any tranche is remarketed as floating-rate notes, determine the interest rate spread applicable to such tranche of notes, in order to produce the required price in the remarketing, as discussed under **Optional Remarketing** and **Final Remarketing** below. The interest deferral provisions of the notes will not apply after a successful remarketing.

We will use commercially reasonable efforts to ensure that, if required by applicable law, a registration statement, including a prospectus, with regard to the full amount of the notes to be remarketed will be effective under the securities laws in a form that may be used by the remarketing agent in connection with the remarketing (unless a registration statement is not required under the applicable laws and regulations that are in effect at that time or unless we conduct any remarketing in accordance with an exemption under the securities laws) (it being understood that for so long as there is a material business transaction or development that has not yet been publicly disclosed, other than in connection with an optional remarketing, we will not be required to file such registration statement or provide such a prospectus until we have publicly disclosed such transaction or development).

We will separately pay a fee to the remarketing agent for its services as remarketing agent. Holders whose notes are remarketed will not be responsible for the payment of any remarketing fee in connection with the remarketing.

### ***Optional Remarketing***

Unless a termination event has occurred, we may elect, at our option, to engage the remarketing agent pursuant to the terms of the remarketing agreement, to remarket the notes over a period selected by us that begins on or after April 29, 2015 (the second business day immediately preceding the last interest payment date prior to the purchase contract settlement date) and ends anytime on or before July 15, 2015 (the eighth day immediately preceding the first day of the final remarketing period). We refer to this period as the **optional remarketing period**, a remarketing that occurs during the optional remarketing period as an **optional remarketing** and the date the notes are priced in an optional remarketing as the **optional remarketing date**. In any optional remarketing, the aggregate principal amount of the notes that are a part of Corporate Units and any separate notes whose holders have elected to participate in the optional remarketing, as described under **Description of the Notes Remarketing of the Notes That Are Not Included in Corporate Units**, will be remarketed. If we elect to conduct an optional remarketing, the remarketing agent will use its commercially reasonable efforts to obtain a price for the notes that results in proceeds of at least 100% of the aggregate of the Treasury portfolio purchase price (as defined below) and the separate notes purchase price (as defined below). To obtain that price, the remarketing agent may, in consultation with us, reset the interest rate on any tranche remarketed as fixed-rate notes, or determine the interest rate spread for any tranche remarketed as floating-rate notes as described under **Description of the Notes Interest Rate Reset**. We will request that the depository notify its participants holding Corporate Units, Treasury Units and separate notes of our election to conduct an optional remarketing no later than 15 days prior to the date we begin the optional remarketing. On the business day following the optional remarketing date, we will notify holders of separate notes who decided not to participate in the optional remarketing how we will allocate their notes among the tranches.

Notwithstanding anything in this prospectus supplement to the contrary, we may not elect to conduct an optional remarketing if we are then deferring interest on the notes. See **Description of the Notes Option to Defer Interest Payments**.

An optional remarketing on any remarketing date will be considered successful if the remarketing agent is able to remarket the notes for a price of at least 100% of the Treasury portfolio purchase price and the separate notes purchase price. If we elect to divide the notes into tranches in connection with an optional remarketing, the optional remarketing date will be the same for each tranche and the settlement of each tranche will be conditioned on the settlement of every other tranche.



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**Table of Contents**

Following a successful optional remarketing of the notes, on the optional remarketing settlement date (as defined below), the portion of the remarketing proceeds equal to the Treasury portfolio purchase price will, except as described below, be used to purchase the Treasury portfolio and the remaining proceeds attributable to the notes underlying the Corporate Units will be remitted to the purchase contract agent for distribution pro rata to the holders of such Corporate Units. The portion of the proceeds attributable to the separate notes sold in the remarketing will be remitted to the custodial agent for distribution on the optional remarketing settlement date pro rata to the holders of such separate notes.

If we elect to conduct an optional remarketing and the remarketing is successful:

settlement of the remarketed notes will occur on the third business day following the optional remarketing date (we refer to this third business day as the optional remarketing settlement date );

the interest rate on each tranche of remarketed notes will be reset, or, if we remarketed any tranche as floating-rate notes, the interest rate spread will be determined, by the remarketing agent in consultation with us on the optional remarketing date and will become effective on the optional remarketing settlement date, if applicable;

after the optional remarketing settlement date, your Corporate Units will consist of a purchase contract and the applicable ownership interest in the Treasury portfolio (or cash), as described herein; and

you may no longer create Treasury Units or recreate Corporate Units from Treasury Units.

If we do not elect to conduct an optional remarketing during the optional remarketing period or no optional remarketing succeeds for any reason, the notes will continue to be a component of the Corporate Units or will continue to be held separately and the remarketing agent will use its commercially reasonable efforts to remarket the notes during the final remarketing period.

For the purposes of a successful optional remarketing, Treasury portfolio purchase price means the lowest aggregate ask-side price quoted by a primary U.S. government securities dealer in New York City to the quotation agent selected by us between 9:00 a.m. and 4:00 p.m., New York City time, on the optional remarketing date for the purchase of the Treasury portfolio for settlement on the optional remarketing settlement date.

Following a successful optional remarketing, the collateral agent will purchase, at the Treasury portfolio purchase price, a Treasury portfolio consisting of:

U.S. Treasury securities (or principal or interest strips thereof) that mature on or prior to the purchase contract settlement date in an aggregate amount at maturity equal to the principal amount of the notes underlying the undivided beneficial ownership interests in notes included in the Corporate Units on the optional remarketing date; and

U.S. Treasury securities (or principal or interest strips thereof) that mature on or prior to the purchase contract settlement date in an aggregate amount equal to the aggregate interest payment (assuming no reset of the interest rate) that would have been paid to the holders of the Corporate Units on the purchase contract settlement date on the principal amount of the notes underlying the undivided beneficial ownership interests in notes included in the Corporate Units on the optional remarketing date.

If U.S. Treasury securities (or principal or interest strips thereof) that are to be included in the Treasury portfolio in connection with a successful optional remarketing have a yield that is less than zero, the Treasury

## **Table of Contents**

portfolio will consist of an amount in cash equal to the aggregate principal amount at maturity of the U.S. Treasury securities described in the bullet points above. If the provisions set forth in this paragraph apply, references in this prospectus supplement to a Treasury security and U.S. Treasury securities (or principal or interest strips thereof) in connection with the Treasury portfolio will, thereafter, be deemed to be references to such amount in cash.

The applicable ownership interests in the Treasury portfolio will be substituted for the undivided beneficial ownership interests in notes that are components of the Corporate Units and the portion of the Treasury portfolio described in the first bullet will be pledged to us through the collateral agent to secure the Corporate Unit holders' obligation under the purchase contracts. On the purchase contract settlement date, for each Corporate Unit, \$50 of the proceeds from the Treasury portfolio will automatically be applied to satisfy the Corporate Unit holder's obligation to purchase common stock under the purchase contract. In addition, proceeds from the portion of the Treasury portfolio described in the second bullet, which will equal the interest payment (assuming no reset of the interest rate) that would have been paid on the notes that were components of the Corporate Units at the time of remarketing, will be paid on the purchase contract settlement date to the holders of the Corporate Units.

If we elect to remarket the notes during the optional remarketing period and a successful remarketing has not occurred on or prior to July 15, 2015 (the last day of the optional remarketing period), we will cause a notice of the failed remarketing to be published no later than 9:00 a.m., New York City time, on the business day immediately following the last date of the optional remarketing period. This notice will be validly published by making a timely release to any appropriate news agency, including Bloomberg Business News and the Dow Jones News Service. We will similarly cause a notice of a successful remarketing of the notes to be published no later than 9:00 a.m., New York City time, on the business day immediately following the date of such successful remarketing.

On each business day during any optional remarketing period, we have the right in our sole and absolute discretion to determine whether or not an optional remarketing will be attempted. At any time and from time to time during the optional remarketing period prior to the announcement of a successful optional remarketing, we have the right to postpone any remarketing in our sole and absolute discretion.

### ***Final Remarketing***

Unless a termination event or a successful optional remarketing has occurred prior to the purchase contract settlement date, we will remarket the notes during the five business day period ending on July 29, 2015 (the third business day immediately preceding the purchase contract settlement date). We refer to this period as the final remarketing period, the remarketing during this period as the final remarketing and the date the notes are priced in the final marketing as the final remarketing date. In the final remarketing, the aggregate principal amount of the notes that are a part of Corporate Units and any separate notes whose holders have elected to participate in the final remarketing will be remarketed. The remarketing agent will use its commercially reasonable efforts to obtain a price for the notes to be remarketed that results in proceeds of at least 100% of the principal amount of all the notes offered in the remarketing. To obtain that price, the remarketing agent, in consultation with us, may reset the interest rate on any tranche remarketed as fixed-rate notes or determine the interest rate spread on any tranche remarketed as floating-rate notes, as described under Description of the Notes Interest Rate Reset. The final remarketing date will be the same for each tranche of notes and the settlement of each tranche will be conditioned on the settlements of every other tranche. We will request that the depository notify its participants holding Corporate Units, Treasury Units and separate notes of the final remarketing no later than seven days prior to the first day of the final remarketing period. In such notice, we will set forth the dates of the final remarketing period, applicable procedures for holders of separate notes to participate in the final remarketing, the applicable procedures for holders of Corporate Units to create Treasury Units and for holders of Treasury Units to recreate Corporate Units, the applicable procedures for holders of Corporate Units to settle their purchase contracts early and any other applicable procedures, including the

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**Table of Contents**

procedures that must be followed by a separate note holder in the case of a failed remarketing if a separate note holder wishes to exercise its right to put its notes to us as described below and under Description of the Notes Put Option upon Failed Remarketing. We have the right to postpone the final remarketing in our sole and absolute discretion on any day prior to the last three business days of the final remarketing period. On the business day following the final remarketing date, if we have elected to divide the notes into tranches, we will notify holders who are settling with cash and holders of separate notes who decided not to participate in the final remarketing how we will allocate their notes between or among the tranches.

A remarketing during the final remarketing period will be considered successful if the remarketing agent is able to remarket the notes for a price of at least 100% of the aggregate principal amount of all the notes offered in the remarketing.

If the final remarketing is successful:

settlement of the remarketed notes will occur on the purchase contract settlement date;

the interest rate of each tranche of remarketed notes will be reset, or, if we remarket any tranche as floating-rate notes, the interest rate spread will be determined, by the remarketing agent in consultation with us, and will become effective on the reset effective date, which will be the purchase contract settlement date, as described under Description of the Notes Interest Rate Reset below; and

the collateral agent will remit the portion of the proceeds equal to the total principal amount of the notes underlying the Corporate Units to us to satisfy in full the Corporate Unit holders obligations to purchase common stock under the related purchase contracts. Any excess proceeds attributable to notes underlying Corporate Units that were remarketed will be remitted to the purchase contract agent for distribution pro rata to the holders of such notes. Proceeds from the final remarketing attributable to the separate notes remarketed will be remitted to the custodial agent for distribution pro rata to the holders of the remarketed separate notes.

Unless a termination event has occurred, a holder has effected an early settlement or a fundamental change early settlement, or there has been a successful optional remarketing, each Corporate Unit holder has the option at any time on or after the date the Company gives notice of a final remarketing to notify the purchase contract agent at any time prior to 4:00 p.m., New York City time, on the second business day immediately prior to the first day of the final remarketing period of its intention to settle the related purchase contracts on the purchase contract settlement date with separate cash and to provide that cash on or prior to the business day immediately prior to the first day of the final remarketing period, as described under Notice to Settle with Cash. The notes of any holder of Corporate Units who has not given this notice or failed to deliver the cash will be remarketed during the final remarketing period. In addition, holders of notes that do not underlie Corporate Units may elect to participate in the remarketing as described under Description of the Notes Remarketing of Notes That Are Not Included in Corporate Units.

If, in spite of using its commercially reasonable efforts, the remarketing agent cannot remarket the notes during the final remarketing period at a price equal to or greater than 100% of the aggregate principal amount of the notes offered in the remarketing, a condition precedent set forth in the remarketing agreement has not been fulfilled or a successful remarketing has not occurred for any other reason, in each case resulting in a failed remarketing, holders of all notes will have the right to put their notes to us for an amount equal to the principal amount of their notes, plus accrued and unpaid interest (including deferred interest and compounded interest thereon), to, but excluding, the purchase contract settlement date (the put price). The conditions precedent in the remarketing agreement will include, but not be limited to, the timely filing with the SEC of all material related to the remarketing required to be filed by the Company, the truth and correctness of certain representations and warranties made by the Company in the remarketing agreement, the furnishing of certain officer's certificates to the remarketing agent, and the receipt by the remarketing agent of customary comfort

## **Table of Contents**

letters from our auditors and opinions of counsel. A holder of Corporate Units will be deemed to have automatically exercised this put right with respect to the notes underlying such Corporate Units unless the holder has provided a written notice to the purchase contract agent of its intention to settle the purchase contract with separate cash as described below under "Notice to Settle with Cash" prior to 4:00 p.m., New York City time, on the second business day immediately prior to the purchase contract settlement date, and on or prior to the business day immediately preceding the purchase contract settlement date has delivered the \$50 in cash per purchase contract. Settlement with separate cash may only be effected in integral multiples of 20 Corporate Units. If a holder of Corporate Units elects to settle with separate cash, upon receipt of the required cash payment, the related notes underlying the Corporate Units will be released from the pledge under the purchase contract and pledge agreement and delivered promptly to the purchase contract agent for delivery to the holder. The holder of the Corporate Units will then receive the applicable number of shares of our common stock on the purchase contract settlement date. The cash received by the collateral agent upon this settlement with separate cash will be invested promptly in permitted investments, as defined in the purchase contract and pledge agreement, and the portion of the proceeds equal to the aggregate purchase price of all purchase contracts of such holders will be paid to us on the purchase contract settlement date. Any excess funds received by the collateral agent in respect of the permitted investments over the aggregate purchase price remitted to us in satisfaction of the obligations of the holders under the purchase contracts will be distributed to the purchase contract agent for ratable payment to the applicable holders who settled with separate cash. Unless a holder of Corporate Units has elected to settle the related purchase contracts with separate cash and delivered the separate cash on or prior to the business day immediately preceding the purchase contract settlement date, the holder will be deemed to have elected to apply a portion of the put price equal to the principal amount of the notes against the holder's obligations to pay the aggregate purchase price for the shares of our common stock to be issued under the related purchase contracts, thereby satisfying the obligations in full, and we will deliver to the holder our common stock pursuant to the related purchase contracts, and the excess, if any, of the put price over the principal amount of the notes will be remitted by the purchase contract agent to holders of the Corporate Units to which such undivided beneficial ownership in the notes relate.

If a successful final remarketing has not occurred on or prior to July 29, 2015 (the last day of the final remarketing period), we will cause a notice of the failed remarketing of the notes to be published before 9:00 a.m., New York City time, on the business day immediately following the last date of the final remarketing period. This notice will be validly published by making a timely release to any appropriate news agency, including Bloomberg Business News and the Dow Jones News Service.

### **Early Settlement**

Subject to the conditions described below, a holder of Corporate Units or Treasury Units may settle the related purchase contracts at any time prior to 4:00 p.m., New York City time, on the second business day immediately preceding the purchase contract settlement date, other than during a blackout period in the case of Corporate Units. An early settlement may be made only in integral multiples of 20 Corporate Units or 20 Treasury Units; however, if the Treasury portfolio has replaced the notes as a component of the Corporate Units following a successful optional remarketing, holders of Corporate Units may settle early only in integral multiples of Corporate Units. In order to settle purchase contracts early, a holder of Equity Units must deliver to the purchase contract agent at the corporate trust office of the purchase contract agent or its agent, in each case, in the Borough of Manhattan, The City of New York (1) a completed "Election to Settle Early" form, along with the Corporate Unit or Treasury Unit certificate, if they are in certificated form and (2) a cash payment in immediately available funds in an amount equal to:

\$50 times the number of purchase contracts being settled; *plus*

if the delivery is made with respect to any purchase contract during the period from the close of business on any record date next preceding any contract adjustment payment date to the opening of business on such contract adjustment payment date, an amount equal to the contract adjustment payments payable on the contract adjustment payment date with respect to the purchase contracts being settled, unless we have elected to defer the contract adjustment payments payable on such contract adjustment payment date.

## **Table of Contents**

So long as you hold Equity Units as a beneficial interest in a global security certificate deposited with the depository, procedures for early settlement will also be governed by standing arrangements between the depository and the purchase contract agent.

The early settlement right is also subject to the condition that, if required under U.S. federal securities laws, we have a registration statement under the Securities Act in effect with respect to the shares of common stock and other securities, if any, deliverable upon settlement of a purchase contract. We have agreed that, if such a registration statement is required, we will use our commercially reasonable efforts to (1) have a registration statement in effect covering those shares of common stock and other securities, if any, to be delivered in respect of the purchase contracts being settled and (2) provide a prospectus in connection therewith, in each case in a form that may be used in connection with the early settlement right (it being understood that if there is a material business transaction or development that has not yet been publicly disclosed, we will not be required to file such registration statement or provide such a prospectus, and the early settlement right will not be available, until we have publicly disclosed such transaction or development). In the event that a holder seeks to exercise its early settlement right and a registration statement is required to be effective in connection with the exercise of such right but no such registration statement is then effective, the holder's exercise of such right will be void unless and until such a registration statement is effective and we have provided a prospectus in connection therewith, and we will have no further obligation with respect to any such registration statement if, notwithstanding using our commercially reasonable efforts, no registration statement is then effective.

Upon early settlement, except as described below in **Early Settlement Upon a Fundamental Change**, we will sell, and the holder will be entitled to buy, the minimum settlement rate of \_\_\_\_\_ shares of our common stock (or in the case of an early settlement following a reorganization event, a number of exchange property units, as described under **Reorganization Events** below) for each purchase contract being settled (regardless of the market price of our common stock on the date of early settlement), subject to adjustment under the circumstances described under **Anti-dilution Adjustments** below. We will cause, no later than the third business day after the applicable early settlement date, (1) the shares of our common stock to be issued and (2) the related notes or applicable ownership interests in the Treasury portfolio or Treasury securities, as the case may be, underlying the Equity Units and securing such purchase contracts to be released from the pledge under the purchase contract and pledge agreement, and delivered to the purchase contract agent for delivery to the holder. Upon early settlement, the holder will be entitled to receive any accrued and unpaid contract adjustment payments (including any accrued and unpaid deferred contract adjustment payments and compounded contract adjustment payments thereon) to, but excluding, the quarterly payment date immediately preceding the early settlement date. The holder's right to receive future contract adjustment payments will also terminate.

If the purchase contract agent receives a completed **Election to Settle Early** form (along with the Corporate Unit or Treasury Unit certificate, if they are in certificated form) and payment of \$50 for each purchase contract being settled prior to 4:00 p.m., New York City time, on any business day and all conditions to early settlement have been satisfied, then that day will be considered the early settlement date. If the purchase contract agent receives the foregoing at or after 4:00 p.m., New York City time, on any business day or at any time on a day that is not a business day, then the next business day will be considered the early settlement date.

### **Early Settlement Upon a Fundamental Change**

If a fundamental change (as defined below) occurs prior to the purchase contract settlement date, then, following the fundamental change, each holder of a purchase contract, subject to certain conditions described in this prospectus supplement, will have the right to accelerate and settle the purchase contract early on the fundamental change early settlement date (defined below) at the settlement rate determined as if the applicable market value equaled the stock price (as defined below), plus an additional make-whole amount of shares (such additional make-whole amount of shares being hereafter referred to as the **make-whole shares**). We refer to this right as the **fundamental change early settlement right**.

We will provide each of the holders with a notice of the completion of a fundamental change within 10 business days of the effective date of a fundamental change. The notice will specify (1) a date, the **fundamental**

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**Table of Contents**

change early settlement date , which will be at least 10 days after the date of the notice but no later than the earlier of 20 days after the date of such notice and two business days prior to the first day of the commencement of the optional remarketing period, or, if we do not elect to conduct an optional remarketing or the optional remarketing is not successful, two business days prior to the commencement of the final remarketing period or, if the final remarketing is not successful, the purchase contract settlement date, by which date each holder's fundamental change early settlement right must be exercised, (2) the applicable settlement rate and (3) the amount (per share of common stock) of the cash, securities and other consideration receivable by the holder, including the amount of contract adjustment payments and deferred contract adjustment payments (including compounded contract adjustment payments thereon), upon settlement. To exercise the fundamental change early settlement right, you must deliver to the purchase contract agent at the corporate trust office of the purchase contract agent or its agent, in each case, in the Borough of Manhattan, The City of New York, no later than 4:00 p.m., New York City time, on the third business day immediately preceding the fundamental change early settlement date, the certificate evidencing your Corporate Units or Treasury Units if they are held in certificated form, and payment of the applicable purchase price in immediately available funds less the amount of any accrued and unpaid contract adjustment payments (including any deferred contract adjustment payments and compounded contract adjustment payments thereon) to, but excluding, the fundamental change early settlement date.

A fundamental change will be deemed to have occurred if any of the following occurs:

(1) a person or group within the meaning of Section 13(d) of the Securities Exchange Act of 1934, as amended (or the Exchange Act ), has become the direct or indirect beneficial owner, as defined in Rule 13d-3 under the Exchange Act, of shares of our common stock representing more than 50% of the voting power of our common stock without the approval of our board of directors and effectuates a change in a majority of the members of our board of directors (including the Chairman and the President);

(2) we are involved in a consolidation with or merger into any other person, or any merger of another person into us, or any other similar transaction or series of related transactions (other than a merger, consolidation or similar transaction that does not result in the conversion or exchange of outstanding shares of our common stock), in each case, in which 90% or more of the outstanding shares of our common stock are exchanged for or converted into cash, securities or other property, greater than 10% of the value of which consists of cash, securities or other property that is not (or will not be upon or immediately following the effectiveness of such consolidation, merger or transaction) common stock listed on any U.S. national securities exchange;

(3) our common stock ceases to be listed on at least one U.S. national securities exchange (other than in connection with any consolidation, merger or similar transaction); or

(4) our shareholders approve our liquidation, dissolution or termination.

If you exercise the fundamental change early settlement right, we will deliver to you on the fundamental change early settlement date for each purchase contract with respect to which you have elected fundamental change early settlement, the kind and amount of securities, cash or other property that you would have been entitled to receive if you had settled the purchase contract immediately before the fundamental change and received shares of our common stock at the settlement rate described above plus the additional make-whole shares. You will also receive the notes, applicable ownership interest in the Treasury portfolio or Treasury securities underlying the Corporate Units or Treasury Units, as the case may be, with respect to which you are effecting a fundamental change early settlement. If you do not elect to exercise your fundamental change early settlement right, your Corporate Units or Treasury Units will remain outstanding and will be subject to normal settlement on the purchase contract settlement date.

We have agreed that, if required under the U.S. federal securities laws, we will use our commercially reasonable efforts to (1) have in effect on the fundamental change early settlement date a registration statement

**Table of Contents**

covering the common stock and other securities, if any, to be delivered in respect of the purchase contracts being settled and (2) provide a prospectus in connection therewith, in each case in a form that may be used in connection with the fundamental change early settlement (it being understood that for so long as there is a material business transaction or development that has not yet been publicly disclosed (but in no event for a period longer than 90 days), we will not be required to file such registration statement or provide such a prospectus, and the fundamental change early settlement right will not be available, until we have publicly disclosed such transaction or development). In the event that a holder seeks to exercise its fundamental change early settlement right and a registration statement is required to be effective in connection with the exercise of such right but no such registration statement is then effective, the holder's exercise of such right will be void unless and until such a registration statement is effective and we will have no further obligation with respect to any such registration statement if, notwithstanding using our commercially reasonable efforts, no registration statement is then effective.

Unless the Treasury portfolio has replaced the notes as a component of the Corporate Units as result of a successful remarketing, holders of Corporate Units may exercise the fundamental change early settlement right only in integral multiples of 20 Corporate Units. If the Treasury portfolio has replaced the notes as a component of Corporate Units, holders of the Corporate Units may exercise the fundamental change early settlement right only in integral multiples of Corporate Units.

A holder of Treasury Units may exercise the fundamental change early settlement right only in integral multiples of 20 Treasury Units.

*Calculation of Make-Whole Shares.* The amount of make-whole shares per purchase contract applicable to a fundamental change early settlement will be determined by reference to the table below, based on the date on which the fundamental change occurs or becomes effective (the effective date) and the stock price in the fundamental change, which will be:

in the case of a fundamental change described in clause (2) above and the holders of our common stock receive only cash in the fundamental change, the stock price will be the cash amount paid per share of our common stock;

otherwise, the stock price paid per share will be the average of the closing prices of our common stock over the 20 trading-day period ending on the trading day immediately preceding the effective date of the fundamental change.

Effective Date	Stock Price on Effective Date												
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	
, 2012													
August 1, 2013													
August 1, 2014													
August 1, 2015													

The stock prices set forth in the second row of the table (*i.e.*, the column headers) will be adjusted upon the occurrence of certain events requiring anti-dilution adjustments to the fixed settlement rates.

Each of the make-whole share amounts in the table will be subject to adjustment in the same manner as the fixed settlement rates as set forth under Anti-dilution Adjustments.

The exact stock price and effective date applicable to a fundamental change may not be set forth on the table, in which case:

if the stock price is between two stock price amounts on the table or the effective date is between two dates on the table, the amount of make-whole shares will be determined by straight line

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**Table of Contents**

interpolation between the make-whole share amounts set forth for the higher and lower stock price amounts and the two dates, as applicable, based on a 365-day year;

if the stock price is in excess of \$ \_\_\_\_\_ per share (subject to adjustment as described above), then the make-whole share amount will be zero; and

if the stock price is less than \$ \_\_\_\_\_ per share (subject to adjustment as described above) (the minimum stock price \_\_\_\_\_), then the make-whole share amount will be determined as if the stock price equaled the minimum stock price, using straight line interpolation, as described above, if the effective date is between two dates on the table.

**Notice to Settle with Cash**

Unless a termination event has occurred, a holder effects an early settlement or a fundamental change early settlement of the underlying purchase contract, or a successful remarketing has occurred, a holder of Corporate Units may settle the related purchase contract with separate cash by delivering the Corporate Unit certificate, if in certificated form, to the purchase contract agent at the corporate trust office of the purchase contract agent or its agent, in each case, in the Borough of Manhattan, The City of New York with the completed Notice to Settle with Cash form at any time on or after the date the Company gives notice of a final remarketing and prior to 4:00 p.m., New York City time on the second business day immediately preceding the first day of the final remarketing period or, if there has been a failed final remarketing, on the second business day immediately preceding the purchase contract settlement date. Holders of Corporate Units may only cash-settle Corporate Units in integral multiples of 20 Corporate Units.

The holder must also deliver to the securities intermediary the required cash payment in immediately available funds. Such payment must be delivered prior to 4:00 p.m., New York City time, on the first business day immediately preceding the final remarketing period or, if there has been a failed remarketing, on the first business day immediately preceding the purchase contract settlement date.

Upon receipt of the cash payment, the related note will be released from the pledge arrangement and transferred to the purchase contract agent for distribution to the holder of the related Corporate Units. The holder of the Corporate Units will then receive the applicable number of shares of our common stock on the purchase contract settlement date.

If a holder of Corporate Units that has given notice of its election to settle with cash fails to deliver the cash by the applicable time and date specified above, such holder shall be deemed to have consented to the disposition of its notes in the final remarketing, or to have exercised its put right (as described under Remarketing above), in each case, as applicable.

Any cash received by the collateral agent upon cash settlement will be invested promptly in permitted investments, as defined in the purchase contract and pledge agreement, and the portion of the proceeds equal to the aggregate purchase price of all purchase contracts of such holders will be paid to us on the purchase contract settlement date. Any excess funds received by the collateral agent in respect of permitted investments over the aggregate purchase price remitted to us in satisfaction of the obligations of the holders under the purchase contracts will be distributed to the purchase contract agent for payment to the holders who settled with cash.

**Contract Adjustment Payments**

Contract adjustment payments in respect of Corporate Units and Treasury Units will be fixed at a rate per year of \_\_\_\_\_ % of the stated amount of \$50 per purchase contract. Contract adjustment payments payable for any period will be computed on the basis of a 360-day year of twelve 30-day months. Contract adjustment payments will accrue from the date of issuance of the purchase contracts and will be payable quarterly in arrears on February 1, May 1, August 1 and November 1 of each year, commencing November 1, 2012.



## Table of Contents

Contract adjustment payments will be payable to the holders of purchase contracts as they appear on the books and records of the purchase contract agent at the close of business on the relevant record dates, which will be the 15th day of the month preceding the month in which the relevant payment date falls (whether or not a business day) or if the Equity Units are held in book-entry form, the record date will be the business day immediately preceding the applicable payment date. These distributions will be paid through the purchase contract agent, which will hold amounts received in respect of the contract adjustment payments for the benefit of the holders of the purchase contracts relating to the Equity Units. Subject to any applicable laws and regulations, each such payment will be made as described under Certain Provisions of the Purchase Contract and Pledge Agreement Book-Entry System.

If any date on which contract adjustment payments are to be made on the purchase contracts related to the Corporate Units or Treasury Units is not a business day, then payment of the contract adjustment payments payable on that date will be made on the next succeeding day that is a business day, and no interest or payment will be paid in respect of the delay.

Our obligations with respect to contract adjustment payments will be subordinated and junior in right of payment to our obligations under any of our Senior Indebtedness and will rank *pari passu* with the notes.

We may, at our option and upon prior written notice to the purchase contract agent, defer all or part of the contract adjustment payments, but not beyond the purchase contract settlement date (or, with respect to an early settlement upon a fundamental change, not beyond the fundamental change early settlement date or, with respect to an early settlement other than upon a fundamental change, not beyond the early settlement date).

Deferred contract adjustment payments will accrue additional contract adjustment payments at the rate equal to % per annum (which is equal to the rate of total distributions on the Corporate Units), compounded on each contract adjustment payment date, to, but excluding, the contract adjustment payment date on which such deferred contract adjustment payments are paid. We refer to additional contract adjustment payments that accrue on deferred contract adjustment payments as compounded contract adjustment payments. We may pay any such deferred contract adjustment payments (including compounded contract adjustment payments thereon) on any scheduled payment date. If the purchase contracts are terminated (upon the occurrence of certain events of bankruptcy, insolvency or similar reorganization with respect to us), the right to receive contract adjustment payments and deferred contract adjustment payments (including compounded contract adjustment payments thereon) will also terminate.

If we exercise our option to defer the payment of contract adjustment payments, then, until the deferred contract adjustment payments (including compounded contract adjustment payments thereon) have been paid, we will not (1) declare or pay any dividends on, or make any distributions on, or redeem, purchase or acquire, or make a liquidation payment with respect to, any shares of our capital stock, (2) make any payment of principal of, or interest or premium, if any, on, or repay, repurchase or redeem any of our debt securities that upon our liquidation rank *pari passu* with, or junior in interest to, the contract adjustment payments, or (3) make any guarantee payments under any guarantee by us of securities of any of our subsidiaries if our guarantee ranks *pari passu* with, or junior in interest to, the contract adjustment payments.

The restrictions listed above do not apply to:

any repurchase, redemption or other acquisition of shares of our capital stock in connection with (1) any employment contract, benefit plan or other similar arrangement with or for the benefit of any one or more employees, officers, directors, consultants or independent contractors or (2) a dividend reinvestment or stockholder purchase plan;

any issuance of options or other awards in connection with any employment contract, benefit plan or other similar arrangement with or for the benefit of any one or more employees, officers, directors, consultants or independent contractors or the exercise of such options or other awards;

**Table of Contents**

any exchange, redemption, recapitalization or conversion of any class or series of our capital stock, or the capital stock of one of our subsidiaries, for any other class or series of our capital stock;

any exchange, redemption, recapitalization or conversion of any class or series of our indebtedness for any class or series of our capital stock;

any purchase of, or payment of cash in lieu of, fractional interests in shares of our capital stock pursuant to the conversion or exchange provisions of such capital stock or the securities being converted or exchanged;

any declaration of a dividend in connection with the issuance of rights, stock or other property under any rights plan, or the redemption or repurchase of rights pursuant thereto;

any dividend in the form of stock, warrants, options or other rights where the dividend stock or stock issuable upon exercise of such warrants, options or other rights is the same stock as that on which the dividend is being paid or ranks equally with or junior to such stock;

any payment of current interest or deferred interest on *pari passu* securities during a deferral period that is made pro rata to the amounts due on *pari passu* securities and the purchase contracts;

any purchase or repurchase of shares of the Company's capital stock pursuant to contractually binding requirements to buy such capital stock existing prior to the commencement of the deferral period;

the payment of any dividend during a deferral period within 90 days after the date of declaration thereof, if at the date of declaration no contract adjustment payment had been deferred;

any payment of deferred interest or principal on *pari passu* or junior securities, or dividends or distributions on shares of preferred stock that, if not made, would cause the Company to breach the terms of the instrument governing such *pari passu* or junior securities or preferred stock; and

the repayment, repurchase or redemption of any security necessary to avoid a breach of the instrument governing the same.

**Anti-dilution Adjustments**

Each fixed settlement rate will be subject to the following adjustments:

(1) *Stock Dividends*. If we pay or make a dividend or other distribution on our common stock in common stock (other than pursuant to any option, warrant, right, or exercisable, exchangeable or convertible security outstanding as of the date the Equity Units were first issued), each fixed settlement rate in effect at the opening of business on the day following the date fixed for the determination of stockholders entitled to receive such dividend or other distribution will be increased by dividing:

each fixed settlement rate by

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a fraction, the numerator of which will be the number of shares of our common stock outstanding at the close of business on the date fixed for such determination and the denominator will be the sum of such number of shares and the total number of shares constituting the dividend or other distribution.

S-64

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**Table of Contents**

If any dividend or distribution in this paragraph (1) is declared but not so paid or made, the new fixed settlement rates shall be readjusted to the fixed settlement rates that would then be in effect if such dividend or distribution had not been declared.

(2) *Stock Purchase Rights*. If we issue to all or substantially all holders of our common stock rights, options, warrants or other securities (other than pursuant to a dividend reinvestment, share purchase or similar plan), entitling them to subscribe for or purchase shares of our common stock for a period expiring within 45 days from the date of issuance of such rights, options, warrants or other securities at a price per share of our common stock less than the current market price (as defined below) calculated as of the date fixed for the determination of stockholders entitled to receive such rights, options, warrants or other securities, each fixed settlement rate in effect at the opening of business on the day following the date fixed for such determination will be increased by dividing:

each fixed settlement rate by

a fraction, the numerator of which will be the number of shares of our common stock outstanding at the close of business on the date fixed for such determination plus the number of shares of our common stock which the aggregate consideration expected to be received by us upon the exercise of such rights, options, warrants or other securities would purchase at such current market price and the denominator of which will be the number of shares of our common stock outstanding at the close of business on the date fixed for such determination plus the number of shares of our common stock so offered for subscription or purchase.

Adjustments with respect to shareholder rights plans are discussed below under (4).

If any right, option, warrant or other security described in this paragraph (2) is not exercised or converted prior to the expiration of the exercisability or convertibility thereof (and as a result no additional shares of common stock are delivered or issued pursuant to such rights or warrants), the new fixed settlement rates shall be readjusted to the fixed settlement rates that would then be in effect had the increase with respect to the issuance of such rights, options, warrants or other securities been made on the basis of delivery or issuance of only the number of shares of common stock actually delivered.

For purposes of this clause (2), in determining whether any rights, options, warrants or other securities entitle the holders to subscribe for or purchase shares of the common stock at a price per share of our common stock less than the current market price on the date fixed for the determination of stockholders entitled to receive such rights, options, warrants or other securities, and in determining the aggregate price payable to exercise such rights, options, warrants or other securities, there shall be taken into account any consideration received by us for such rights, options, warrants or other securities and any amount payable on exercise or conversion thereof, the value of such consideration, if other than cash, to be determined in good faith by our board of directors.

(3) *Stock Splits; Reverse Splits; and Combinations*. If outstanding shares of our common stock shall be subdivided, split or reclassified into a greater number of shares of common stock, each fixed settlement rate in effect at the opening of business on the day following the day upon which such subdivision, split or reclassification becomes effective shall be proportionately increased, and, conversely, in case outstanding shares of our common stock shall each be combined or reclassified into a smaller number of shares of common stock, each fixed settlement rate in effect at the opening of business on the day following the day upon which such combination or reclassification becomes effective shall be proportionately reduced.

(4) *Debt, Asset or Security Distributions*. If we, by dividend or otherwise, distribute to all or substantially all holders of our common stock evidences of our indebtedness, assets or securities (but

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**Table of Contents**

excluding any rights, options, warrants or other securities referred to in paragraph (2) above, any dividend or distribution paid exclusively in cash referred to in paragraph (5) below (in each case, whether or not an adjustment to the fixed settlement rates is required by such paragraph) and any dividend, shares of capital stock of any class or series, or similar equity interests, of or relating to a subsidiary or other business unit in the case of a spin-off referred to below, or dividends or distributions referred to in paragraph (1) above), each fixed settlement rate in effect immediately prior to the close of business on the date fixed for the determination of stockholders entitled to receive such distribution shall be increased by dividing:

each fixed settlement rate by

a fraction, the numerator of which shall be the current market price of our common stock calculated as of the date fixed for such determination less the then fair market value (as determined in good faith by our board of directors) of the portion of the assets, securities or evidences of indebtedness so distributed applicable to one share of our common stock and the denominator of which shall be such current market price.

In the case of the payment of a dividend or other distribution on our common stock of shares of capital stock of any class or series, or similar equity interests, of or relating to a subsidiary or other business unit of ours, which we refer to as a spin-off, the fixed settlement rate in effect immediately before the close of business on the date fixed for determination of stockholders entitled to receive that distribution will be increased by dividing:

each fixed settlement rate by

a fraction, the numerator of which is the current market price of our common stock and the denominator of which is such current market price plus the fair market value, determined as described below, of those shares of capital stock or similar equity interests so distributed applicable to one share of common stock.

The adjustment to the fixed settlement rate under the preceding paragraph will occur on:

the 10th trading day from and including the effective date of the spin-off; or

if the spin-off is effected simultaneously with an initial public offering of the securities being distributed in the spin-off, the issue date of the securities being offered in such initial public offering.

For purposes of this section, initial public offering means the first time securities of the same class or type as the securities being distributed in the spin-off are offered to the public for cash.

In the event of a spin-off that is not effected simultaneously with an initial public offering of the securities being distributed in the spin-off, the fair market value of the securities to be distributed to holders of our common stock means the average of the closing sale prices of those securities on the principal U.S. securities exchange or quotation system on which such securities are listed or quoted at that time over the first 10 trading days following the effective date of the spin-off. Also, for purposes of such a spin-off, the current market price of our common stock means the average of the closing sale prices of our common stock on the principal U.S. securities exchange or quotation system on which our common stock is listed or quoted at that time over the first 10 trading days following the effective date of the spin-off.

If, however, an initial public offering of the securities being distributed in the spin-off is to be effected simultaneously with the spin-off, the fair market value of the securities being distributed in the

**Table of Contents**

spin-off means the initial public offering price, while the current market price of our common stock means the closing sale price of our common stock on the principal U.S. securities exchange or quotation system on which our common stock is listed or quoted at that time on the trading day on which the initial public offering price of the securities being distributed in the spin-off is determined.

If any dividend or distribution described in this paragraph (4) is declared but not so paid or made, the new fixed settlement rates shall be readjusted to the fixed settlement rates that would then be in effect if such dividend or distribution had not been declared.

(5) *Cash Distributions.* If we, by dividend or otherwise, make distributions to all or substantially all holders of our common stock exclusively in cash during any quarterly period (excluding any cash that is distributed in a reorganization event to which the provisions described below under Reorganization Events apply or as part of a distribution referred to in paragraph (4) above) in an amount that exceeds \$0.48 per share per quarter in the case of a regular quarterly dividend (such per share amount being referred to as the reference dividend), then immediately after the close of business on the date fixed for determination of the stockholders entitled to receive such distribution, each fixed settlement rate in effect immediately prior to the close of business on such date will be increased by dividing:

each fixed settlement rate by

a fraction, the numerator of which will be equal to the current market price on the date fixed for such determination less the amount, if any, by which the per share amount of the distribution exceeds the reference dividend and the denominator of which will be equal to such current market price.

The reference dividend will be subject to an inversely proportional adjustment whenever each fixed settlement rate is adjusted, other than pursuant to this paragraph (5). For the avoidance of doubt, the reference dividend will be zero in the case of a cash dividend amount that is not a regular quarterly dividend.

If any dividend or distribution described in this paragraph (5) is declared but not so paid or made, the new fixed settlement rate shall be readjusted to the fixed settlement rate that would then be in effect if such dividend or distribution had not been declared.

(6) *Tender and Exchange Offers.* In the case that a tender offer or exchange offer made by us or any subsidiary for all or any portion of our common stock shall expire and such tender or exchange offer (as amended through the expiration thereof) requires the payment to stockholders (based on the acceptance (up to any maximum specified in the terms of the tender offer or exchange offer) of purchased shares) of an aggregate consideration having a fair market value per share of our common stock that exceeds the closing price of our common stock on the trading day next succeeding the last date on which tenders or exchanges may be made pursuant to such tender offer or exchange offer, then, immediately prior to the opening of business on the day after the date of the last time (which we refer to as the expiration time) tenders or exchanges could have been made pursuant to such tender offer or exchange offer (as amended through the expiration thereof), each fixed settlement rate in effect immediately prior to the close of business on the date of the expiration time will be increased by dividing:

each fixed settlement rate by

a fraction (1) the numerator of which will be equal to (a) the product of (i) the current market price on the date of the expiration time and (ii) the number of shares of common

**Table of Contents**

stock outstanding (including any tendered or exchanged shares) on the date of the expiration time less (b) the amount of cash plus the fair market value of the aggregate consideration payable to stockholders pursuant to the tender offer or exchange offer (assuming the acceptance by us of purchased shares (as defined below)), and (2) the denominator of which will be equal to the product of (x) the current market price on the date of the expiration time and (y) the result of (i) the number of shares of our common stock outstanding (including any tendered or exchanged shares) on the date of the expiration time less (ii) the number of all shares validly tendered, not withdrawn and accepted for payment on the date of the expiration time (such actually validly tendered or exchanged shares, up to any maximum acceptance amount specified by us in the terms of the tender offer or exchange offer, being referred to as the purchased shares ).

Except as otherwise defined in paragraph (4) above, the current market price per share of our common stock or any other security on any day for purposes of paragraphs (1) through (6) above means the average VWAP of our common stock or such other security on the principal U.S. securities exchange or quotation system on which our common stock or such other security, as applicable, is listed or quoted at that time for the 10 consecutive trading days preceding the earlier of the day preceding the day in question and the day before the ex date with respect to the issuance or distribution requiring such computation. For purposes of this paragraph, the term ex date, when used with respect to any issuance or distribution, means the first date on which our common stock or such other security, as applicable, trades, regular way, on the principal U.S. securities exchange or quotation system on which our common stock or such other security, as applicable, is listed or quoted at that time, without the right to receive the issuance or distribution.

We currently do not have a shareholders rights plan with respect to any common stock. To the extent that we have a shareholders rights plan involving the issuance of share purchase rights or other similar rights to all or substantially all holders of our common stock in effect upon settlement of a purchase contract, you will receive, in addition to the common stock issuable upon settlement of any purchase contract, the related rights for the common stock under the shareholders rights plan, unless, prior to any settlement of a purchase contract, the rights have separated from the common stock, in which case each fixed settlement rate will be adjusted at the time of separation as if we made a distribution to all holders of our common stock as described in clause (4) above, subject to readjustment in the event of the expiration, termination or redemption of the rights under the shareholder rights plan.

You may be treated as receiving a constructive distribution from us with respect to the purchase contract if (1) the fixed settlement rates are adjusted (or fail to be adjusted) and, as a result of the adjustment (or failure to adjust), your proportionate interest in our assets or earnings and profits is increased, and (2) the adjustment (or failure to adjust) is not made pursuant to a bona fide, reasonable anti-dilution formula. For example, if the fixed settlement rate is adjusted as a result of a distribution that is taxable to the holders of our common stock, such as a cash dividend, you will be deemed to have received a constructive distribution of our stock. Thus, under certain circumstances, an adjustment to the fixed settlement rates might give rise to a taxable dividend to you even though you will not receive any cash in connection with such adjustment. In addition, non-U.S. holders (as defined in Material U.S. Federal Income Tax Consequences ) may, in certain circumstances, be deemed to have received a distribution subject to U.S. federal withholding tax. See Material U.S. Federal Income Tax Consequences U.S. Holders Purchase Contracts and Material U.S. Federal Income Tax Consequences Non-U.S. Holders U.S. Federal Withholding Tax.

In addition, we may increase the fixed settlement rates if our board of directors deems it advisable to avoid or diminish any income tax to holders of our common stock resulting from any dividend or distribution of shares (or rights to acquire shares) or from any event treated as a dividend or distribution for income tax purposes or for any other reasons. We may only make such a discretionary adjustment if we make the same proportionate adjustment to each fixed settlement rate.

## **Table of Contents**

Adjustments to the fixed settlement rates will be calculated to the nearest ten thousandth of a share. No adjustment to the fixed settlement rates will be required unless the adjustment would require an increase or decrease of at least one percent in one or both fixed settlement rates. If any adjustment is not required to be made because it would not change one or both fixed settlement rates by at least one percent, then the adjustment will be carried forward and taken into account in any subsequent adjustment. All anti-dilution adjustments will be made not later than the close of business on the business day immediately preceding the first trading day in the 20 consecutive trading day period during which the applicable current market value is determined (or, if earlier, the close of business on the business day immediately preceding the date on which the amount of make-whole shares is determined).

No adjustment to the fixed settlement rates will be made if holders of Equity Units may participate in the transaction that would otherwise give rise to an adjustment on the basis and with the notice that the board of directors determines to be fair and appropriate in light of the basis and notice on which holders of common stock participate in the transaction.

The fixed settlement rates will not be adjusted (subject to our right to adjust them if our board of directors deems it advisable as described above):

upon the issuance of any shares of our common stock pursuant to any present or future plan providing for the reinvestment of dividends or interest payable on our securities and the investment of additional optional amounts in shares of our common stock under any plan;

upon the issuance of options or other awards in connection with any employment contract, benefit plan or other similar arrangement with or for the benefit of any one or more employees, officers, directors, consultants or independent contractors or the exercise of such options or other awards;

upon the issuance of any shares of our common stock pursuant to any option, warrant, right or exercisable, exchangeable or convertible security;

for a change in the par value or no par value of the common stock; or

for accumulated and unpaid dividends.

We will, as promptly as practicable after the fixed settlement rate is adjusted, provide written notice of the adjustment to the holders of Equity Units.

If an adjustment is made to the fixed settlement rates, an adjustment also will be made to the reference price and the threshold appreciation price on an inversely proportional basis solely to determine which of the clauses of the definition of settlement rate will be applicable to determine the settlement rate with respect to the purchase contract settlement date or any fundamental change early settlement date.

## **Reorganization Events**

The following events are defined as reorganization events :

any consolidation or merger of the Company with or into another person or of another person with or into the Company (other than a consolidation or merger in which the Company is the continuing corporation and in which the shares of Common Stock outstanding immediately prior to the merger or consolidation are not exchanged for cash, securities or other property of the Company or another Person);



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any sale, transfer, lease or conveyance to another person of the property of the Company as an entirety or substantially as an entirety;

S-69

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**Table of Contents**

any statutory exchange of the common stock of the Company with another corporation (other than in connection with a merger or acquisition); and

any liquidation, dissolution or termination of the Company (other than as a result of or after the occurrence of a termination event described below under Termination ).

Following the effective date of a reorganization event, the settlement rate shall thereafter be determined by reference to, and settled in lieu of, the applicable number of shares of our common stock through delivery of a corresponding number of exchange property units. An exchange property unit represents the right to receive the kind and amount of common stock, other securities, other property or assets (including cash or any combination thereof) receivable in such reorganization event (without any interest thereon, and without any right to dividends or distribution thereon which have a record date that is prior to the applicable settlement date) per share of our common stock by a holder of common stock that is not a person with which we are consolidated or into which we are merged or which merged into us or to which such sale or transfer was made, as the case may be (we refer to any such person as a constituent person ), or an affiliate of a constituent person, to the extent such reorganization event provides for different treatment of common stock held by the constituent person and/or the affiliates of the constituent person, on the one hand, and non-affiliates of a constituent person, on the other hand. In the event holders of our common stock (other than any constituent person or affiliate thereof) have the opportunity to elect the form of consideration to be received in such transaction, the exchange property unit that holders of the Corporate Units or Treasury Units are entitled to receive will be deemed to be the weighted average of the types and amounts of consideration received by the holders of our common stock that affirmatively make an election.

In the event of such a reorganization event, the person formed by such consolidation or merger or the person which acquires our assets shall execute and deliver to the purchase contract agent an agreement providing that the holder of each Equity Unit that remains outstanding after the reorganization event (if any) shall have the rights described in the preceding paragraph. Such supplemental agreement shall provide for adjustments to the amount of any securities constituting all or a portion of an exchange property unit and adjustments to the fixed settlement rates, which, for events subsequent to the effective date of such reorganization event, shall be as nearly equivalent as may be practicable to the adjustments provided for under Anti-dilution Adjustments above. The provisions described in the preceding two paragraphs shall similarly apply to successive reorganization events.

**Termination**

The purchase contract and pledge agreement provides that the purchase contracts and the obligations and rights of us and of the holders of Corporate Units and Treasury Units thereunder (including the holders obligation and right to purchase and receive shares of our common stock and to receive accrued and unpaid contract adjustment payments, including deferred contract adjustment payments and compounded contract adjustment payments thereon) will immediately and automatically terminate upon the occurrence of a termination event (as defined below).

Upon any termination event, the Equity Units will represent the right to receive the notes underlying the undivided beneficial interest in the notes, applicable ownership interests in the Treasury Portfolio, or the Treasury securities, as the case may be, forming part of such Equity Units. Upon the occurrence of a termination event, we will promptly give the purchase contract agent, the collateral agent and the holders notice of such termination event and the collateral agent will release the related interests in the notes, applicable ownership interests in the Treasury portfolio or Treasury securities, as the case may be, from the pledge arrangement and transfer such interests in the notes, applicable ownership interests in the Treasury portfolio or Treasury securities to the purchase contract agent for distribution to the holders of Corporate Units and Treasury Units. If a holder is entitled to receive notes in an aggregate principal amount that is not an integral multiple of \$1,000, the purchase contract agent may request that we issue notes in denominations of \$50 and integral multiples thereof in

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**Table of Contents**

exchange for notes in denominations of \$1,000 or integral multiples thereof. In addition, if any holder is entitled to receive, with respect to its pledged applicable ownership interests in the Treasury portfolio or its pledged Treasury securities, any securities having a principal amount at maturity of less than \$1,000, the purchase contract agent will dispose of such securities for cash and pay the cash received to the holder in lieu of such pledged applicable ownership in the Treasury portfolio or such Treasury securities. Upon any termination event, however, such release and distribution may be subject to a delay. In the event that the Company becomes the subject of a case under the U.S. Bankruptcy Code, such delay may occur as a result of the automatic stay under the U.S. Bankruptcy Code and continue until such automatic stay has been lifted. Moreover, claims arising out of the notes will be subject to the equitable jurisdiction and powers of the bankruptcy court.

A termination event means any of the following events with respect to the Company:

(1) at any time on or prior to the purchase contract settlement date, a decree or order by a court having jurisdiction in the premises shall have been entered adjudicating the Company a bankrupt or insolvent, or approving as properly filed a petition seeking reorganization arrangement, adjustment or composition of or in respect of the Company under the U.S. Bankruptcy Code or any other similar applicable federal or state law and such decree or order shall have been entered more than 90 days prior to the purchase contract settlement date and shall have continued undischarged and unstayed for a period of 90 consecutive days;

(2) at any time on or prior to the purchase contract settlement date, a decree or order of a court having jurisdiction in the premises shall have been entered for the appointment of a receiver, liquidator, trustee, assignee, sequestrator or other similar official in bankruptcy or insolvency of the Company or of all or any substantial part of the Company's property, or for the winding up or liquidation of the Company's affairs, and such decree or order shall have been entered more than 90 days prior to the purchase contract settlement date and shall have continued undischarged and unstayed for a period of 90 consecutive days; or

(3) at any time on or prior to the purchase contract settlement date, the Company shall institute proceedings to be adjudicated a bankrupt or insolvent, or shall consent to the institution of bankruptcy or insolvency proceedings against it, or shall file a petition or answer or consent seeking reorganization under the U.S. Bankruptcy Code or any other similar applicable federal or state law, or shall consent to the filing of any such petition, or shall consent to the appointment of a receiver, liquidator, trustee, assignee, sequestrator or other similar official of the Company or of all or any substantial part of the Company's property, or shall make an assignment for the benefit of creditors, or shall admit in writing its inability to pay its debts generally as they become due.

**Pledged Securities and Pledge**

The undivided beneficial ownership interests in the notes, or, following a successful optional remarketing, the applicable ownership interests in the Treasury portfolio (as described under the first bullet of the definition of Treasury portfolio), that are a component of the Corporate Units or, if substituted, the beneficial ownership interest in the Treasury securities that are a component of the Treasury Units, collectively, the pledged securities, will be pledged to the collateral agent for our benefit pursuant to the purchase contract and pledge agreement to secure your obligation to purchase shares of our common stock under the related purchase contracts. The rights of the holders of the Corporate Units and Treasury Units with respect to the pledged securities will be subject to our security interest therein. No holder of Corporate Units or Treasury Units will be permitted to withdraw the pledged securities related to such Corporate Units or Treasury Units from the pledge arrangement except:

in the case of Corporate Units, to substitute a Treasury security for the related note, as provided under Description of the Equity Units Creating Treasury Units by Substituting a Treasury Security for a Note ;

**Table of Contents**

in the case of Treasury Units, to substitute a note for the related Treasury security, as provided under Description of the Equity Units Recreating Corporate Units ; and

upon early settlement, cash settlement or termination of the related purchase contracts.

Subject to our security interest and the terms of the purchase contract and pledge agreement, each holder of a Corporate Unit (unless the Treasury portfolio has replaced the notes as a component of the Corporate Unit), will be entitled through the purchase contract agent and the collateral agent to all of the proportional rights and preferences of the related notes (including distribution, voting, redemption, repayment and liquidation rights). Each holder of Treasury Units and each holder of Corporate Units (if the Treasury portfolio has replaced the notes as a component of the Corporate Units), will retain beneficial ownership of the related Treasury securities or the applicable ownership interests in the Treasury portfolio, as applicable, pledged in respect of the related purchase contracts. We will have no interest in the pledged securities other than our security interest.

Except as described in Certain Provisions of the Purchase Contract and Pledge Agreement General, upon receipt of distributions on the pledged securities, the collateral agent will distribute such payments to the purchase contract agent, which in turn will distribute those payments to the holders in whose names the Corporate Units or Treasury Units are registered at the close of business on the record date for the distribution.

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**Table of Contents**

**CERTAIN PROVISIONS OF THE PURCHASE CONTRACT AND PLEDGE AGREEMENT**

*In this Description of the Purchase Contract and Pledge Agreement, UTC, we, us, our and the Company refer only to United Technologies Corporation and any successor obligor, and not to any of its subsidiaries.*

*The following is a summary of some of the other terms of the purchase contract and pledge agreement. The summary contains a description of additional material terms of the agreement but is only a summary and is not complete. This summary is subject to and is qualified by reference to all the provisions of the purchase contract and pledge agreement, including the definitions of certain terms used therein, the form of which has been or will be filed and incorporated by reference as an exhibit to the registration statement of which this prospectus supplement and the accompanying prospectus form a part.*

**General**

Except as described under **Book-Entry System** below, payments on the Corporate Units and Treasury Units will be payable, the purchase contracts will be settled, and transfers of the Corporate Units and Treasury Units will be registrable at, the office of the purchase contract agent or its agent, in each case, in the Borough of Manhattan, The City of New York. In addition, if the Corporate Units or Treasury Units do not remain in book-entry form, we have the option to make payments on the Corporate Units and Treasury Units by check mailed to the address of the person entitled thereto as shown on the security register or by a wire transfer to the account designated by the holder by a prior written notice.

Shares of common stock will be delivered on the purchase contract settlement date (or earlier upon early settlement), or, if the purchase contracts have terminated, the related pledged securities will be delivered (subject to delays, including potentially as a result of the imposition of the automatic stay under the U.S. Bankruptcy Code, as described under **Description of the Purchase Contracts Termination** ) at the office of the purchase contract agent or its agent upon presentation and surrender of the applicable Corporate Unit or Treasury Unit certificate, if in certificated form.

If Corporate Units or Treasury Units are in certificated form and the holder fails to present and surrender the certificate evidencing the Corporate Units or Treasury Units to the purchase contract agent on or prior to the purchase contract settlement date, the shares of common stock issuable upon settlement of the related purchase contract will be registered in the name of the purchase contract agent or its nominee. The shares, together with any distributions, will be held by the purchase contract agent as agent for the benefit of the holder until the certificate is presented and surrendered or the holder provides satisfactory evidence that the certificate has been destroyed, lost or stolen, together with any indemnity that may be required by the purchase contract agent and us.

If the purchase contracts terminate prior to the purchase contract settlement date, the related pledged securities are transferred to the purchase contract agent for distribution to the holders, and a holder fails to present and surrender the certificate evidencing the holder's Corporate Units or Treasury Units, if in certificated form, to the purchase contract agent, the related pledged securities delivered to the purchase contract agent and payments on the pledged securities will be held by the purchase contract agent as agent for the benefit of the holder until the applicable certificate is presented, if in certificated form, or the holder provides the evidence and indemnity described above.

No service charge will be made for any registration of transfer or exchange of the Corporate Units or Treasury Units, except for any tax or other governmental charge that may be imposed in connection therewith.

The purchase contract agent will have no obligation to invest or to pay interest on any amounts it holds pending payment to any holder.

## **Table of Contents**

### **Modification**

The purchase contract and pledge agreement will contain provisions permitting us, the purchase contract agent and the collateral agent, to modify the purchase contract and pledge agreement without the consent of the holders for any of the following purposes:

to evidence the succession of another person to our obligations;

to add to the covenants for the benefit of holders or to surrender any of our rights or powers under the agreement;

to evidence and provide for the acceptance of appointment of a successor purchase contract agent or a successor collateral agent or securities intermediary;

to make provision with respect to the rights of holders pursuant to the requirements applicable to reorganization events; and

to cure any ambiguity, to correct or supplement any provisions that may be inconsistent with any other provision in the purchase contract and pledge agreement or to make such other provisions in regard to matters or questions arising under the purchase contract and pledge agreement that do not adversely affect the interests of any holders of Equity Units; it being understood that any amendment made to conform the provisions of the purchase contract and pledge agreement to the description of the Equity Units and the purchase contracts contained in this prospectus supplement will be deemed not to adversely affect the interests of the holders.

The purchase contract and pledge agreement will contain provisions preventing us, the purchase contract agent and the collateral agent, subject to certain limited exceptions, from modifying the terms of the purchase contracts or the purchase contract and pledge agreement without the consent of the holders of not less than a majority of the outstanding Equity Units, voting together as one class. However, no such modification may, without the consent of the holder of each outstanding purchase contract affected thereby:

subject to our right to defer contract adjustment payments, change any payment date;

impair the holders' right to institute suit for the enforcement of a purchase contract or payment of any contract adjustment payments (including compounded contract adjustment payments);

except as required pursuant to any anti-dilution adjustment, reduce the number of shares of our common stock purchasable under a purchase contract, increase the purchase price of the shares of our common stock on settlement of any purchase contract, change the purchase contract settlement date or change the right to early settlement or fundamental change early settlement in a manner materially adverse to the holders or otherwise materially adversely affect the holder's rights under any purchase contract, the purchase contract and pledge agreement or remarketing agreement in any respect;

increase the amount or change the type of collateral required to be pledged to secure a holder's obligations under the purchase contract and pledge agreement;

impair the right of the holder of any purchase contract to receive distributions on the collateral, or otherwise materially adversely affect the holder's rights in or to such collateral;

reduce any contract adjustment payments or any deferred contract adjustment payments (including compounded contract adjustment payments) or change any place where, or the coin or currency in which, any contract adjustment payment is payable;  
or

S-74

## **Table of Contents**

reduce the percentage of the outstanding purchase contracts whose holders' consent is required for the modification or amendment of the provisions of the purchase contracts and the purchase contract and pledge agreement.

However, if any amendment or proposal would adversely affect only the Corporate Units or only the Treasury Units, then only the affected class of holders will be entitled to vote on such amendment or proposal, and such amendment or proposal will not be effective except with the consent of the holders of not less than a majority of such class or, if referred to in the seven bullets above, each holder affected thereby.

### **No Consent to Assumption**

Each holder of a Corporate Unit or a Treasury Unit will be deemed under the terms of the purchase contract and pledge agreement, by the purchase of such Corporate Unit or Treasury Unit, to have expressly withheld any consent to the assumption under Section 365 of the U.S. Bankruptcy Code or otherwise, of the related purchase contracts by us, our receiver, liquidator or trustee or person or entity performing similar functions in the event that we become a debtor under the U.S. Bankruptcy Code or other similar state or federal law providing for reorganization or liquidation.

### **Consolidation, Merger and Conveyance of Assets as an Entirety**

We will covenant in the purchase contract and pledge agreement that, so long as any Equity Units are outstanding, we will not consolidate with or merge into any other corporation or convey, transfer, lease our properties and assets substantially as an entirety to any person unless:

the corporation formed by such consolidation or into which the Company is merged or the Person which acquires by conveyance or transfer, or which leases, the properties and assets of the Company substantially as an entirety shall be a corporation organized and existing under the laws of the United States of America, any State thereof or the District of Columbia and will expressly assume all of our responsibilities and liabilities under the purchase contracts, the purchase contract and pledge agreement, the remarketing agreement (if we have executed a remarketing agreement on or prior to the time of the merger, consolidation, conversion, sale, conveyance, transfer, assignment or other disposition) and the subordinated indenture (including any supplement thereto), by one or more supplemental agreements in form reasonably satisfactory to the purchase contract agent and the collateral agent; and

such successor person will not, immediately after giving effect to the transaction, be in default of its payment obligations under the purchase contracts, the purchase contract and pledge agreement, the subordinated indenture (including any supplement thereto), the notes or the remarketing agreement (if we have executed a remarketing agreement on or prior to the time of the merger, consolidation, conversion, sale, conveyance, transfer, assignment or other disposition), or in material default in the performance of any other covenants under these agreements.

In case of any such consolidation, merger, sale, conveyance (other than by way of lease), transfer, assignment or other disposition, and upon any such assumption by the successor corporation or limited liability company, such successor corporation or limited liability company shall succeed to and be substituted for us, with the same effect as if it had been named in the purchase contract and pledge agreement as us and we shall be relieved of any further obligation under the purchase contract and pledge agreement and under the Corporate Units and Treasury Units.

### **Title**

We, the purchase contract agent and the collateral agent may treat the registered owner of any Corporate Units or Treasury Units as the absolute owner of the Corporate Units or Treasury Units for the purpose of making payment (subject to the record date provisions described above), settling the related purchase contracts and for all other purposes.



## **Table of Contents**

### **Replacement of Equity Unit Certificates**

In the event that physical certificates have been issued, any mutilated Corporate Unit or Treasury Unit certificate will be replaced by us at the expense of the holder upon surrender of the certificate to the purchase contract agent at the corporate trust office of the purchase contract agent or its agent, in each case, in the Borough of Manhattan, The City of New York. Corporate Unit or Treasury Unit certificates that become destroyed, lost or stolen will be replaced by us at the expense of the holder upon delivery to us and the purchase contract agent of evidence of their destruction, loss or theft satisfactory to us and the purchase contract agent. In the case of a destroyed, lost or stolen Corporate Unit or Treasury Unit certificate, an indemnity satisfactory to the purchase contract agent and us may be required at the expense of the holder before a replacement certificate will be issued.

Notwithstanding the foregoing, we will not be obligated to issue any Corporate Unit or Treasury Unit certificates on or after the business day immediately preceding the earliest of any early settlement date, any fundamental change early settlement date, the purchase contract settlement date or the date on which the purchase contracts have terminated. The purchase contract and pledge agreement will provide that, in lieu of the delivery of a replacement Corporate Unit or Treasury Unit certificate following any of these dates, the purchase contract agent, upon delivery of the evidence and indemnity described above, will deliver the shares of common stock issuable pursuant to the purchase contracts included in the Corporate Units or Treasury Units evidenced by the certificate, or, if the purchase contracts have terminated prior to the purchase contract settlement date, transfer the pledged securities included in the Corporate Units or Treasury Units evidenced by the certificate.

### **Governing Law**

The purchase contracts and the purchase contract and pledge agreement and the remarketing agreement will be governed by, and construed in accordance with, the laws of the State of New York.

### **Information Concerning the Purchase Contract Agent**

The Bank of New York Mellon Trust Company, N.A. (or its successor) will be the purchase contract agent. The purchase contract agent will act as the agent for the holders of Corporate Units and Treasury Units. The purchase contract agent will not be obligated to take any discretionary action in connection with a default under the terms of the Corporate Units, the Treasury Units or the purchase contract and pledge agreement.

The purchase contract and pledge agreement will contain provisions limiting the liability of the purchase contract agent. The purchase contract and pledge agreement also will contain provisions under which the purchase contract agent may resign or be replaced. Such resignation or replacement will be effective upon the appointment of a successor.

### **Information Concerning the Collateral Agent**

Wilmington Trust, National Association (or its successor) will be the collateral agent. The collateral agent will act solely as our agent and will not assume any obligation or relationship of agency or trust for or with any of the holders of the Corporate Units and the Treasury Units except for the obligations owed by a pledgee of property to the owner thereof under the purchase contract and pledge agreement and applicable law.

The purchase contract and pledge agreement will contain provisions limiting the liability of the collateral agent. The purchase contract and pledge agreement also will contain provisions under which the collateral agent may resign or be replaced. Such resignation or replacement will be effective upon the appointment of a successor.

### **Miscellaneous**

The purchase contract and pledge agreement will provide that we will pay all fees and expenses related to (1) the retention of the purchase contract agent, the collateral agent, the custodial agent and the securities intermediary and (2) any enforcement by the purchase contract agent of the rights of the holders of the Corporate

## **Table of Contents**

Units and Treasury Units. Holders who elect to substitute the related pledged securities, thereby creating Treasury Units or recreating Corporate Units, however, will be responsible for any fees or expenses payable in connection with such substitution, as well as for any commissions, fees or other expenses incurred in acquiring the pledged securities to be substituted. We will not be responsible for any such fees or expenses. The purchase contract agent shall be under no obligation to exercise any of the rights or powers vested in it by the purchase contract and pledge agreement at the request or direction of any of the holders pursuant to the purchase contract and pledge agreement, unless such holders shall have offered to the purchase contract agent security or indemnity satisfactory to the purchase contract agent against the costs, expenses and liabilities which might be incurred by it in compliance with such request or direction.

The purchase contract and pledge agreement will also provide that any court of competent jurisdiction may in its discretion require, in any suit for the enforcement of any right or remedy under the purchase contract and pledge agreement, or in any suit against the purchase contract agent for any action taken, suffered or omitted by it as purchase contract agent, the filing by any party litigant in such suit of an undertaking to pay the costs of such suit, and that such court may in its discretion assess reasonable costs, including reasonable attorneys' fees and costs against any party litigant in such suit, having due regard to the merits and good faith of the claims or defenses made by such party litigant. The foregoing shall not apply to any suit instituted by the purchase contract agent, to any suit instituted by any holder, or group of holders, holding in the aggregate more than 10% of the outstanding Equity Units, or to any suit instituted by any holder for the enforcement of any interest on any notes owed pursuant to such holder's applicable ownership interests in notes or contract adjustment payments on or after the respective payment date therefor in respect of any Equity Unit held by such holder, or for enforcement of the right to purchase shares of our common stock under the purchase contracts constituting part of any Equity Unit held by such holder.

## **Book-Entry System**

The Depository Trust Company, or DTC, which we refer to along with its successors in this capacity as the depository, will act as securities depository for the Corporate Units and Treasury Units. The Corporate Units and Treasury Units will be issued only as fully registered securities registered in the name of Cede & Co., the depository's nominee, or such other name as may be requested by an authorized representative of DTC. One or more fully registered global security certificates, representing the total aggregate number of Corporate Units and Treasury Units, will be issued and will be deposited with the depository or its custodian and will bear a legend regarding the restrictions on exchanges and registration of transfer referred to below.

The laws of some jurisdictions may require that some purchasers of securities take physical delivery of securities in definitive form. These laws may impair the ability to transfer beneficial interests in the Corporate Units and Treasury Units so long as the Corporate Units and Treasury Units are represented by global security certificates.

DTC advises that it is a limited-purpose trust company organized under the New York Banking Law, a banking organization within the meaning of the New York Banking Law, a member of the Federal Reserve System, a clearing corporation within the meaning of the New York Uniform Commercial Code and a clearing agency registered pursuant to the provisions of Section 17A of the Exchange Act. The depository holds securities that its participants ( direct participants ) deposit with the depository. The depository also facilitates the post-trade settlement among direct participants of sales and other securities transactions in deposited securities through electronic computerized book-entry transfers and pledges between participants' accounts, thereby eliminating the need for physical movement of securities certificates. Direct participants include U.S. and Non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. The depository is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ( DTCC ). DTCC is the holding company for DTC, National Securities Clearing Corporation, and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the depository's system is also available to others, including securities

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**Table of Contents**

brokers and dealers, banks, trust companies and clearing corporations that clear transactions through or maintain a custodial relationship with a direct participant, either directly or indirectly. The rules applicable to the depository and its participants are on file with the SEC.

If (1) the depository notifies us that it is unwilling or unable to continue its services as depository and no successor depository has been appointed within 90 days after our receipt of such notice; (2) the depository ceases to be a clearing agency registered under the Exchange Act when the depository is required to be so registered and we receive notice of such cessation, and no successor depository has been appointed within 90 days after our receipt of such notice or our becoming aware of such cessation; (3) to the extent permitted by the depository, we determine, in our sole discretion at any time, that the Corporate Units or Treasury Units will no longer be represented by global security certificates and inform the depository of such determination and participants elect to withdraw their beneficial interests from the depository, following notification by the depository of their right to do so; or (4) any event has occurred and is continuing, which after notice or lapse of time, would become an event of default (as defined in Description of the Notes Events of Default ) with respect to the notes, then (x) we will prepare definitive certificates with respect to such Corporate Units or Treasury Units, as applicable, and will deliver such certificates to the purchase contract agent and (y) upon surrender of the global security certificates representing Corporate Units or Treasury Units by the depository, accompanied by registration instructions, we will cause definitive certificates to be delivered to the beneficial owners in accordance with instructions provided by the depository. The Company and the purchase contract agent will not be liable for any delay in delivery of such instructions and may conclusively rely on, and will be authorized and protected in relying on, such instructions. Each definitive certificate so delivered will evidence Corporate Units or Treasury Units, as applicable, of the same kind and tenor as the global security certificate so surrendered in respect thereof.

As long as the depository or its nominee is the registered owner of the global security certificates, the depository or its nominee, as the case may be, will be considered the sole owner and holder of the global security certificates and all Corporate Units and Treasury Units represented by these certificates for all purposes under the Corporate Units, Treasury Units and the purchase contract and pledge agreement. Except in the limited circumstances referred to above, owners of beneficial interests in global security certificates

will not be entitled to have the Corporate Units or the Treasury Units represented by these global security certificates registered in their names, and

will not be considered to be owners or holders of the global security certificates or any Corporate Units or Treasury Units represented by these certificates for any purpose under the Corporate Units, Treasury Units or the purchase contract and pledge agreement.

All payments on the Corporate Units and Treasury Units represented by the global security certificates and all transfers and deliveries of related notes, Treasury securities and common stock will be made to the depository or its nominee, as the case may be, as the holder of the securities.

Ownership of beneficial interests in the global security certificates will be limited to participants or persons that may hold beneficial interests through institutions that have accounts with the depository or its nominee. Ownership of beneficial interests in global security certificates will be shown only on, and the transfer of those ownership interests will be effected only through, records maintained by the depository or its nominee, with respect to participants' interests, or any participant, with respect to interests of persons held by the participant on their behalf. Procedures for settlement of purchase contracts on the purchase contract settlement date or upon early settlement will be governed by arrangements among the depository, participants and persons that may hold beneficial interests through participants designed to permit settlement without the physical movement of certificates. Payments, transfers, deliveries, exchanges and other matters relating to beneficial interests in global security certificates may be subject to various policies and procedures adopted by the depository from time to time. None of us, the purchase contract agent or any agent of us or the purchase contract agent will have any responsibility or liability for any aspect of the depository's or any participant's records

**Table of Contents**

relating to, or for payments made on account of, beneficial interests in global security certificates, or for maintaining, supervising or reviewing any of the depository's records or any participant's records relating to these beneficial ownership interests.

Although the depository has agreed to the foregoing procedures in order to facilitate transfers of interest in the global security certificates among participants, the depository is under no obligation to perform or continue to perform these procedures, and these procedures may be discontinued at any time. We will not have any responsibility for the performance by the depository or its direct participants or indirect participants under the rules and procedures governing the depository.

The information in this section concerning the depository and its book-entry system has been obtained from sources that we believe to be reliable, but we have not attempted to verify the accuracy of this information.

S-79

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**Table of Contents**

**DESCRIPTION OF THE NOTES**

*In this Description of the Notes, UTC, we, us, our and the Company refer only to United Technologies Corporation and any successor obligor, and not to any of its subsidiaries.*

*The following summary description sets forth certain terms and provisions of the % junior subordinated notes due 2022 (the notes ), and to the extent inconsistent therewith replaces the description of the general terms and provisions of the notes set forth in the accompanying prospectus, to which we refer you. Because this description is a summary, it does not describe every aspect of the notes and should be read together with the forms of notes, the subordinated indenture, to be dated as of June , 2012 (the subordinated indenture ) between us and The Bank of New York Mellon Trust Company, N.A., as trustee (the trustee ) under which the notes will be issued, as supplemented by supplemental indenture No. 1, to be dated as of June , 2012 (the supplemental indenture ) establishing the terms of the notes. The form of subordinated indenture is filed as an exhibit to, and incorporated by reference in, the registration statement of which the accompanying prospectus is a part. In this summary, we refer to the subordinated indenture and the supplemental indenture, together, as the indenture.*

*The indenture and its associated documents contain the full legal text of the matters described in this section. This summary is subject to and qualified in its entirety by reference to, and should be read in conjunction with, the forms of notes, the subordinated indenture and the supplemental indenture, including certain definitions used therein. The indenture has been qualified under the Trust Indenture Act of 1939, as amended (the Trust Indenture Act ), and you should refer to the Trust Indenture Act for provisions that apply to the notes.*

**General**

We will issue the notes as a series of debt securities under the subordinated indenture. We may issue an unlimited amount of other securities under the subordinated indenture. The notes and all other debt securities issued hereafter under the indenture are collectively referred to herein as the indenture securities.

The notes will be unsecured and subordinated obligations and will be subordinated to all of our Senior Indebtedness (as defined under Subordination ). We may issue additional series of subordinated notes that rank *pari passu* with the notes.

The notes will be issued in fully registered form only, without coupons. Any notes that are issued as separate securities as a result of the creation of Treasury Units or in connection with an early settlement, early settlement upon a fundamental change, a remarketing, a termination or a settlement with separate cash will be initially represented by one or more fully registered global securities (the global securities ) deposited with the trustee, as custodian for DTC, as depository, and registered in the name of DTC or DTC's nominee. A beneficial interest in a global security will be shown on, and transfers or exchanges thereof will be effected only through, records maintained by DTC and its participants, as described below under Book-Entry Issuance The Depository Trust Company. The authorized denominations of the notes will be \$1,000 and any larger amount that is an integral multiple of \$1,000. However, if a holder is entitled to receive notes in an aggregate principal amount that is not an integral multiple of \$1,000 upon termination of the purchase contracts as described under Description of the Purchase Contracts Termination above, the purchase contract agent may request that we issue notes in denominations of \$50 and integral multiples thereof. Except in certain circumstances described below, the notes that are issued as global securities will not be exchangeable for notes in definitive certificated form.

Each Corporate Unit includes a 1/20, or 5%, undivided beneficial ownership interest in a note having a principal amount of \$1,000 that corresponds to the stated amount of \$50 per Corporate Unit.

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**Table of Contents**

The notes will not be subject to a sinking fund provision and will not be subject to defeasance or repayable at the option of the holders prior to maturity. The entire principal amount of the notes will initially mature and become due and payable, together with any accrued and unpaid interest thereon (other than deferred interest payments and compounded interest thereon which will be due and payable at the end of the deferral period as described below under **Option to Defer Interest Payments** ), on August 1, 2022. As described below under **Put Option upon Failed Remarketing**, holders will have the right to require us to purchase their notes under certain circumstances. Except as set forth under **Put Option upon Failed Remarketing** and **Dividend and Other Payment Stoppages During Interest Deferral and Under Certain Other Circumstances**, the indenture will not contain any financial covenants or restrict us from paying dividends, making investments, incurring indebtedness or repurchasing our securities. The indenture does not contain provisions that afford holders of the notes protection in the event we are involved in a highly leveraged transaction or other similar transaction that may adversely affect such holders. The indenture does not limit our ability to issue or incur other debt or issue preferred stock.

The notes are initially being offered in one series in the principal amount of \$1,000,000,000. If we issue additional Equity Units as a result of the underwriters' exercise of their option to buy additional Corporate Units, we may, without the consent of the holders of the notes, increase the principal amount of the series and issue up to an additional \$100,000,000 principal amount of notes of such series having the same ranking, interest rate, maturity and other terms as the notes. Any such new notes, together with the existing notes, will constitute a single series of securities under the indenture. The existing notes and any new notes of the same series having the same terms as the notes offered hereby subsequently issued under the indenture will be treated as a single class for all purposes under the indenture, including, without limitation, voting waivers and amendments. In consultation with the remarketing agent and without the consent of any holders of notes, we may elect (but will not be required to elect) to divide the notes into more than one tranche, so long as no tranche immediately after the settlement date of the remarketing will have an aggregate principal amount of less than \$400 million, as described under **Description of the Purchase Contracts Remarketing**.

We will not pay any additional amounts to holders of the notes that are not U.S. persons in respect of any tax, assessment or governmental charge.

**Principal and Interest**

The notes will initially mature on August 1, 2022 (the stated maturity date ) and will initially bear interest from the date of original issuance at the rate of % per annum. In connection with a successful remarketing, we may shorten the stated maturity date of any tranche of notes to any date not earlier than August 1, 2017. Subject to any deferral as described below under **Option to Defer Interest Payments**, and subject to any changes to the interest payment dates made pursuant to a successful remarketing, interest will be payable quarterly on February 1, May 1, August 1 and November 1 of each year (each, an interest payment date ), commencing on November 1, 2012, and at maturity (whether at the stated maturity date or otherwise). Subject to certain exceptions, the indenture provides for the payment of interest on an interest payment date only to persons in whose names the notes are registered at the close of business on the record date, which will be the 15th day of the calendar month (whether or not a business day), immediately preceding the applicable interest payment date, or, if the Corporate Units or the notes are held by a securities depository in book-entry form, the record date will be the close of business on the business day immediately preceding the applicable interest payment date. Interest will be calculated on the basis of a 360-day year of twelve 30-day months, and with respect to any period less than a full calendar month, on the basis of the actual number of days elapsed during the period; *however*, if we remarket any tranche of notes as floating-rate notes, without the consent of any holder of notes we may modify the basis on which interest will be calculated after the optional remarketing settlement date or the purchase contract settlement date, as applicable, to conform to the market convention applicable to floating-rate notes using the same index.

If any date on which interest payments are to be made on the notes is not a business day, then payment of the interest payable on that date will be made on the next succeeding day that is a business day, and no interest will accrue or be paid in respect of such delay. If we remarket any tranche of notes as floating-rate notes, without the consent of any holder of notes we may modify the interest payment dates to provide that if any February 1,

## **Table of Contents**

May 1, August 1 or November 1 is not a business day, the relevant interest payment date shall be the immediately succeeding business day.

Business day, for purposes of the indenture, means each Monday, Tuesday, Wednesday, Thursday and Friday that is not a day on which banking institutions in The City of New York are authorized or obligated by law or executive order to close.

The interest rate on any tranche of remarketed notes may be reset in connection with a successful remarketing, as described below under Interest Rate Reset. However, if there is not a successful remarketing, the interest rate will not be reset and the notes will continue to bear interest at the initial interest rate, all as described below under Interest Rate Reset. Except in the case of any tranche of notes remarketed as floating-rate notes or in the case of a failed final remarketing, interest on the notes following the optional remarketing settlement date or the purchase contract settlement date, as applicable, will be payable on a semi-annual basis.

### **Option to Defer Interest Payments**

Prior to the purchase contract settlement date, we may elect at one or more times to defer payment of interest on the notes for one or more consecutive interest periods. However, we will not be permitted to defer the interest payable on the purchase contract settlement date and no interest payment may be deferred beyond the purchase contract settlement date.

Deferred interest on the notes will bear interest at the interest rate applicable to the notes, compounded on each interest payment date to, but excluding, the interest payment date on which such deferred interest is paid, subject to applicable law. As used in this prospectus supplement, a deferral period refers to the period beginning on an interest payment date with respect to which we elect to defer interest and ending on the earlier of the next interest payment date on which we have paid all accrued and previously unpaid interest (including compounded interest thereon) on the notes and the purchase contract settlement date.

We will give the holders of the notes and the trustee written notice of our election to begin a deferral period at least one business day before the record date for the interest payment date on which we intend to begin a deferral period. However, our failure to pay interest on any interest payment date will itself constitute the commencement of a deferral period unless we pay such interest within five business days after the interest payment date, whether or not we provide a notice of deferral. We may pay deferred interest (including compounded interest thereon) in cash on any scheduled interest payment date occurring on or prior to the purchase contract settlement date.

In connection with any successful remarketing during the final remarketing period, all accrued and unpaid deferred interest (including compounded interest thereon) will be paid to the holders of the notes (whether or not such notes were remarketed in such remarketing) on the purchase contract settlement date in cash.

If we have paid all deferred interest (including compounded interest thereon) on the notes, we can again defer interest payments on notes as described above. The indenture does not limit the number or frequency of interest deferral periods.

If we have not paid all such deferred amounts (including compounded interest thereon) in cash for a period of 30 days following the end of the deferral period, we will be in default under the indenture. See Events of Default below. We currently do not intend to exercise our option to defer interest on the notes.

### **Dividend and Other Payment Stoppages During Interest Deferral and Under Certain Other Circumstances**

We have agreed that if a deferral period is continuing with respect to the notes or we have given notice of a deferral period and the deferral period has not yet commenced, then until all deferred interest (including compounded interest thereon) has been paid, we will not:

declare or pay any dividends or distributions on, or redeem, purchase, acquire or make a liquidation payment with respect to, any shares of our capital stock;

**Table of Contents**

make any payment of principal of, or interest or premium, if any, on, or repay, purchase or redeem any of its debt securities that upon our liquidation rank *pari passu* with, or junior in interest to, the notes; or

make any guarantee payments under any guarantee by us of securities of any of our subsidiaries if the guarantee ranks *pari passu* with, or junior in interest to, the notes.

The restrictions listed above do not apply to:

any repurchase, redemption or other acquisition of shares of our capital stock in connection with (1) any employment contract, benefit plan or other similar arrangement with or for the benefit of any one or more employees, officers, directors, consultants or independent contractors of us or our subsidiaries or (2) a dividend reinvestment or stockholder purchase plan;

any issuance of options or other awards in connection with any employment contract, benefit plan or other similar arrangement with or for the benefit of any one or more employees, officers, directors, consultants or independent contractors or the exercise of such options or other awards;

any exchange, redemption, recapitalization or conversion of any class or series of our capital stock, or the capital stock of one of our subsidiaries, for any other class or series of our capital stock;

any exchange, redemption, recapitalization or conversion of any of our indebtedness for any class or series of our capital stock;

any purchase of, or payment of cash in lieu of, fractional interests in shares of our capital stock pursuant to the conversion or exchange provisions of such capital stock or the securities being converted or exchanged;

any declaration of a dividend in connection with the issuance of rights, stock or other property under any rights plan, or the redemption or repurchase of rights pursuant thereto;

any dividend in the form of stock, warrants, options or other rights where the dividend stock or stock issuable upon exercise of such warrants, options or other rights is the same stock as that on which the dividend is being paid or ranks *pari passu* with or junior to such stock;

any payment of current interest or deferred interest on *pari passu* securities during a deferral period that is made pro rata to the amounts due on *pari passu* securities and the notes;

any purchase or repurchase of shares of the Company's capital stock pursuant to contractually binding requirements to buy such capital stock existing prior to the commencement of the deferral period;

the payment of any dividend during a deferral period within 90 days after the date of declaration thereof, if at the date of declaration no deferral period was in effect;



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any payment of deferred interest or principal on *pari passu* or junior securities, or dividends or distributions on shares of preferred stock, in each case that, if not made, would cause the Company to breach the terms of the instrument governing such *pari passu* or junior securities or preferred stock; and

the repayment, repurchase or redemption of any security necessary to avoid a breach of the instrument governing the same.

S-83

## Table of Contents

### **Remarketing**

The notes will be remarketed as described under Description of the Purchase Contracts Remarketing.

In consultation with the remarketing agent and without the consent of any holders of notes, we may elect (but will not be required to elect) to:

divide the notes into more than one tranche, so long as no tranche immediately after the settlement date of the remarketing will have an aggregate principal amount of less than \$400 million;

move up the maturity date of any tranche to a date earlier than August 1, 2022 but not earlier than August 1, 2017;

extend the earliest redemption date on which any tranche may be redeemed at our option, in whole or in part, from August 1, 2017 to a later date or eliminate the redemption provisions of the notes of any tranche altogether; and

remarket any tranche as fixed-rate notes or floating-rate notes and, in the case of floating-rate notes, provide that the interest rate on the notes of any such tranche will be equal to an index selected by us plus a spread determined by the Remarketing Agent, in consultation with us, in which case interest on the notes may be calculated on the basis of a 365 day year and the actual number of days elapsed (or such other basis as is customarily used for floating-rate notes bearing interest at a rate based on such index rate).

All such modifications shall take effect only if the remarketing is successful, without the consent of the holders, upon the earlier of the optional remarketing settlement date and the purchase contract settlement date, and will apply to all of the notes whether or not included in the remarketing. If we elect to divide the notes into tranches, we will allocate the notes of holders of separate notes who did not elect to participate in any remarketing (and, in a final remarketing, notes of holders that are settling with cash), without any requirement for the consent of such holders, among the tranches, none of which immediately after the settlement date of the remarketing will have an aggregate principal amount of less than \$400 million. If we conduct an optional remarketing that is not successful, we may change the elections described above prior to the final remarketing period.

We will use commercially reasonable efforts to ensure that, if required by applicable law, a registration statement, including a prospectus, with regard to the full amount of the notes to be remarketed will be effective under the securities laws in a form that may be used by the remarketing agent in connection with the remarketing (unless a registration statement is not required under the applicable laws and regulations that are in effect at that time or unless we conduct any remarketing in accordance with an exemption under the securities laws) (it being understood that for so long as there is a material business transaction or development that has not yet been publicly disclosed, other than in connection with an optional remarketing, we will not be required to file such registration statement or provide such a prospectus until we have publicly disclosed such transaction or development).

In order to remarket the notes, the remarketing agent, in consultation with us, may reset the interest rate on any tranche of fixed-rate notes (either upward or downward), or if any tranche is remarketed as floating-rate notes, determine the interest rate spread applicable to such tranche of notes, in order to produce the required price in the remarketing, as discussed under Description of the Purchase Contracts Remarketing. The interest deferral provisions of the notes will not apply after a successful remarketing.

Except in the case of any tranche of notes remarketed as floating-rate notes or in the case of a failed final remarketing, interest on the notes following the optional remarketing settlement date or the purchase contract settlement date, as applicable, will be payable on a semi-annual basis.

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## **Table of Contents**

### **Remarketing of Notes That Are Not Included in Corporate Units**

At any time after we give notice of a remarketing (other than during a blackout period), holders of notes that do not underlie Corporate Units may elect to have their notes remarketed in such remarketing in the same manner as notes that underlie Corporate Units by delivering their notes along with a notice of this election to the custodial agent. The custodial agent will hold the notes separate from the collateral account in which the pledged securities will be held. Holders of notes electing to have their notes remarketed will also have the right to make or withdraw such election at any time on or prior to 4:00 p.m., New York City time, on the second business day immediately preceding the first day of an optional remarketing period or final remarketing period, as the case may be, in each case, other than during a blackout period. In the event of a successful remarketing during the optional remarketing period, each holder of separate notes that elects to have its notes remarketed will receive, for each \$1,000 principal amount of notes sold, the remarketing price per note. The remarketing price per note means, for each \$1,000 principal amount of notes, an amount in cash equal to the quotient of the Treasury portfolio purchase price divided by the number of notes included in such remarketing that are held as components of Corporate Units. For the purposes of determining the proceeds that the remarketing agent will seek to obtain for the notes in an optional remarketing, the separate notes purchase price means the amount in cash equal to the product of (1) the remarketing price per note and (2) the number of notes having a principal amount of \$1,000 included in such remarketing that are not part of Corporate Units. In the event of a successful remarketing during the final remarketing period, each holder of separate notes that elects to have its notes remarketed will receive an amount, for each \$1,000 principal amount of notes, equal to \$1,000 in cash. Any accrued and unpaid interest on such notes, including any accrued and unpaid deferred interest (including compounded interest thereon) will be paid in cash by us, on the purchase contract settlement date.

### **Interest Rate Reset**

In the case of a successful remarketing, the interest rate on any tranche of remarketed notes may be reset, or if such tranche is remarketed as floating-rate notes may be changed to a floating rate equal to an index selected by us plus a rest spread, on the date of a successful remarketing and the relevant reset rate or reset spread, as applicable, will become effective on the settlement date of the remarketing, which will be, in the case of an optional remarketing, the third business day following the optional remarketing date and, in the case of the final remarketing period, the purchase contract settlement date. If a reset occurs pursuant to a successful optional remarketing, the reset rate or, if such tranche is remarketed as floating-rate notes, the reset spread, for each tranche of remarketed notes will be the interest rate or spread determined by the remarketing agent, in consultation with us, as the rate or spread the notes of such tranche should bear in order for the remarketing proceeds to equal at least 100% of the relevant fraction (as defined below) of the Treasury portfolio purchase price plus the separate notes purchase price, if any. If a reset occurs pursuant to a successful final remarketing, the reset rate or reset spread will be the interest rate or spread determined by the remarketing agent, in consultation with us, as the rate the notes in such tranche should bear in order for the remarketing proceeds to equal at least 100% of the principal amount of the notes of such tranche being remarketed. In any case, a reset rate or the applicable index plus the reset spread may be higher or lower than the initial interest rate of the notes depending on the results of the remarketing and market conditions at that time. However, in no event will the reset rate or the applicable index plus the reset spread exceed the maximum rate permitted by applicable law. In addition, interest on any tranche of notes remarketed as fixed-rate notes will be payable on a semi-annual basis on February 1 and August 1 of each year. The relevant fraction for a tranche of notes is a fraction the numerator of which is the aggregate principal amount of the notes in such tranche that are being remarketed and the denominator of which is the aggregate principal amount of the notes to be remarketed.

If the notes are not successfully remarketed, the interest rate will not be reset and the notes will continue to bear interest at the initial annual interest rate of %.

The remarketing agent is not obligated to purchase any notes that would otherwise remain unsold in the remarketing. None of us, the remarketing agent or any agent of us or the remarketing agent will be obligated in any case to provide funds to make payment upon tender of notes for remarketing.

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## **Table of Contents**

### **Put Option upon Failed Remarketing**

If the notes have not been successfully remarketed on or prior to the last day of the final remarketing period, holders of notes will have the right to require us to purchase their notes on the purchase contract settlement date, upon at least two business days' prior notice in the case of notes that are not included in Corporate Units, at a price equal to the principal amount of such notes, plus accrued and unpaid interest (including deferred interest and compounded interest thereon). In such circumstances, holders of notes that underlie Corporate Units will be deemed to have exercised such put right as described under "Description of the Purchase Contracts - Remarketing," unless they settle the related purchase contracts with separate cash.

### **Redemption at Our Option**

The notes will be redeemable at our option, in whole or in part, on a date not earlier than August 1, 2017. The redemption price will be the principal amount, plus accrued and unpaid interest, if any, to but excluding the redemption date. The Company may at any time irrevocably waive the right to redeem the notes for any specified period (including the remaining term of the notes). We may not redeem the notes if the notes have been accelerated and such acceleration has not been rescinded or unless all accrued and unpaid interest has been paid in full on all outstanding notes for all interest periods terminating on or prior to the redemption date. In a remarketing, we may extend the earliest redemption date on which any tranche may be redeemed from August 1, 2017 to a later date or to eliminate the redemption provisions of any tranche of notes.

### **Redemption Procedures**

We will mail notice of any optional redemption to the registered holder of the notes being redeemed not less than 30 days and not more than 60 days before the redemption date. The notice of redemption will identify, among other things, the redemption date, the redemption price and that on the redemption date, the redemption price will become due and payable and that notes called for redemption will cease to accrue interest on and after the redemption date (unless there is a default on payment of the redemption price). Prior to the redemption date, we will deposit with the paying agent or the trustee money sufficient to pay the redemption price of the notes to be redeemed on that date. If we redeem less than all of any series of notes, the trustee will choose the notes to be redeemed by a method that it deems fair and appropriate.

In the event the final remarketing fails and you do not settle the related purchase contracts with separate cash, if you hold notes as part of Corporate Units you will be deemed to exercise your option to put the notes to us unless you elect to settle the purchase contracts with separate cash as described under "Description of the Purchase Contracts - Notice to Settle with Cash," and we will apply a portion of the put price equal to the principal amount of the notes underlying your Corporate Units against your obligations under the purchase contracts. This remedy has the effect similar to an automatic redemption of the notes, but we do not have to give you prior notice or follow any of the other redemption procedures.

### **Payment**

So long as any separate notes are registered in the name of DTC, as depository for the notes as described herein under "Book-Entry Issuance - The Depository Trust Company," or DTC's nominee, payments on the notes will be made as described therein.

If we default in paying interest on a note, we will pay such interest either

on a special record date between 10 and 15 days before the payment; or

in any other lawful manner not inconsistent with the requirements of any securities exchange on which the notes may be listed for trading, if such manner of payment is deemed practicable by the trustee.

## **Table of Contents**

We will pay principal of and any interest on the notes at maturity upon presentation of the notes at the corporate trust office of the trustee or its agent, in each case, in The City of New York, which is initially the office or agency of the United Technologies Corporation maintained for such purpose in the Borough of Manhattan, The City of New York. In our discretion, we may remove any paying agent and may appoint one or more additional paying agents (including us or any of our affiliates).

If any interest payment date, redemption date or the maturity of a note falls on a day that is not a business day, the required payment of principal and/or interest will be payable on the following business day as if made on the date such payment was due, and no interest will accrue on such payment for the period from and after such interest payment date, redemption date or the maturity, as the case may be, to the date of such payment on the following business day.

## **Form; Transfers; Exchanges**

So long as any separate notes are registered in the name of DTC, as depository for the notes as described herein under Book-Entry Issuance The Depository Trust Company, or DTC's nominee, transfers and exchanges of beneficial interests in the separate notes will be made as described therein. In the event that the book-entry only system is discontinued, and the separate notes are issued in certificated form, you may exchange or transfer notes at the corporate trust office of the trustee or its agent, in each case, in the Borough of Manhattan, The City of New York. The trustee acts as our agent for registering notes in the names of holders and transferring notes. We may appoint another agent or act as our own agent for this purpose. The entity performing the role of maintaining the list of registered holders is called the security registrar. The security registrar will also perform transfers. In our discretion, we may change the place for registration of transfer of the notes and may remove and/or appoint one or more additional security registrars (including us or any of our affiliates).

There will be no service charge for any transfer or exchange of the notes, but a holder may be required to pay a sum sufficient to cover any tax or other governmental charge payable in connection therewith. We may block the transfer or exchange of notes during a period of 15 days prior to giving any notice of redemption.

## **Events of Default**

An event of default with respect to indenture securities of any series will occur if

we do not pay any interest on any indenture security of that series when it becomes due and payable (whether or not payment is prohibited by the subordination provisions in the indenture) and such default continues for 30 days (other than valid extensions or deferrals of interest as contemplated by the indenture);

we do not pay principal, or premium, if any, on any indenture security of that series at its maturity (whether or not payment is prohibited by the subordination provisions of the indenture);

we default in the performance of, or breach, any covenant or warranty of the Company under the indenture and such default continues for 60 days after a notice of default is given to us by the trustee or holders of at least 25% of the principal amount of all outstanding indenture securities;

an order or decree is entered adjudicating us bankrupt or insolvent, approving as properly filed a petition for our reorganization, arrangement, adjustment or composition of or in respect of the Company under the U.S. Bankruptcy Code or any other applicable federal or state law, or appointing a receiver, liquidator, assignee or similar official of the Company or of any substantial part of its property, or ordering the winding up or liquidation of our affairs, and such order or decree is unstayed and in effect for a period of 90 consecutive days; or

we institute proceedings to be adjudicated bankrupt or insolvent, or consent to the institution of bankruptcy or insolvency proceedings against us, file a petition or answer or consent seeking



**Table of Contents**

reorganization or relief under the U.S. Bankruptcy Code or other federal or state law, or consent to the filing of any such petition or to the appointment of a receiver, liquidator, assignee or similar official of the Company or any substantial part of its property, make an assignment for the benefit of credits or admit in writing our inability to pay our debts generally as they become due or take certain similar actions relating bankruptcy, insolvency, receivership or reorganization.

**Remedies**

***Acceleration***

*Any One Series.* If an event of default occurs that is described in the first two bullets under **Events of Default** above and is continuing with respect to any series of indenture securities, then either the trustee or the holders of not less than 25% in principal amount of the outstanding indenture securities of such series may declare the principal amount of all of the indenture securities of such series to be due and payable immediately (although the payment of the principal and interest on such indenture securities remains subject to the subordination provisions provided in the indenture) by notice in writing to the Company.

*More Than One Series.* If an event of default occurs that is described in the last three bullets under **Events of Default** above and is continuing, then either the trustee or the holders of not less than 25% of the aggregate principal amount of the outstanding indenture securities, considered as one class, may make such declaration of acceleration (although the payment of the principal and interest on such indenture securities remains subject to the subordination provisions provided in the indenture) by a notice in writing to the Company.

***Rescission of Acceleration***

After the declaration of acceleration has been made and before the trustee has obtained a judgment or decree for payment of the money due, such declaration and its consequences may, subject to specified conditions, be rescinded and annulled by the holders of a majority in principal amount of the outstanding indenture securities of that series (or of all series, as the case may be), if all events of default with respect to indenture securities of that series (or of all series, as the case may be), other than the nonpayment of the principal of indenture securities of that series (or of all series, as the case may be) which have become due solely by such declaration of acceleration, have been cured or waived as provided in the indenture.

However, no such rescission will affect any subsequent default or impair any right consequent on such subsequent default. For more information as to waiver of defaults, see **Waiver of Default and of Compliance** below.

***Control by Holders; Limitations***

If an event of default described in the first two bullets under **Events of Default** above occurs and is continuing, the holders of not less than a majority in principal amount of the outstanding indenture securities of the affected series will have the right to direct the time, method and place of (1) conducting any proceeding for any remedy available to the trustee or (2) exercising any trust or power conferred on the trustee.

With respect to any direction not relating to the first two bullets under **Events of Default** above, the holders of not less than a majority in aggregate principal amount of all outstanding indenture securities will have the right to make such direction.

These rights of holders to make such direction are subject to the following limitations:

- (4) The "Performance Unit Award" amounts reported represent possible payout upon satisfaction of the performance criteria set forth by the Board of Directors. The performance period is from December 5, 2017 through December 4, 2019 with measurement date on December 4, 2019 for the two-year grant and December 5, 2017 through December 4, 2020 with measurement date on December 4, 2020 for the three-year grant. The assumptions used in the calculations of these amounts are included in Note 14 to our Consolidated Financial Statements contained in our Annual Report on Form 10-K for fiscal 2018.
- (5) Amount shown is the total estimated fair value of the award on the date of grant calculated in accordance with ASC 718.
- (6) Mr. Yessner is compensated by Tatum and not eligible to participate in grants of plan-based awards.

(7) Mr. Peterson left the Company on May 14, 2018.

(8) Mr. Grant joined the Company on November 27, 2017.

#### Fiscal 2018 Outstanding Equity Awards at Fiscal Year-End Table

The following table sets forth certain information regarding all outstanding equity awards held by each of the NEOs as of September 30, 2018, except for Mr. Peterson, our former Executive Vice President and Chief Financial Officer, who left our Company in May 2018 and held no outstanding equity awards as of September 30, 2018. The values reported in the table have not been, and may never be, realized. Restricted stock unit and performance stock unit awards are subject to forfeiture restrictions, unless an eligible NEO (currently only Ms. McWaters) experiences a qualified retirement as described in "Potential Payments upon Termination or Change in Control." Performance stock unit awards are based on achievement of specified total shareholder return goals. For further details on our new performance-based long-term incentive plan, see "Compensation Discussion and Analysis - Compensation Elements - Long-Term Incentive Compensation" found elsewhere in this Proxy Statement. The value realized, if any, will depend on the market price of our common stock on the date a NEO eventually sells such shares once the restrictions have lapsed.

42

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Name	Award Date	Stock Awards		Equity	Equity
		Number of Shares or Units of Stock That Have Not Vested (#)	Market Value of Shares or Units of Stock That Have Not Vested (\$)	Incentive Plan Awards: Number of Unearned Shares, Units, or Rights That Have Not Vested (#)	Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units, or Other Rights Held That Have Not Vested (\$)
Kimberly J. McWaters					
	Sep 16, 2015	45,147	(1)\$120,091		
	Sep 14, 2016	86,957	(1)\$231,306		
	Sep 13, 2017			56,981	(2)\$177,211
	Dec 5, 2017	118,344	(3)\$314,795	29,586	(4)\$73,373
	Dec 5, 2017			29,586	(5)\$68,640
Scott Yessner (6)					
Jerome A. Grant (7)					
	Dec 5, 2017	44,379	(3)\$118,048	18,491	(4)\$45,858
	Dec 5, 2017			18,492	(5)\$42,901
Sherrell E. Smith					
	Jun 09, 2015	1,324	(1)\$3,522		
	Sep 16, 2015	14,109	(1)\$37,530		
	Sep 14, 2016	27,174	(1)\$72,283		
	Sep 13, 2017			17,807	(2)\$55,380
	Dec 5, 2017	36,983	(3)\$98,375	9,246	(4)\$22,930
	Dec 5, 2017			9,246	(5)\$21,451
Chad A. Freed					
	Jun 09, 2015	801	(1)\$2,131		
	Sep 16, 2015	14,109	(1)\$37,530		
	Sep 14, 2016	27,174	(1)\$72,283		
	Sep 13, 2017			17,807	(2)\$55,380
	Dec 5, 2017	36,983	(3)\$98,375	9,246	(4)\$22,930
	Dec 5, 2017			9,246	(5)\$21,451

(1) Assuming continued employment with the Company, the shares of common stock subject to these restricted stock unit awards will vest 25% per year on the first four anniversaries of the date of grant.

Amounts shown represent performance units granted with possible payout upon satisfaction of the performance criteria set forth by the Board of Directors. The performance period is from September 13, 2017 through (2) September 12, 2019 with measurement date on September 12, 2019. The assumptions used in the calculations of these amounts are included in Note 14 to our Consolidated Financial Statements contained in our Annual Report on Form 10-K for fiscal 2018.

Amounts shown represent the aggregate grant date fair value of the time-based restricted stock unit awards granted to the Named Executive Officers in fiscal 2018 and do not reflect whether the recipient will actually realize a (3) financial benefit from the award. The assumptions used in the calculations of these amounts are included in Note 14 to our Consolidated Financial Statements contained in our Annual Report on Form 10-K for fiscal 2018.

Amounts shown represent performance units granted with possible payout upon satisfaction of the performance criteria set forth by the Board of Directors. The performance period is from December 5, 2017 through December (4)4, 2020 with measurement date on December 4, 2020. The assumptions used in the calculations of these amounts are included in Note 14 to our Consolidated Financial Statements contained in our Annual Report on Form 10-K for fiscal 2018.

Amounts shown represent performance units granted with possible payout upon satisfaction of the performance criteria set forth by the Board of Directors. The performance period is from December 5, 2017 through December (5)4, 2019 with measurement date on December 4, 2019. The assumptions used in the calculations of these amounts are included in Note 14 to our Consolidated Financial Statements contained in our Annual Report on Form 10-K for fiscal 2018.

(6) Mr. Yessner is compensated by Tatum and not eligible to participate in the equity awards.

(7) Mr. Grant joined the Company on November 27, 2017.

#### Fiscal 2018 Option Exercises and Stock Vested Table

The following table sets forth certain information regarding the restricted stock awards and restricted stock units held by the NEOs that vested during fiscal 2018.

Name	Number of Shares Acquired on Vesting (#)	Value Realized on Vesting (\$) <sup>(1)</sup>
Kimberly J. McWaters	108,707	292,823
Scott Yessner (2)	—	—
Bryce H. Peterson (3)	3,173	8,186
Jerome A. Grant (4)	—	—
Sherrell E. Smith	33,035	89,500
Chad A. Freed	32,513	87,877

(1) Represents the market value of the shares of our common stock on the vesting date, multiplied by the number of shares that vested.

(2) Mr. Yessner is compensated by Tatum and not eligible to participate in the equity awards.

(3) Mr. Peterson left the Company on May 14, 2018.

(4) Mr. Grant joined the Company on November 27, 2017.

#### Pension Benefits

We did not sponsor any defined benefit pension or other actuarial plan for the NEOs during fiscal 2018.

## Fiscal 2018 Nonqualified Deferred Compensation Table

The following table sets forth the vested account balances of the NEOs under our Nonqualified Deferred Compensation Plan for the fiscal year ended September 30, 2018.

Name	Executive Contributions in Last FY (\$ (1))	Registrant Contributions in Last FY (\$ (2))	Aggregate Earnings in Last FY (\$)	Aggregate Withdrawals/ Distributions (\$)	Aggregate Balance at Last FYE (\$ (3))
Kimberly J. McWaters	—	—	26,866	—	692,151
Scott Yessner (4)	—	—	—	—	—
Bryce H. Peterson (5)	—	—	—	—	—
Jerome A. Grant (6)	—	—	—	—	—
Sherrell E. Smith	—	—	24,889	—	313,189
Chad A. Freed	—	—	24,091	—	330,433

(1) Reflects the amounts deferred for each individual into the Nonqualified Deferred Compensation Plan. These amounts are included in the Salary column of the Fiscal 2018 Summary Compensation Table.

(2) Reflects the Company's contributions to the individual's deferred compensation account. In 2018, there were no Company contributions.

(3) Reflects the fully vested and earned compensation as of September 30, 2018.

(4) Mr. Yessner is compensated by Tatum and not eligible to participate in the Nonqualified Deferred Compensation Plan.

(5) Mr. Peterson left the Company on May 14, 2018.

(6) Mr. Grant joined the Company on November 27, 2017.

Pursuant to our Nonqualified Deferred Compensation Plan, a participant employed for at least one year is eligible for an incentive matching contribution equal to 50% of his or her plan contributions, up to the maximum "matchable" compensation equivalent to 5% of base salary. These Company matching contributions are subject to a five-year vesting schedule. Beginning in January 2013, we suspended the Company matching contribution under the Nonqualified Deferred Compensation Plan. The suspension of Company matching contributions currently remains in place.

The Nonqualified Deferred Compensation Plan allows for deferral of up to 75% of base salary and up to 90% of annual bonus, as well as participant deferrals to offset any excess deferrals which are returned to the participant due to required discrimination testing under the Section 401(k) plan. Participants may elect to invest among a number of mutual fund options and participant account balances will be credited on a pre-tax basis with earnings, or losses, equivalent to the actual market performance of these investments.

Participants can elect to receive payments at separation from service and/or in the form of an in-service withdrawal. Generally, accounts are valued on the last business day of the month following separation from service, death or disability, with payments made in the following month. Separation from service accounts can be paid in (i) a lump sum, (ii) annual installments over a period of up to 10 years or (iii) a partial lump sum with the balance paid in annual installments, according to a participant's election.

In-Service account elections must be made for a specific date, at least three years in the future, and can be paid in a lump sum or in annual installments over a period of up to five years, according to the participant's election.

If a participant dies, becomes disabled while employed by the Company or separates from services within 24 months following a change in control of the Company, all of his or her accounts will be paid in a single lump sum.

Participants may also receive distributions in the event of an unforeseeable financial emergency resulting from (i) an illness or accident involving the participant, participant's spouse or dependents, or a beneficiary, (ii) a loss of property due to casualty or (iii) other extraordinary and unforeseeable events that are beyond the participant's control.

Participants may request an emergency distribution from the plan up to the amount necessary to satisfy the emergency. All requests for such distributions require the approval of the Company.

#### Employment Agreement

Effective April 8, 2014, we entered into an employment agreement with Ms. McWaters that provides for the terms and conditions of her employment as our Chief Executive Officer. The employment agreement had an initial term of three years and automatically renews for successive three-year terms thereafter, unless either party gives written notice to the other 180-120 days prior to the end of the then-current term of intent not to renew the agreement. The agreement provided for a base salary of \$709,000 per annum, which is reviewed annually by our Board of Directors and was last increased to \$737,644 in fiscal 2016. The agreement also provides for an annual bonus based on performance as determined and approved by our Board of Directors and provides for other benefits and perquisites as established and made available from time to time by our Board of Directors.

Equity awards will be granted in the discretion of and as determined and approved by our Board of Directors, and, unless we and Ms. McWaters agree otherwise, any stock unit awards granted to Ms. McWaters will include a provision that if Ms. McWaters experiences a qualifying "retirement" (as defined in the agreement), then any portion of such awards that are scheduled to vest within 12 months following such retirement will continue to vest in accordance with their terms as if Ms. McWaters were still employed, notwithstanding any continuous employment or services requirements applicable generally under any equity plan or award, subject to Ms. McWaters' continued compliance with certain covenants and subject to having signed and not revoked a release in favor of the Company.

The employment agreement further provides for certain payments and benefits in the event of Ms. McWaters' termination of employment under certain specified circumstances, including in connection with a change in control of the Company. For further information, see "Potential Payments upon Termination or Change in Control" below.

The agreement includes confidential information and covenant not to compete provisions.

#### Potential Payments upon Termination or Change in Control

Each of the NEOs (with the exception of Mr. Yessner) is eligible to receive certain payments and benefits in connection with his or her termination of employment under various circumstances, including following a change in control of the Company, under his or her employment agreement or other applicable agreements, and under the terms that apply to our outstanding restricted stock and restricted stock unit awards. Mr. Peterson, our former Executive Vice President and Chief Financial Officer, left our Company in May 2018 and is receiving severance under our Severance Plan.

The estimated potential payments and benefits payable to each NEO (with the exception of Messrs. Yessner and Peterson) in the event of termination of employment as of September 30, 2018 pursuant to his or her particular

post-employment compensation arrangement are described below. The actual payments and benefits to Mr. Peterson pursuant to his post-employment compensation arrangement are described below.

The actual amounts that would be paid or distributed to the NEOs as a result of one of the termination events occurring in the future may be different than those presented below as many factors will affect the amount of any payments and benefits upon a termination of employment. For example, some of the factors that could affect the amounts payable include the NEO's base salary, then-current incentive opportunities and applicable arrangements, then-current levels of health and other welfare benefits coverage and the market price of our common stock. Although we have entered into written arrangements to provide payments and benefits to the NEOs in connection with a termination of employment under particular circumstances, we, or an acquirer, may mutually agree with the NEOs on severance terms that vary from those provided in these pre-existing arrangements. Finally, in addition to the amounts presented below, each NEO would also be able to exercise any previously vested options to purchase shares of our common stock that he or she holds. For more information about the NEO's outstanding equity awards as of September 30, 2018, see "Fiscal 2018 Outstanding Equity Awards at Fiscal Year-End."

Along with the payments and benefits described in a NEO's individual post-employment compensation agreement and equity award agreements, he or she is also eligible to receive any benefits accrued under our broad-based benefit plans, in accordance with the terms of those plans and policies.

Ms. McWaters

The employment agreement with Ms. McWaters provides for certain specific payments and benefits under certain circumstances, including in the event that her employment is terminated by us without "cause" or by her for "good reason" (as these terms are defined in the agreements), including in connection with a change in control of the Company. Non-renewal of the employment agreement will also result in the receipt of severance payments and benefits. The death or disability of the NEO also triggers certain payments and benefits. Generally, each provides for a continuation of base salary payments for a specified period following a termination of employment. Additionally, upon a qualified retirement, any stock unit awards scheduled to vest within 12 months following such retirement will continue to vest according to their terms. As a condition to any such payments and benefits, the NEO must first execute a waiver and release of claims in favor of the Company.

Messrs. Peterson, Grant, Smith and Freed

We entered into change in control agreements with Messrs. Peterson, Grant, Smith and Freed. These agreements provide that if the employment of the NEO is terminated by us without "cause" or by him or her for "good reason" (as these terms are defined in the agreement) within one year following a change in control of the Company, subject to executing a waiver and release of claims in favor of the Company, he or she will receive:

• His or her base salary for a specified period following the date of termination of employment;

• A prorated portion of his or her annual cash incentive award (calculated by multiplying his or her target bonus percentage by his or her fiscal year base salary earned through the date of termination of employment); and

• Twelve months of paid health benefits continuation and outplacement services.

We entered into these agreements with Messrs. Peterson, Grant, Smith and Freed to facilitate our ability to retain the services of these NEOs in a competitive marketplace that commonly offers such protections.

In addition, in conjunction with Mr. Smith's offer of employment in August 2012, we entered into an agreement with him in the form of an addendum to his offer letter (the "Addendum Letter"). The Addendum Letter provides Mr. Smith with his base salary for 52 weeks if his employment is terminated by us without "cause." In

addition, in this situation he will receive 12 months of paid health benefits continuation and Company-paid outplacement services. In the event that Mr. Smith's employment is terminated without "cause" following a change in control of the Company, he will be eligible to receive payments and benefits only as provided under his change in control agreement with us, and not pursuant to the Addendum Letter.

#### Other Executive Officers

Our Severance Plan provides severance pay and outplacement to eligible Executive and Senior Vice Presidents of the Company. In the event an eligible Executive or Senior Vice President is terminated by us without "cause" (as defined in the Severance Plan), such Executive or Senior Vice President would be entitled to receive a cash severance payment equal to his or her annual base salary at the highest rate in effect during the 12 months immediately preceding the termination of employment, subject to the requirement to execute and not revoke a Release of Claims. In addition, such eligible Executive or Senior Vice President would receive the following:

• An additional cash severance payment equal to (i) the sum of 12 times the monthly employer-paid portion of the medical and dental premiums in effect at termination, plus (ii) 40% of the sum in subsection (i);

- Payment of a pro-rated bonus for the fiscal year in which the termination of employment occurs, but only if such bonus is approved by our Board of Directors;

Payment of any bonus to which the eligible Executive or Senior Vice President may be entitled for the fiscal year immediately preceding the termination date if the termination of employment occurs between the end of the fiscal year and the applicable bonus payout; and

• Twelve months of outplacement services.

The following tables show the estimated payments and benefits payable to each NEO (with the exception of Messrs. Yessner and Peterson) under various scenarios related to a termination of employment, including in connection with a change in control of the Company. The tables assume that such termination of employment occurred on September 30, 2018, and include the estimated payments and benefits payable pursuant to the Severance Plan. The actual amounts that would be paid to any NEO can only be determined at the time of an actual termination of employment and may vary from those set forth below. The estimated payments and benefits set forth below are in addition to any retirement, welfare and other benefits that are available to our employees generally.



	Termination without Cause or for Good Reason	Termination Following Change in Control	Current Company Non-Renewal Termination (Termination within 12 months)	Disability	Death
<b>Kimberly J. McWaters</b>					
Severance Payments (1)	\$ 1,475,288	\$ 1,475,288	\$ 1,475,288	\$ 1,475,288	\$ 1,475,288
Annual Incentive Plan (2)	—	1,475,288	—	—	—
Performance Cash (3)	300,000	400,000	—	162,500	162,500
Benefits (4)	142,444	142,444	—	142,444	881,485
Stock Awards (5)	640,677	1,066,192	640,677	828,692	828,692
<b>Total</b>	<b>\$ 2,558,409</b>	<b>\$ 4,559,212</b>	<b>\$ 2,115,965</b>	<b>\$ 2,608,924</b>	<b>\$ 3,347,965</b>
<b>Scott Yessner (6)</b>					
Severance Payments	\$—	\$—	\$—	\$—	\$—
Annual Incentive Plan	—	—	—	—	—
Performance Cash	—	—	—	—	—
Benefits	—	—	—	—	—
Stock Awards	—	—	—	—	—
<b>Total</b>	<b>\$—</b>	<b>\$—</b>	<b>\$—</b>	<b>\$—</b>	<b>\$—</b>
<b>Jerome A. Grant (7)</b>					
Severance Payments (1)	\$ 400,000	\$ 400,000	\$—	\$—	\$—
Annual Incentive Plan (2)	—	260,000	—	—	—
Performance Cash (3)	—	75,000	—	23,438	23,438
Benefits (8)	35,708	35,708	—	—	800,000
Stock Awards (9)	—	243,048	—	157,111	157,111
<b>Total</b>	<b>\$ 435,708</b>	<b>\$ 1,013,756</b>	<b>\$—</b>	<b>\$ 180,549</b>	<b>\$ 980,549</b>
<b>Sherrell E. Smith</b>					
Severance Payments (1)	\$ 408,000	\$ 408,000	\$—	\$—	\$—
Annual Incentive Plan (2)	—	265,200	—	—	—
Performance Cash (3)	—	125,000	—	50,781	50,781
Benefits (8)	28,908	28,908	—	—	800,000
Stock Awards (9)	—	336,709	—	262,491	262,491
<b>Total</b>	<b>\$ 436,908</b>	<b>\$ 1,163,817</b>	<b>\$—</b>	<b>\$ 313,272</b>	<b>\$ 1,113,272</b>
<b>Chad A. Freed</b>					
Severance Payments (1)	\$ 382,500	\$ 382,500	\$—	\$—	\$—
Annual Incentive Plan (2)	—	248,700	—	—	—
Performance Cash (3)	—	125,000	—	50,781	50,781
Benefits (8)	35,708	35,708	—	—	800,000
Stock Awards (9)	—	335,318	—	261,099	261,099
<b>Total</b>	<b>\$ 418,208</b>	<b>\$ 1,127,226</b>	<b>\$—</b>	<b>\$ 311,880</b>	<b>\$ 1,111,880</b>

Mr. Peterson left our Company in May 2018. Mr. Peterson is receiving severance pursuant to our Severance Plan as set forth below.

Bryce H. Peterson (10)	
Severance Payments (1)	\$335,000
Annual Incentive Plan (2)	—
Performance Cash (3)	—
Benefits (11)	23,242
Stock Awards (9)	—
Total	\$358,242

(1) Represents 24 months of previous base salary for Ms. McWaters. Represents 12 months of base salary for Messrs. Grant, Smith, Freed and Peterson.

(2) Represents actual bonus earned pro-rated through termination date for all NEOs for all applicable columns except for termination of employment following a change in control of the Company. For terminations of employment following a change in control of the Company, represents target bonus through termination date and two times target bonus for Ms. McWaters.

(3) Represents all unvested performance cash target awards which become fully vested upon a change in control. In the event of a NEO's death or disability, the possible payout would pro-rate on the date of death or disability upon satisfaction of the performance criteria set forth by the Board of Directors.

(4) Represents 150% of the value of 24 months of payment of medical, dental, vision and ArmadaCare insurance premiums for Ms. McWaters. Includes reasonable outplacement benefits, and in the event of death, life insurance benefits of \$800,000. If separation is the result of disability, Ms. McWaters would also be eligible for disability insurance benefits under the Company's employee benefit plan. If separation is the result of death this amount reflects 150% of 24 months of payment of medical, dental, vision and ArmadaCare insurance premiums for Ms. McWaters' spouse and child.

(5) Represents all unvested restricted stock and restricted stock unit awards which become fully vested and exercisable upon a change in control of the Company or the NEO's death or disability. Performance units become fully vested on the date of a termination without cause following a change in control. Performance units possible payout would pro-rate based on the date of death or disability upon satisfaction of the performance criteria set forth by the Board of Directors. Amounts reported represent the aggregate fair market value of restricted stock that have not vested and grant date fair value of performance unit awards. Ms. McWaters meets retirement criteria for which unvested restricted stock unit and performance unit awards scheduled to vest within 12 months following a qualified retirement, would continue to vest.

(6) Mr. Yessner is compensated by Tatum.

(7) Mr. Grant joined the Company on November 27, 2017.

(8) Represents the value of 12 months of payment of the employer paid portion of medical and dental benefits for Messrs. Grant, Smith and Freed for a change in control, and represents 140% of the same value for termination of employment without cause. Includes reasonable outplacement benefits, and in the event of death, life insurance benefits of \$800,000. If separation is the result of disability, the NEO would also be eligible for disability insurance benefits under the Company's employee benefit plan.



Represents all unvested restricted stock and restricted stock unit awards, which become fully vested and exercisable upon a change in control of the Company or the NEO's death or disability. Performance units become fully vested on the date of a termination without cause following a change in control. Performance units possible payout would pro-rate based on the date of death or disability upon satisfaction of the performance criteria set forth by the Board of Directors. Amounts reported represent the aggregate fair market value of restricted stock that have not vested and grant date fair value of performance unit awards.

(9) Mr. Peterson left the Company on May 14, 2018.

Represents the value of 12 months of payment of the employer paid portion of medical and dental benefits and (11) represents 140% of the same value for termination of employment without cause. Mr. Peterson did not utilize outplacement services and was, therefore, not paid that benefit.

Total amounts payable to Ms. McWaters would be whichever of the amounts, either the full amount or such lesser amount as would result in no part of the payments being subject to the excise tax, result in employee's receipt on an after-tax basis of the greater amount. Total amounts for all other Named Executive Officers may be reduced to the extent necessary so that the amount payable is not subject to excise tax under Section 4999 of the Internal Revenue Code.

## CEO Pay Ratio

For the fiscal year ended September 30, 2018, the median of the annual total compensation of all employees of our Company (other than our President and Chief Executive Officer) was \$86,948, and the annual total compensation of our President and Chief Executive Officer was \$1,322,688. Based on this information, for fiscal 2018, the ratio of the annual total compensation of our President and Chief Executive Officer to the median of the annual total compensation of all other employees was estimated to be 15.2:1.

We believe this ratio is a reasonable estimate calculated in a manner consistent with SEC rules based on our payroll and employment records and the methodology described below. The SEC rules for identifying the median compensated employee and calculating the pay ratio based on that employee's annual total compensation allow companies to adopt a variety of methodologies, apply certain exclusions, and make reasonable estimates and assumptions that reflect their compensation practices. As such, the pay ratio reported by other companies may not be comparable to the pay ratio reported above, as other companies may have different employment and compensation practices and may utilize different methodologies, exclusions, estimates, and assumptions in calculating their own pay ratios.

We selected the first day of our fourth fiscal quarter, as the date upon which we would identify the "median employee" because it enabled us to make such identification in a reasonably efficient and economical manner.

To identify the "median employee," we considered the prior trailing 12 months of W-2 wages as of July 1, 2018 for our consistently applied compensation measure because we believe that this measure reasonably reflects the annual compensation of our employees. No cost of living adjustments were applied, and no jurisdictions were excluded. Once we identified the median employee, we totaled all of the elements of the employee's compensation for fiscal 2018 in accordance with the requirements of the applicable rules of the SEC, and consistent with the calculation of total compensation of our CEO in the Fiscal 2018 Summary Compensation Table.

## OTHER MATTERS

The Board of Directors knows of no matters, other than the proposals presented above, to be submitted to the Annual Meeting. If any other matters properly come before the Annual Meeting, it is the intention of the persons named in the proxy card enclosed with this Proxy Statement to vote the shares they represent as the Board of Directors may recommend.

## SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth information as of January 2, 2019 with respect to the beneficial ownership of shares of common stock and Series A Preferred Stock by:

- each person known to us to be the beneficial owner of 5% or more of the outstanding shares of our common stock or Series A Preferred Stock;
- each of our directors, director nominees and NEOs; and
- all of our executive officers and directors as a group.

Beneficial ownership is determined in accordance with the rules of the SEC and generally means that a person has beneficial ownership of a security if he, she or it possesses sole or shared voting or investment power over that security, including options and warrants that are currently exercisable or exercisable within 60 days of January 2, 2019 and RSUs that are currently vested or will be vested within 60 days of January 2, 2019. Shares issuable pursuant to options, warrants and RSUs are deemed outstanding for computing the percentage of the person holding such options, warrants or RSUs but are not deemed outstanding for computing the percentage of any other person. Except in cases where community property laws apply or as indicated in the footnotes to this table, we believe that each stockholder identified in the table possesses sole voting and investment power over all shares of common stock and Series A Preferred Stock shown as beneficially owned by the stockholder.

Directors and Named Executive Officers:	Shares Beneficially Owned				% of Total Voting Power (1)
	Common Stock		Series A Preferred Stock		
	Shares	%	Shares	%	
Kimberly J. McWaters (2)	448,127	1.8 %	—	—	1.7 %
Scott Yessner	—	—	—	—	—
Bryce H. Peterson (3)	37,153	*	—	—	*
Jerome A. Grant	10,791	*	—	—	*
Sherrell E. Smith (4)	116,990	*	—	—	*
Chad A. Freed	79,917	*	—	—	*
David A. Blaszkiewicz	61,364	*	—	—	*
Conrad A. Conrad	75,300	*	—	—	*
Robert T. DeVincenzi (5)	181,059	*	—	—	*
LTG (R) William J. Lennox, Jr.	60,731	*	—	—	*
Roderick R. Paige	68,751	*	—	—	*
Roger S. Penske	63,447	*	—	—	*
Christopher S. Shackelton (6)	3,643,199	14.4 %	700,000	100.0 %	18.5 %
Linda J. Srere (7)	102,300	*	—	—	*
Kenneth R. Trammell (7)	95,819	*	—	—	*
John C. White (8)	2,596,310	10.2 %	—	—	9.7 %
All directors and executive officers as a group (19 persons) (9)	7,695,274	30.1 %	700,000	100.0 %	32.9 %
5% Holders: (10)					
Coliseum Capital Management, LLC	3,643,199 (11)	14.4 %	700,000 (12)	100.0 %	18.5 % (13)
PVAM Perlus Microcap Fund L.P. (14)	1,444,230	5.7 %	—	—	5.4 %
Renaissance Technologies Holdings Corp. (15)	1,374,000	5.4 %	—	—	5.2 %
Alexander Capital Advisors, LLC (16)	1,368,950	5.4 %	—	—	5.1 %
Sterling Capital Management, LLC (17)	1,329,945	5.2 %	—	—	5.0 %

\*Less than 1%.

As of the close of business on January 2, 2019, there were 25,365,414 shares of our common stock and 700,000 shares of our Series A Preferred Stock outstanding and entitled to vote at the Annual Meeting. Each share of common stock is entitled to one vote on each matter voted upon. Holders of shares of Series A Preferred Stock are entitled to vote with the holders of shares of common stock, and not as a separate class, on an as-converted basis. The shares of Series A Preferred Stock are convertible into an aggregate of 21,021,021 shares of common stock. However, prior to the receipt of regulatory approval (as provided in the Certificate of Designations), the

- (1) Series A Preferred Stock may only be voted to the extent that the aggregate voting power of all the Series A Preferred Stock and any common stock issued upon conversion thereof does not exceed 4.99% of the aggregate voting power of all of our voting stock outstanding at the close of business on June 24, 2016. As a result, the shares of Series A Preferred Stock are entitled to an aggregate of only 1,289,576 votes. As such, the total number of shares entitled to vote as of January 2, 2019 is 26,654,990. This column is intended to show total voting power and does not include shares underlying options or RSUs. For additional information, please see “Certain Relationships and Related Transactions - Securities Purchase Agreement - Voting,” which is included elsewhere in this Proxy Statement.
- (2) Ms. McWaters has sole voting and investment power over 447,420 shares and shared voting and investment power over 707 shares.  
Mr. Peterson is our former Executive Vice President and Chief Financial Officer. Shares of common stock held
- (3) reflect information available upon Mr. Peterson's departure from the Company.
- (4) Mr. Smith has sole voting and investment power over 97,329 shares and shared voting and investment power over 19,661 shares.
- (5) Includes 150,000 shares of common stock underlying vested stock options.
- (6) Reference is made to footnotes (11), (12) and (13) below.
- (7) Includes 30,000 shares of common stock underlying vested stock options.  
Includes 2,464,675 shares of common stock held of record by Whites’ Family Company, LLC and 1,000 shares held of record by John C. White and Cynthia L. White 1989 Family Trust, of which John C. White is a trustee.
- (8) The White Descendants Trust u/a/d September 10, 1997 is the sole member and manager of Whites’ Family Company, LLC. John C. White is the trustee of the White Descendants Trust u/a/d September 10, 1997. Mr. White has sole voting and investment power over 130,635 shares and shared voting and investment power over 2,465,675 shares.
- (9) Consists of 7,480,065 shares of common stock, 210,000 shares of common stock underlying vested stock options and 5,209 shares of common stock underlying restricted stock units which vest within 60 days of January 2, 2019. For 5% Holders, the Company is relying on the numbers of shares as reported in the applicable Schedule 13D or Schedule 13G and calculating the percentages in this table based on the number of shares outstanding at January
- (10) 2, 2019. Accordingly, certain holders who previously filed a Schedule 13D or Schedule 13G have been excluded where their percentage ownership at the record date as so calculated falls below the 5% threshold.



- CCM holds shared voting and dispositive power with respect to 3,601,724 shares of common stock, which does not include 1,289,576 shares of common stock that could be obtained upon conversion of Series A Preferred Stock or that could be voted pursuant to the as-converted voting provisions of the Series A Preferred Stock or 19,731,445 shares of common stock (or the voting equivalent thereof) subject to the Conversion Cap (as defined below) and the Investor Voting Cap. CC holds shared voting and dispositive power with respect to 2,742,231 shares of common stock, which does not include 1,289,576 shares of common stock that could be obtained upon conversion of Series A Preferred Stock or that could be voted pursuant to the as-converted voting provisions of the Series A Preferred Stock or 15,787,901 shares of common stock (or the voting equivalent thereof) subject to the Conversion Cap and the Investor Voting Cap. CCP holds shared voting and dispositive power with respect to 2,167,822 shares of common stock, which does not include 1,289,576 shares of common stock that could be obtained upon conversion of Series A Preferred Stock or that could be voted pursuant to the as-converted voting provisions of the Series A Preferred Stock or 9,199,913 shares of common stock (or the voting equivalent thereof) subject to the Conversion Cap and the Investor Voting Cap. Coliseum Capital Partners II, L.P. (“CCPII”) holds shared voting and dispositive power with respect to 574,409 shares of common stock, which does not include 1,289,576 shares of common stock that could be obtained upon conversion of Series A Preferred Stock or that could be voted pursuant to the as-converted voting provisions of the Series A Preferred Stock or 1,630,544 shares of common stock (or the voting equivalent thereof) subject to the Conversion Cap and the Investor Voting Cap. Adam Gray holds shared voting and dispositive power with respect to 3,601,724 shares of common stock, which does not include 1,289,576 shares of common stock that could be obtained upon conversion of Series A Preferred
- (11) Stock or that could be voted pursuant to the as-converted voting provisions of the Series A Preferred Stock or 19,731,445 shares of common stock (or the voting equivalent thereof) subject to the Conversion Cap and the Investor Voting Cap. Christopher Shackelton holds (a) sole voting and dispositive power with respect to 41,475 shares of common stock held directly by Shackelton, his spouse and trusts for the benefit of his descendants and (b) shared voting and dispositive power with respect to 3,601,724 shares of common stock, which does not include 1,289,576 shares of common stock that could be obtained upon conversion of Series A Preferred Stock or that could be voted pursuant to the as-converted voting provisions of the Series A Preferred Stock or 19,731,445 shares of common stock (or the voting equivalent thereof) subject to the Conversion Cap and the Investor Voting Cap. Also not included are (a) 1,289,576 shares of common stock that could be obtained upon conversion of Series A Preferred Stock or that could be voted pursuant to the as-converted voting provisions of the Series A Preferred Stock or 19,731,445 shares of common stock (or the voting equivalent thereof) subject to the Conversion Cap and the Investor Voting Cap over which Coliseum holds shared voting and dispositive power, or (b) 1,289,576 shares of common stock that could be obtained upon conversion of Series A Preferred Stock or that could be voted pursuant to the as-converted voting provisions of the Series A Preferred Stock or 2,378,292 shares of common stock (or the voting equivalent thereof) subject to the Conversion Cap and the Investor Voting Cap over which Coliseum Capital Co-Invest, L.P. (“CCC”) holds shared voting and dispositive power. The business address for the foregoing is 105 Rowayton Avenue, Rowayton, CT 06853. For additional information, please see “Certain Relationships and Related Transactions - Securities Purchase Agreement,” which is included elsewhere in this Proxy Statement.
- CCM holds shared voting and dispositive power with respect to 700,000 shares of Series A Preferred Stock. CC holds shared voting and dispositive power with respect to 568,680 shares of Series A Preferred Stock. CCP holds shared voting and dispositive power with respect to 349,300 shares of Series A Preferred Stock. CCPII holds
- (12) shared voting and dispositive power with respect to 97,240 shares of Series A Preferred Stock. Coliseum holds shared voting and dispositive power with respect to 700,000 shares of Series A Preferred Stock. CCC holds shared voting and dispositive power with respect to 122,140 shares of Series A Preferred Stock. Mr. Gray holds shared voting and dispositive power with respect to 700,000 shares of Series A Preferred Stock. Mr. Shackelton holds shared voting and dispositive power with respect to 700,000 shares of Series A Preferred Stock.
- (13) Based on an aggregate of (a) 3,643,199 shares of common stock and (b) 1,289,576 shares of common stock that could be obtained upon conversion of Series A Preferred Stock or that could be voted pursuant to the as-converted voting provisions of the Series A Preferred Stock.

Based solely on the information provided in a Schedule 13G/A (Amendment No. 1) filed by PVAM Perlus Microcap Fund L.P. ("PVAM Microcap"), PVAM Holdings Ltd. ("PVAM Holdings"), and Pacific View Asset Management (UK) LLP ("PVAM UK") with the SEC as of February 13, 2018. PVAM Microcap, PVAM (14) Holdings and PVAM UK each reported shared voting and dispositive power over 1,444,230 shares. The business address for PVAM Microcap is c/o Conyers Trust Company (Cayman) Limited Cricket Square, Hutchins Drive, P.O. Box. 2681 Grand Cayman, KY1-1111 Cayman Islands. The business address for PVAM Holdings and PVAM UK is 5th floor 6 St. Andrew, London, United Kingdom EC4A 3AE.

Based solely on the information provided in a Schedule 13G filed by Renaissance Technologies LLC ("RTC") and Renaissance Technologies Holdings Corporation ("RTHC") with the SEC as of February 14, 2018. RTC and (15) RTHC each reported sole voting power over 1,307,097 shares, sole dispositive power over 1,307,097 shares and shared dispositive power over 66,903 shares. The business address for these filers is 800 Third Avenue, New York, New York 10022.

Based solely on the information provided in a Schedule 13G/A filed by Alexander Capital Advisors, LLC with the SEC as of February 9, 2018. Alexander Capital Advisors, LLC reported sole voting power over 509,500 (16) shares and sole dispositive power over 1,368,950 shares. Alexander Capital Advisors, LLC's business address is 125 Elm Street, New Canaan, CT 06840.

Based solely on the information provided in a Schedule 13G/A (Amendment No. 1) filed by Sterling Capital Management LLC ("Sterling") with the SEC as of January 22, 2015. Sterling reported sole voting and dispositive (17) power over 1,329,945 shares. Sterling's business address is Two Morrocroft Centre, 4064 Colony Road, Suite 300, Charlotte, NC 28211.

Unless otherwise noted, the address of each person named in the table is 16220 North Scottsdale Road, Suite 500, Scottsdale, Arizona 85254.

#### SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Section 16(a) of the Exchange Act requires our directors, executive officers and greater than 10% stockholders to file reports of holdings and transactions in our shares with the SEC. For the fiscal year ended September 30, 2018, to our knowledge and based solely on a review of copies of reports furnished to us, or written representations, we believe that the applicable reporting requirements of Section 16(a) have been satisfied.

#### CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

##### Policy Regarding Transactions with Related Persons

Our Board of Directors adopted a written Related Party Transaction Policy (the "Policy") pursuant to which all "Interested Transactions" with a "Related Party" are subject to review and approval by the Nominating and Corporate Governance Committee. Ongoing or long-term transactions with a Related Party in existence at the time the Policy was adopted, if any, will also be subject to ratification on at least an annual basis. For purposes of the Policy, an "Interested Transaction" is a transaction, arrangement or relationship or a series of similar transactions, arrangements or relationships (including any indebtedness or guaranty of indebtedness) in an amount equal to or exceeding \$120,000 in any fiscal year in which us, including any of our subsidiaries, was, is or will be a participant and in which any "Related Party" had, has or will have a direct or indirect material interest. Any indirect interest includes an interest held by or through any entity in which any "Related Party" is employed or is a partner or principal; or in a similar position or in which such "Related Party" has a 10% or greater beneficial ownership interest. A "Related Party" includes executive officers, directors, nominees for director, any person who is known to be the beneficial owner of more than 5% of any class of our voting securities and any immediate family member of any of the foregoing persons.

In considering whether to approve an Interested Transaction, the Nominating and Corporate Governance Committee considers such factors as it deems appropriate, which may include: (i) the Related Party's relationship with us and interest in the transaction; (ii) the material facts of the proposed Interested Transaction, including the proposed value of such transaction, or, in the case of indebtedness, the principal amount that would be involved; (iii) the benefits to us of the Interested Transaction; (iv) an assessment of whether the Interested Transaction is on terms that are comparable to the terms available with an unrelated party; (v) in the case of an existing transaction,

the impracticability or cost of securing alternative arrangements and (vi) such other factors as the committee deems relevant.

The Policy provides for standing pre-approval for certain categories of transactions with a Related Party without the need for specific approval by the Nominating and Corporate Governance Committee. These categories are: (i) certain transactions with other companies where the Related Party's only relationship is as an employee (other than as an executive officer), director or beneficial owner of less than 10% of the company's shares, if the aggregate amount involved does not exceed the greater of \$1 million or 2% of the other company's gross annual revenues in its most recently completed fiscal year; (ii) charitable contributions, grants or endowments by us to charitable organizations, foundations or universities at which a Related Party's only relationship is as an employee (other than as an officer) or a director or trustee, if the aggregate amount involved does not exceed the lesser of \$500,000 or 2% of the charitable organization's total annual receipts in its most recently completed fiscal year; and (iii) certain other transactions and arrangements which under certain SEC rules are excepted from disclosure as transactions with a Related Party.

#### Registration Rights Agreements

We are a party to a registration rights agreement with, among others, the following stockholders: (i) JZ Equity Partners PLC and the permitted transferees of The Jordan Company, LLC (collectively, the TJC Stockholders); (ii) Charlesbank Voting Trust, Charlesbank Equity Fund V, Limited Partnership, CB Offshore Equity Fund V, L.P., CB Equity Co-investment Fund V, Limited Partnership and Coyote Training Group, LLC (collectively, the Charlesbank Stockholders), (iii) Whites' Family Company, LLC; and (iv) Robert D. Hartman. The registration rights agreement provides for "piggyback" registration rights with respect to the restricted shares of our common stock held by each of the stockholder parties to this agreement, including Whites' Family Company, LLC, an entity controlled by John C. White, a current director and former Chairman of the Board of Directors. Accordingly, if we propose to register any of our common stock for sale to the public, we are required to give written notice of our intention to do so to each of the stockholders who are a party to this agreement and to use our best efforts to include in the registration statement the number of restricted shares of our common stock beneficially owned and requested to be registered by such stockholders, subject to reduction of such shares under certain circumstances by an underwriter. If a reduction of shares is necessary, stockholders who request to participate in the registration will do so pro rata based on the numbers of shares held by such stockholders on a fully-diluted basis, except that we will have first priority to register shares of our common stock if we initiate the registration for our own account. Pursuant to the registration rights agreement, the "piggyback" right terminates from and after the date on which those stockholders cease to beneficially own at least 1% of our issued and outstanding shares of common stock.

We are also a party to a registration rights agreement with Coliseum. For discussion of this agreement, see "Securities Purchase Agreement - Reservation of Shares Issuable upon Conversion" below.

#### with Management and Others

Since 1991, we have leased some of our properties from entities controlled by John C. White, a current director and former Chairman of our Board of Directors, or entities in which Mr. White's family members have an interest. A portion of the property comprising the Orlando location is occupied pursuant to a lease with the John C. and Cynthia L. White 1989 Family Trust, with the lease term expiring on August 19, 2022. The annual base lease payments for the first year under this lease totaled approximately \$326,000, with annual adjustments based on the higher of (i) an amount equal to 4% of the total annual rent for the immediately preceding year or (ii) the percentage of increase in the Consumer Price Index.

Another portion of the property comprising the Orlando location is occupied pursuant to a lease with Delegates LLC, an entity controlled by the White Family Trust, with the lease term expiring on August 31, 2022. The beneficiaries of the White Family Trust, which is an irrevocable grantor trust, are Mr. White's children and

the trustee of the trust is not related to Mr. White. Annual base lease payments for the first year under this lease totaled approximately \$680,000, with annual adjustments based on the higher of (i) an amount equal to 4% of the total annual rent for the immediately preceding year or (ii) the percentage of increase in the Consumer Price Index. The table below sets forth the total payments that the Company made in fiscal 2016, 2017 and 2018 under these leases:

	John C.		
	and		
	Cynthia		
	L.	Delegates	
	White	LLC	
	1989		
	Family		
	Trust		
Fiscal 2016	\$811,656	\$1,235,646	
Fiscal 2017	\$843,795	\$1,113,191	
Fiscal 2018	\$876,280	\$1,147,778	

We believe that the rental rates under these leases approximated fair market rental value of the properties at the time the lease agreements were negotiated.

John Murphy, the brother of our President and Chief Executive Officer, Kimberly J. McWaters, works for us as our Admissions Process Director and has been employed by us for over 17 years. Mr. Murphy's compensation in fiscal 2018 totaled approximately \$190,209. He is eligible to receive benefits that are provided to all of our employees generally.

Lori Smith, the wife of our Executive Vice President of Campus Operations and Services, Sherrell E. Smith, works for us as our Vice President of Business Intelligence and Integrated Technology Solutions and has been employed by us for over 25 years. Ms. Smith's compensation in fiscal 2018 totaled approximately \$265,992. She is eligible to receive benefits that are provided to all of our employees generally.

#### Securities Purchase Agreement

On June 24, 2016, we entered into a Securities Purchase Agreement (the "Purchase Agreement") with Coliseum, an affiliate of CCM, pursuant to which we issued and Coliseum purchased 700,000 shares of Series A Preferred Stock, par value \$0.0001 per share (the "Purchased Shares") for a total purchase price of \$70,000,000. The Purchase Agreement contained customary representations, warranties, covenants and indemnity provisions, including covenants relating to, among other things, information rights, the Company's financial reporting, tax matters, listing compliance under the NYSE, stockholder and regulatory approval and use of proceeds.

The description below provides a summary of certain material terms of the Series A Preferred Stock pursuant to the Purchase Agreement and set forth in the Certificate of Designations ("Certificate") of the Series A Preferred Stock: Rank. The Series A Preferred Stock will, with respect to dividend rights and rights upon liquidation, winding up or dissolution, rank senior to our common stock and each other junior class or series of shares that we may issue in the future. The Series A Preferred Stock will also rank junior to any future indebtedness.

Dividends. We may pay a cash dividend on each share of the Series A Preferred Stock at a rate of 7.5% per year on the liquidation preference then in effect ("Cash Dividend"). Such dividend shall be paid before any dividends would be declared or paid to common stockholders or other junior stockholders. If we do not pay a Cash Dividend, the liquidation preference shall be increased to an amount equal to the current liquidation preference in effect plus an amount reflecting that liquidation preference multiplied by the Cash Dividend rate then in effect plus 2.0% per year ("Accrued Dividend"). Cash Dividends are payable semi-annually in arrears on September 30 and March 31 of each year, and will begin to accrue on the first day of the applicable dividend period. We paid Cash



Dividends of \$2.6 million at September 30, 2017, \$2.6 million at March 31, 2018 and \$2.6 million at September 30, 2018.

The Series A Preferred Stock includes participation rights such that, in the event that we pay a dividend or make a distribution on the outstanding common stock, we shall also pay to each holder of the Series A Preferred Stock a dividend on an as converted basis.

If we are required to or elect to obtain stockholder and regulatory approval and if such approval is not obtained within the time periods set forth in the Certificate, the dividend rates with respect to the Cash Dividend and Accrued Dividend will be increased by 5.0% per year, not to exceed a maximum of 14.5% per year, subject to downward adjustment on obtaining the foregoing approvals.

**Liquidation Preference.** In the event of voluntary or involuntary liquidation, dissolution or winding up of our company, holders of the Series A Preferred Stock are entitled to receive, before any distribution or payment to the holders of any common or junior stock, an amount per share of Series A Preferred Stock equal to the liquidation preference then in effect, which would include any Accrued Dividends. Alternatively, the holder may choose to receive the amount that would be payable per share of common stock issued upon conversion of the Series A Preferred Stock immediately prior to such liquidation event.

Mergers (regardless of whether we remain the surviving entity), sale of substantially all of our assets or any other recapitalization, reclassification or other transaction in which substantially all of our common stock is exchanged or converted into cash or other property are considered Deemed Liquidation Events. The Purchase Agreement provides that, in the case of a Deemed Liquidation Event, each holder of Series A Preferred Stock shall be entitled to receive the liquidation amount they would receive under a normal liquidation event; however, the liquidation amount must be in the same form of consideration as is payable to the holders of our common stock.

**Voting.** Holders of shares of Series A Preferred Stock will be entitled to vote with the holders of shares of common stock on an as-converted basis. The holders of the Series A Preferred Stock may vote only to an extent not to exceed 4.99% of the aggregate voting power of all of our voting stock outstanding on the issue date of June 24, 2016 (“Investor Voting Cap”), until such time that we seek regulatory approval to remove this cap. Additionally, a majority of the voting power of the Series A Preferred Stock must approve certain significant actions, including, among others, the issuance of certain equity securities; the repurchase, redemption or acquisition of our common stock; the incurrence of debt; the payment of dividends or distributions to any junior stock in excess of ten cents per share; the consummation of certain acquisitions, mergers or other such transactions; and the sale of material assets.

CCM, an affiliate of Coliseum, and its affiliates also beneficially own 3,643,199 shares of our common stock, as reported in a form 13D/A filed with the SEC on June 28, 2016; this represents approximately 14.4% of our outstanding common stock as of the record date of January 2, 2019. There is no voting limitation on this common stock.

**Conversion.**

**Conversion Rate and Conversion Price.** The conversion rate for the Series A Preferred Stock will be calculated by dividing the current liquidation preference by the conversion price then in effect. The initial conversion price for the Series A Preferred Stock is \$3.33 per share. The conversion price is subject to adjustment upon the occurrence of certain common stock events, as defined in the Purchase Agreement, including stock splits, reverse stock splits or the issuance of common stock dividends.

**Optional Conversion by Purchaser.** Shares of Series A Preferred Stock are convertible into common stock at any time at the option of the holder. The Series A Preferred Stock may be converted only to the extent that the number of shares of common stock issued upon conversion does not exceed 4.99% of the total share of common

stock outstanding on the issue date (“Conversion Cap”). The Conversion Cap was calculated to be 1,225,227 shares on the issue date of June 24, 2016, and may be removed upon regulatory approval.

**Optional Conversion by Our Company.** If at any time following the third anniversary of the issuance of the Series A Preferred Stock, the volume weighted average price of our common stock equals or exceeds 2.5 times the conversion price of the Series A Preferred Stock for a period of 20 consecutive trading days (“Conversion Trigger”), we may, at our option and subject to obtaining any required stockholder and regulatory approvals, require that any or all of the then outstanding shares of Series A Preferred Stock be automatically converted into our common stock at the conversion rate. We may not elect such conversion during the closed trading window periods in which any director or executive officer of our company is prohibited by us to, directly or indirectly, purchase, sell or otherwise acquire or transfer any equity security of our company. If we are unable to obtain the necessary regulatory approvals to remove the Conversion Cap within 120 days of giving our notice of intent to convert, we will have the option to redeem all shares of the Series A Preferred Stock at a premium.

**Optional Special Dividend and Conversion on Certain Change of Control.** Upon a change of control, at the written election by holders of a majority of the then outstanding shares of Series A Preferred Stock, we shall declare and pay a special cash dividend in the amount equal to either 1.5 or 2.0 times the Cash Dividend rate, depending on the type of change in control, multiplied by the liquidation preference per share then in effect.

**Redemption at the Option of Our Company.** We have the ability to redeem the Series A Preferred Stock at any time after the third anniversary of the issue date, provided that the Conversion Trigger has not been met on the date of the redemption notice. Holders of the Series A Preferred Stock will be able to convert their shares into common stock if neither the Investor Voting Cap nor Conversion Cap is in effect. If they do not provide notice of conversion within 10 days of receipt of the redemption notice, the redemption will proceed at a price per share equal to the product of the current conversion rate and 2.5 times the conversion price. If either the Investor Voting Cap or Conversion Cap is in effect at the date of the notice of redemption, the holder may request that we obtain the necessary regulatory approval for its removal.

After the tenth anniversary of the issue date, we have the ability to redeem the Series A Preferred Stock in whole or in part at any time. Holders of the Series A Preferred Stock will then be able to convert their shares into common stock if neither the Investor Voting Cap nor Conversion Cap is in effect. If they do not provide notice of conversion within 10 days of receipt of the redemption notice, the redemption will proceed at a price per share equal to the current liquidation preference. If either the Investor Voting Cap or Conversion Cap is in effect at the date of the notice of redemption, the holder may request that we obtain the necessary regulatory approval for its removal.

**Anti-dilution.** The conversion price of the Series A Preferred Stock is subject to certain customary anti-dilution protections should we effect certain common stock events, such as stock splits, stock dividends or subdivisions, reclassifications or combinations of our common stock. In such events, the conversion price will be adjusted in a proportionate manner to the change in outstanding share of common stock immediately preceding and immediately after the event.

**Reservation of Shares Issuable upon Conversion.** We are required, at all times, to reserve and keep available out of our authorized and unissued shares of common stock the number of shares that would be issuable upon conversion of all Series A Preferred Stock, assuming that the Conversion Cap does not apply. If this reserve is not sufficient at any point to allow for full conversion, we shall be required to take action to increase our pool of authorized but unissued shares.

Under the Securities Act, we were not required to register the offer or sale of the Series A Preferred Stock to the Purchaser. In conjunction with the Purchase Agreement, the parties entered into a Registration Rights Agreement in order to grant the Purchaser certain demand and piggyback registration rights covering the purchased shares. In the event that the Purchaser requests such registration of the Series A Preferred Stock, the Registration



Rights agreement provides that we shall bear all expenses associated with the registration, with the exception of underwriting discounts and commissions and brokerage fees.

Board Representation. Pursuant to the Certificate, for so long as Coliseum, its affiliates or any of its or its affiliates' transferees approved by the Company beneficially own at least a majority of the then outstanding shares of Series A Preferred Stock, the holders of shares of Series A Preferred Stock, by the vote or written consent of the holders of a majority of the then outstanding shares of Series A Preferred Stock shall have the right to designate one member to our Board of Directors who, subject to applicable law and regulations (including NYSE listing standards) may be appointed to a minimum of two committees of our Board of Directors. On June 29, 2016, our Board of Directors, upon the designation by the holders of Series A Preferred Stock, and upon deeming such appointment to be in the best interests of the Company, appointed Mr. Shackelton, a Managing Partner at CCM, to our Board of Directors. As Managing Partner and a co-founder of CCM, Mr. Shackelton has an indirect interest in the transaction.

Pursuant to CCM's company policy, Mr. Shackelton may not personally benefit from compensation he receives for serving as a director of any company in which CCM holds an equity interest. Mr. Shackelton has agreed that such compensation shall inure to the benefit of CCP. Further, we have agreed with Mr. Shackelton to provide such compensation in cash to avoid the complexity and expense of unregistered equity issuances as well as to avoid potential accumulations of common stock by CCM and its affiliates that could trigger the shareholder rights plan.

#### SUBMISSION OF STOCKHOLDER PROPOSALS

From time to time, stockholders seek to nominate directors or to present proposals for inclusion in the proxy statement and form of proxy, or otherwise for consideration at the annual meeting. To be included in the proxy statement or considered at an annual meeting, a stockholder must timely submit nominations of directors or other proposals to us in addition to complying with certain rules and regulations promulgated by the SEC. We intend to hold our year 2020 annual meeting during March 2020. We must receive proposals for our 2020 annual meeting no later than September 19, 2019 for possible inclusion in our proxy materials, or between October 31, 2019 and November 30, 2019, for possible consideration at the meeting. Stockholders should direct any communications, as well as related questions, to our Corporate Secretary at the address set forth on the first page of this Proxy Statement.

#### ANNUAL REPORT

Our 2018 Annual Report to stockholders has been made available to stockholders concurrently with this Proxy Statement, but is not incorporated into this Proxy Statement and is not to be considered to be a part of our proxy solicitation materials.

Upon request, we will provide, without charge to each stockholder of record as of the record date specified on the first page of this Proxy Statement, a copy of our Annual Report on Form 10-K for the year ended September 30, 2018 as filed with the SEC. Any exhibits listed in the Annual Report on Form 10-K also will be furnished upon request at the actual expense that we incur in furnishing such exhibits. Any such requests should be directed to our Corporate Secretary at the address set forth on the first page of this Proxy Statement.

#### NO INCORPORATION BY REFERENCE

In our filings with the SEC, information is sometimes "incorporated by reference." This means that we refer you to information previously filed with the SEC that should be considered as part of the particular filing. As provided under SEC regulations, the "Audit Committee Report" and the "Compensation Committee Report" contained in this Proxy Statement specifically are not incorporated by reference into any other filings with the SEC and shall not be deemed to be "Soliciting Material." In addition, this Proxy Statement includes several website addresses. These website addresses are intended to provide inactive, textual references only. The information on these websites is not part of this Proxy Statement.

#### DELIVERY OF DOCUMENTS TO SECURITY HOLDERS

Pursuant to the rules of the SEC, we and services that we employ to deliver communications to our stockholders are permitted to deliver to two or more stockholders sharing the same address a single copy of each of our Annual Report to stockholders and the Proxy Statement. Upon written or oral request, we will deliver a separate copy of the annual report to stockholders and/or proxy statement to any stockholder at a shared address to which a single copy of each document was delivered and who wishes to receive separate copies of such documents in the future. Stockholders receiving multiple copies of such documents may request that we deliver single copies of such documents in the future. Stockholders may notify us of their requests by calling or writing our Corporate Secretary at Universal Technical Institute, Inc., 16220 North Scottsdale Road, Suite 500, Scottsdale, Arizona 85254, telephone (623) 445-9500.

**IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE ANNUAL MEETING OF STOCKHOLDERS TO BE HELD ON FEBRUARY 28, 2019**

This Proxy Statement and 2018 Annual Report to stockholders are available at <http://www.envisionreports.com/uti>.  
Scottsdale, Arizona

Dated: January 14, 2019



