

JOHNSON CONTROLS INC

Form 424B5

March 10, 2009

**Table of Contents**

**The information in this preliminary prospectus supplement is not complete and may be changed. This preliminary prospectus supplement and the accompanying prospectus are not an offer to sell these securities and are not soliciting an offer to buy these securities in any state where the offer or sale is not permitted.**

**Filed pursuant to Rule 424(b)(5)  
File Number 333-157502**

**Subject to completion, dated March 9, 2009**

**Preliminary Prospectus Supplement  
(To Prospectus Dated February 23, 2009)**

**Johnson Controls, Inc.  
8,000,000 Equity Units  
(Initially Consisting of 8,000,000 Corporate Units)**

The Equity Units will each have a stated amount of \$50 and will initially be in the form of Corporate Units, each of which consists of a purchase contract issued by us and, initially, a 1/20, or 5%, undivided beneficial ownership interest in \$1,000 principal amount of our % subordinated notes due 2042, which we refer to as the notes.

The purchase contract will obligate you to purchase from us, no later than March 31, 2012, 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 of our common stock, which is the average closing price of our common stock over the 20-trading day period ending on the third trading day prior to March 31, 2012, equals or exceeds \$ , shares of our common stock;

if the applicable market value is less than \$ but greater than \$ , a number of shares of our common stock having a value, based on the applicable market value, equal to \$50; 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. The remarketing agent will attempt to remarket the notes as described in this prospectus supplement. The notes will initially be subordinated to all of our existing and future senior indebtedness (as defined herein), except for any indebtedness that by its terms ranks on a parity with or junior to the notes. The notes will be effectively subordinated to all liabilities of our subsidiaries. Prior to March 31, 2012, we have the right to defer interest on the notes one or more times for one or more consecutive interest periods without giving rise to an event of default. If the remarketing of the notes, as described in this prospectus supplement, is successful, the interest rate on the notes will be reset to a new fixed or floating rate, effective as of the reset effective date, and thereafter interest will be payable at the reset rate. Interest will become payable semi-annually if the notes are reset to a new fixed rate. In addition, in connection with a remarketing of the notes, we may elect to change the maturity, ranking and optional redemption terms and will remove the interest deferral terms as described in this prospectus supplement.

You can create Treasury Units from Corporate Units by substituting Treasury securities for the notes, and you can recreate Corporate Units by substituting notes for the Treasury securities comprising a part of the Treasury Units.

Your ownership interest in a note or, if substituted for it, the Treasury securities or the applicable ownership interest in the Treasury portfolio, as the case may be, will be pledged to us to secure your obligation under the related purchase contract.

If there is a successful remarketing during the period for early remarketing described in this prospectus supplement, the notes comprising a part of the Corporate Units will be replaced by the Treasury portfolio described in this prospectus supplement.

We will apply to list the Corporate Units on the New York Stock Exchange, and we expect trading on the New York Stock Exchange to begin within 30 days of the initial issuance of the Corporate Units. Prior to this offering, there was no public market for the Corporate Units.

Our common stock is traded on the New York Stock Exchange under the symbol JCI. The last reported sale price of our common stock on March 6, 2009 on the New York Stock Exchange was \$9.13 per share.

**Investing in our Equity Units involves risks. See Risk factors beginning on page S-22 of this prospectus supplement.**

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

	Per equity unit	Total
Public offering price	\$ 50.00	\$
Underwriting discount	\$	\$
Proceeds, before expenses, to us	\$	\$

To the extent that the underwriters sell more than 8,000,000 Equity Units, the underwriters have the option to purchase up to an additional 1,200,000 Equity Units from us at the initial price to public less the underwriting discount within a 13-day period beginning on (and including) the initial date of issuance of the Equity Units.

The underwriters expect to deliver the Equity Units against payment therefor on or about , 2009.

*Joint Book-Running Managers*

**J.P. Morgan**

**Citi**

**Merrill Lynch & Co.**

*Senior Co-Managers*

**Barclays Capital    Commerzbank Corporates & Markets    ING Wholesale    U.S. Bancorp Investments, Inc.**  
*Co-Managers*

**Banca IMI    CALYON    Goldman, Sachs & Co.    KBC Financial Products    Mizuho Securities USA Inc**  
**RBS Greenwich Capital    Standard Chartered Bank    TD Securities    Wells Fargo Securities**

, 2009

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**Table of contents**

	<b>Page</b>
<b>Prospectus supplement</b>	
<u>About this prospectus supplement</u>	S-ii
<u>Cautionary note for forward-looking statements</u>	S-ii
<u>Summary</u>	S-1
<u>Risk factors</u>	S-22
<u>Use of proceeds</u>	S-37
<u>Ratio of earnings to fixed charges</u>	S-37
<u>Capitalization</u>	S-38
<u>Price range of common stock and dividends</u>	S-39
<u>Accounting treatment</u>	S-39
<u>Description of the equity units</u>	S-40
<u>Description of the purchase contracts</u>	S-45
<u>Certain provisions of the purchase contract and pledge agreement</u>	S-66
<u>Description of the notes</u>	S-71
<u>Material U.S. federal income tax consequences</u>	S-84
<u>Underwriting</u>	S-95
<u>Legal matters</u>	S-100
<b>Page</b>	
<b>Prospectus</b>	
About this prospectus	1
Cautionary note for forward-looking information	1
Johnson controls, inc.	1
Ratio of earnings to fixed charges	2
Use of proceeds	2
Description of capital stock	2
Description of the debt securities	10
Description of the warrants to purchase common stock or preferred Stock	25
Description of the warrants to purchase debt securities	25
Description of the stock purchase contracts and stock purchase units	26
Selling shareholders	27
Plan of distribution	27
Where you can find more information	29
Legal matters	30
Experts	30

**You should rely only on the information contained or incorporated by reference in this prospectus supplement, the accompanying prospectus or any free writing prospectus prepared by us. We and the underwriters have not authorized anyone else 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 is not permitted. You should not assume that the information contained or incorporated by reference in this prospectus supplement or in the accompanying prospectus is accurate as of any date other than the date on the front of that document.**

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**Table of Contents**

**About this prospectus supplement**

This document is in two parts. The first part is this prospectus supplement, which describes the specific terms of the Equity Units that we are offering and other matters relating to us and our financial condition. The second part is the attached base prospectus, which gives more general information about securities we may offer from time to time, some of which does not apply to the Equity Units we are offering. The description of the terms of the Equity Units, the purchase contracts and the notes contained in this prospectus supplement supplements the description in the accompanying prospectus under Description of the debt securities and Description of the stock purchase contracts and stock purchase units, and to the extent it is inconsistent with that description, the information in this prospectus supplement replaces the information in the accompanying prospectus. Generally, when we refer to the prospectus, we are referring to both parts of this document combined. If information in the prospectus supplement differs from information in the accompanying prospectus, you should rely on the information in this prospectus supplement.

Except as used in Description of the equity units, Description of the purchase contracts, Certain provisions of the purchase contract and pledge agreement and Description of the notes, as the context otherwise requires, or as otherwise specified or used in this prospectus supplement or the accompanying prospectus, the terms we, our, us, the company, JCI and Johnson Controls refer to Johnson Controls, Inc. and its subsidiaries. References in this prospectus supplement to U.S. dollars, U.S. \$ or \$ are to the currency of the United States of America.

The distribution of this prospectus supplement and the accompanying prospectus and the offering of the Equity Units in certain jurisdictions may be restricted by law. Persons who come into possession of this prospectus supplement and the accompanying prospectus should inform themselves about and observe any such restrictions. This prospectus supplement and the accompanying prospectus do not constitute, and may not be used in connection with, an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorized or in which the person making such offer or solicitation is not qualified to do so or to any person to whom it is unlawful to make such offer or solicitation.

You should not consider any information in this prospectus supplement or the prospectus to be investment, legal or tax advice. You should consult your own counsel, accountant and other advisors for legal, tax, business, financial and related advice regarding the purchase of the Equity Units. We are not making any representation to you regarding the legality of an investment in the Equity Units by you under applicable investment or similar laws.

You should read and consider all information contained or incorporated by reference in this prospectus supplement and the accompanying prospectus before making your investment decision.

**Cautionary note for forward-looking statements**

Certain statements in this prospectus supplement, the accompanying prospectus and/or other offering material and the information incorporated by reference in the prospectus and/or other offering material, other than purely historical information, including estimates, projections, statements relating to our business plans, objectives and expected operating results, and the assumptions upon which those statements are based, are forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, Section 27A of the

**Table of Contents**

Securities Act of 1933, as amended (the Securities Act ) and Section 21E of the Securities Exchange Act of 1934, as amended (the Exchange Act ). These forward-looking statements generally are identified by the words believe, project, expect, anticipate, estimate, forecast, outlook, intend, strategy, plan, may, should, will, would, will likely result, or the negative thereof or variations thereon or similar terminology generally intended to identify forward-looking statements. Forward-looking statements are based on current expectations and assumptions that are subject to risks and uncertainties which may cause actual results to differ materially from the forward-looking statements. A detailed discussion of risks and uncertainties that could cause actual results and events to differ materially from such forward-looking statements has been included in the section entitled Risk factors. We undertake no obligation, and we disclaim any obligation, to update or revise publicly any forward-looking statements, whether as a result of new information, future events or otherwise.

S-iii

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**Table of Contents**

**Summary**

*This summary highlights information from this prospectus supplement and the accompanying prospectus. It is not complete and may not contain all of the information that you should consider before investing in our Equity Units. We encourage you to read this prospectus supplement, the accompanying prospectus and the documents incorporated by reference in their entirety before making an investment decision, including the information set forth under the heading Risk factors. Unless otherwise indicated, this prospectus supplement assumes no exercise of the underwriters option to purchase additional Equity Units.*

**Johnson Controls, Inc.**

Johnson Controls is a corporation organized under the laws of the State of Wisconsin. We bring ingenuity to the places where people live, work and travel. By integrating technologies, products and services, we create smart environments that redefine the relationships between people and their surroundings. We strive to create a more comfortable, safe and sustainable world through our products and services for vehicles, homes and commercial buildings. Johnson Controls provides innovative automotive interiors that help make driving more comfortable, safe and enjoyable. For buildings, we offer products and services that optimize energy use and improve comfort and security. We also provide batteries for automobiles and hybrid electric vehicles, along with related systems engineering, marketing and service expertise.

Our building efficiency business is a global market leader in designing, producing, marketing and installing integrated heating, ventilating and air conditioning (HVAC) systems, building management systems, controls, security and mechanical equipment. In addition, our building efficiency business provides technical services, energy management consulting and operations of entire real estate portfolios for the non-residential buildings market. We also provide residential air conditioning and heating systems.

Our automotive experience business is one of the world's largest automotive suppliers, providing innovative interior systems through our design and engineering expertise. Our technologies extend into virtually every area of the interior including seating and overhead systems, door systems, floor consoles, instrument panels, cockpits and integrated electronics. Our customers include most of the world's major automakers.

Our power solutions business is a leading global supplier of lead-acid automotive batteries for virtually every type of passenger car, light truck and utility vehicle. We serve both automotive original equipment manufacturers and the general vehicle battery aftermarket. We offer Absorbent Glass Mat, nickel-metal-hydride and lithium-ion battery technologies to power hybrid vehicles.

Our principal executive offices are located at 5757 North Green Bay Avenue, Milwaukee, Wisconsin 53209-4408, and our telephone number is (414) 524-1200.

**Table of Contents****The offering**

*The brief summary below describes the principal terms of the Equity Units, including the notes and the purchase contracts. Some of the terms and conditions described below are subject to important limitations and exceptions. The Description of the equity units, the Description of the purchase contracts, and the Description of the notes sections of this prospectus supplement contain more detailed descriptions of the terms and conditions of the Equity Units.*

<b>Issuer</b>	Johnson Controls, Inc.
<b>Securities offered</b>	8,000,000 Equity Units (or 9,200,000 Equity Units if the underwriters exercise in full their option to purchase additional Equity Units), each with a stated amount of \$50, and consisting of either Corporate Units or Treasury Units as described below. The Equity Units offered will initially consist of 8,000,000 Corporate Units (or 9,200,000 Corporate Units if the underwriters exercise in full their option to purchase additional Equity Units).
<b>Use of proceeds</b>	<p>The net proceeds from this offering, after deducting underwriters' discounts and estimated expenses of the offering, are expected to be approximately \$ million (or approximately \$ million if the underwriters exercise in full their option to purchase additional Equity Units). We intend to use the net proceeds of this offering for general corporate purposes, including the repayment of short-term indebtedness that we have incurred to finance working capital requirements. See Use of proceeds on page S-37 of this prospectus supplement.</p> <p>We currently intend to use the proceeds from the settlement of the purchase contracts to repay debt as soon as practicable following such settlement, and we have agreed not to use such proceeds to repurchase shares of our common stock.</p>
<b>The corporate units</b>	Each Corporate Unit consists of a purchase contract and, initially, a 1/20, or 5%, undivided beneficial ownership interest in \$1,000 principal amount of our % subordinated notes due 2042, which we call the notes. The notes will be issued in minimum denominations of \$1,000 and integral multiples thereof. The notes that are components of your Corporate Units will be owned by you, but initially will be pledged to us through the collateral agent to secure your obligations under the related purchase contracts. The remarketing agent will attempt to remarket the notes to settle the holders' purchase contract obligations, unless the holder elects not to participate in the remarketing, and the notes are subject to being remarketed early. If the notes are successfully remarketed during the period for early remarketing described in this prospectus supplement, the notes that are components of the Corporate Units will be replaced by the Treasury portfolio described in this prospectus supplement, and the Treasury portfolio that is a component of the Corporate Units will then be pledged to us through the collateral agent to secure your obligations under the related purchase contract.

**Table of Contents**

Holders of Corporate Units will be entitled to receive, quarterly in arrears on the last day of March, June, September and December of each year, commencing on June 30, 2009, cash distributions consisting of their *pro rata* share of interest payments on the notes subject to our right to defer interest payments on the notes as described below.

**The purchase contracts**

**Settlement rate**

Each purchase contract that is a component of an Equity Unit obligates the holder of the purchase contract to purchase, and obligates us to sell, on March 31, 2012, which we refer to as the purchase contract settlement date, for \$50 in cash, a number of newly issued shares of our common stock equal to the settlement rate.

The settlement rate will be calculated as follows:

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

if the applicable market value of our common stock is less than the threshold appreciation price but greater than \$ , which we refer to as the reference price, the settlement rate will be a number of shares of our common stock equal to \$50 divided by the applicable market value; 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.

The applicable market value of our common stock means the average of the closing price per share of our common stock on each of the 20 consecutive trading days ending on the third trading day immediately preceding the purchase contract settlement date. The reference price represents the reported last sale price of our common stock on the New York Stock Exchange on , 2009. The threshold appreciation price represents a % appreciation over the reference price. The reference price, threshold appreciation price and settlement rate are subject to adjustment as described in this prospectus supplement.

The closing price of our common stock on any date of determination means the closing sale price (or, if no closing sale price is reported, the last reported sale price) of the common stock on the New York Stock Exchange on that date or, if the common stock is not listed for trading on the New York Stock Exchange on any such date, as reported in the composite transactions for the principal United States securities exchange on which the common stock is so listed. If the common stock is not so listed on a United States national or regional securities exchange, the closing price means the last quoted bid price for the common stock in the over-the-counter market as reported by the National Quotation Bureau or similar organization. If the bid price is not available, the closing price means the market value of the common stock on the date of determination as determined by a



**Table of Contents**

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 you will receive an amount in cash equal to the applicable fraction multiplied by the applicable market value of our common stock.

For a description of our common stock, see **Description of capital stock** in the accompanying prospectus.

**Treasury units**

A Treasury Unit is a unit created from a Corporate Unit and consists of a purchase contract and a 1/20, or 5%, undivided beneficial interest in a zero-coupon U.S. Treasury security with a principal amount of \$1,000 that matures on March 31, 2012 (CUSIP No. 912820 PJ0), which we refer to as a Treasury security. The Treasury security that is a component of the Treasury Unit will be owned by you, but will be pledged to us through the collateral agent to secure your obligations under the related purchase contract.

There will be no distributions in respect of the Treasury securities that are components of the Treasury Units but the holders of the Treasury Units will continue to receive the scheduled quarterly interest payments on the notes that were released to them when they created the Treasury Units as long as they continue to hold the notes.

**Creating treasury units and recreating corporate units**

Subject to certain exceptions described in this prospectus supplement, each holder of Corporate Units will have the right, 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 the period for early remarketing (as defined below), to substitute Treasury securities with the same total principal amount as the aggregate principal amount of the underlying notes held by the collateral agent. Because Treasury securities and the notes are issued in integral multiples of \$1,000, holders of Corporate Units may make this substitution only in integral multiples of 20 Corporate Units. This substitution will create Treasury Units, and the notes will be released to the holder and be tradable separately from the Treasury Units.

In addition, subject to certain exceptions described in this prospectus supplement, each holder of Treasury Units will have the right, 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 the period for early remarketing (as defined below), to substitute notes having the same total principal amount as the aggregate principal amount of the related Treasury securities held by the collateral agent. Because Treasury securities and the notes are issued in integral multiples of \$1,000, holders of Treasury Units may make these substitutions only in integral multiples of 20 Treasury Units. This substitution will recreate Corporate Units, and the applicable Treasury securities will be released to the holder and be separately tradable from the Corporate Units.

**Table of Contents**

**Early settlement of the purchase contracts**

You can settle a purchase contract for cash prior to the purchase contract settlement date, subject to certain exceptions and conditions described under Description of the purchase contracts Early settlement in this prospectus supplement. If a purchase contract is settled early, the number of shares of our common stock to be issued per purchase contract will be the stated amount of \$50 divided by the threshold appreciation price, initially shares (subject to adjustment as described in this prospectus supplement).

In addition, upon the occurrence of a fundamental change as defined in this prospectus supplement, you will have the right, subject to certain exceptions and conditions described in this prospectus supplement, to accelerate and settle a purchase contract early at a fundamental change settlement rate, which will depend on the stock price in such fundamental change and the date such fundamental change occurs, as described under Description of the purchase contracts Early settlement upon a fundamental change.

Holders of Corporate Units may settle early only in integral multiples of 20 Corporate Units. If the Treasury portfolio has replaced the notes that are components of the Corporate Units, holders of the Corporate Units may settle early only in integral multiples of Corporate Units (or such other number of Corporate Units as may be determined by the remarketing agent upon a successful remarketing of notes if the reset effective date is not a regular quarterly interest payment date).

Holders of Treasury Units may settle early only in integral multiples of 20 Treasury Units.

**Satisfying your payment obligations under the purchase contracts**

As a holder of Corporate Units or Treasury Units, you may satisfy your obligations under the purchase contracts as follows:

through early settlement of your purchase contracts in the manner described in this prospectus supplement;

through separate cash settlement prior to the final three-business day remarketing period described below in the case of holders of Corporate Units, unless the Treasury portfolio has replaced the notes that are components of the Corporate Units, in the manner described in this prospectus supplement;

through the automatic application of the proceeds of the Treasury securities, in the case of a Treasury Unit, or proceeds from the Treasury portfolio if it has replaced the notes that are components of the Corporate Units;

through the automatic application of the proceeds of a successful remarketing of the notes during the final remarketing period in the manner described in this prospectus supplement; or



**Table of Contents**

through exercise of the right to put the notes to us as described below if no successful remarketing has occurred and none of the above events has taken place.

In addition, the purchase contracts and our rights and obligations and the rights and obligations of the holders of the Corporate Units and Treasury Units under the purchase contracts will terminate without any further action, upon a bankruptcy, insolvency or reorganization involving Johnson Controls, Inc. (and not, for the avoidance of doubt, Johnson Controls, Inc.'s subsidiaries).

**The notes**

**Remarketing the notes**

We may, at our option, elect to remarket the notes that are components of the Corporate Units on any remarketing date occurring during the period (which we call the period for early remarketing) beginning on January 1, 2012 and ending on February 29, 2012, unless the notes have been previously successfully remarketed. Any remarketing during this period will occur during one or more three-business day remarketing periods that consist of three sequential possible remarketing dates selected by us and will include the notes that are components of the Corporate Units and other notes of holders that have elected to include those notes in the remarketing, as described below. During any period for early remarketing, we have the right to postpone any remarketing in our absolute discretion but not, for the avoidance of doubt, during the final three-business day remarketing period.

On each remarketing date occurring during the period for early remarketing, the remarketing agent will use its reasonable efforts to obtain a price for the notes remarketed equal to approximately 100% of the sum of the purchase price for the remarketing Treasury portfolio and the separate notes purchase price, each as described in this prospectus supplement plus, at our option, the applicable remarketing fee. To obtain that price, the remarketing agent may reset the interest rate on the notes, as described below. If the remarketing is successful, interest on the notes will be reset to the reset rate described below, each of the other modifications to the terms of the notes elected to be made by us, as described under Description of the purchase contracts Remarketing Early remarketing, will take effect and the portion of the proceeds from the remarketing attributable to notes that were components of Corporate Units that is equal to the remarketing Treasury portfolio purchase price will automatically be applied to purchase the remarketing Treasury portfolio. Any remaining proceeds attributable to notes that were components of Corporate Units, net of any remarketing fee as noted above, will be remitted to the holders of the Corporate Units. This Treasury portfolio 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' obligations under the purchase contracts. When paid at maturity, an amount of the Treasury portfolio equal to the principal amount of the substituted notes will automatically be applied to satisfy the Corporate Unit holders' obligations to



**Table of Contents**

purchase our common stock under the purchase contracts on March 31, 2012. The Treasury portfolio will also provide for the payments of amounts equal to the interest that would have been paid on the notes if there had been no remarketing and no change in the interest rate. See Description of the purchase contracts Remarketing in this prospectus supplement.

If none of the remarketings occurring during a three-business day remarketing period results in a successful remarketing, the interest rate on the notes will not be reset, none of the other modifications to the terms of the notes elected to be made by us will take effect, the notes that are components of Corporate Units will continue to be components of Corporate Units and subsequent remarketings may, subject to the next paragraph, be attempted during one or more subsequent three-business day remarketing periods as described above.

You may notify the purchase contract agent on or prior to the seventh business day immediately preceding March 31, 2012 of your intention to pay cash in order to satisfy your obligations under the related purchase contracts, unless the notes previously have been successfully remarketed during the period for early remarketing. If you have not given such notification, or have given such notification but failed to pay the purchase price to settle your purchase contracts on or prior to the sixth business day immediately preceding March 31, 2012, and the notes have not been successfully remarketed during the period for early remarketing, the remarketing agent will attempt to remarket the notes during a three-business day remarketing period beginning on, and including, the fifth business day, and ending on, and including, the third business day, immediately preceding March 31, 2012. This three-business day remarketing period is referred to as the final three-business day remarketing period and we refer to the third business day immediately preceding March 31, 2012 as the final remarketing date. In this remarketing, the remarketing agent will use its reasonable efforts to obtain a price for the notes equal to approximately 100% of the aggregate principal amount of the notes being remarketed plus, at our option, the applicable remarketing fee. If the remarketing is successful, interest on the notes will be reset to the reset rate described below, each of the other modifications as we elect to make to the terms of the notes will take effect and, the portion of the proceeds from the remarketing attributable to notes that were components of Corporate Units that is equal to the aggregate principal amount of such notes being remarketed will automatically be applied to satisfy in full the Corporate Unit holders obligations to purchase our common stock under the related purchase contracts on the purchase contract settlement date.

If the notes have not been successfully remarketed on or prior to the final remarketing date, the interest rate on the notes will not be reset, none of the other modifications to the terms of the notes elected to be made by us will take effect and holders of all notes will have the right to put their notes to us on the purchase contract settlement date at a put price equal to \$1,000 per \$1,000 principal amount note (\$50 per applicable ownership interest) plus accrued

**Table of Contents**

and unpaid interest. Holders do not have any put rights with respect to any additional notes issued to pay deferred interest on the notes. A holder of a note that is a component of a Corporate Unit will be deemed to have automatically exercised this put right unless such holder provides a written notice of an intention to settle the related purchase contract with cash as described in this prospectus supplement. Unless a Corporate Unit holder has settled the related purchase contracts with separate cash, such 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 that are components of such Corporate Units against such holder's obligations to us under the related purchase contracts, thereby satisfying such obligations in full, and we will deliver to such holder our common stock pursuant to the related purchase contracts.

In connection with a remarketing of the notes, we may elect to change the maturity, ranking and optional redemption terms and will remove the interest deferral terms as described under Description of the notes Modification of the terms of the notes in connection with a successful remarketing.

**Election not to participate in the remarketing**

You may elect not to participate in any remarketing and to retain the notes that are components of your Corporate Units by:

creating Treasury Units as described above;

settling purchase contracts early as described above; or

in the case of the final three-business day remarketing period, notifying the purchase contract agent of your intention to pay cash to satisfy your obligation under the related purchase contracts on or prior to the seventh business day before the purchase contract settlement date and delivering the cash payment required under the purchase contracts to the collateral agent on or prior to the sixth business day before the purchase contract settlement date.

Whether or not you participate in the remarketing, upon a successful remarketing your notes will become subject to the modified provisions described under Description of the purchase contracts Remarketing Early remarketing.

**Interest**

Interest on the notes will initially be payable quarterly in arrears at the rate of % per year of the principal amount of the notes to, but excluding, the reset effective date. The reset effective date will be:

in the case of a remarketing during the period for early remarketing, the third business day following the date on which a remarketing of the notes is successfully completed, unless the remarketing is successful within five business days of the next succeeding interest payment date in which case such interest payment date will be the reset effective date, or

in the case of a remarketing during the final three-business day remarketing period, the purchase contract settlement date.



**Table of Contents**

Following a successful remarketing, the notes will bear interest at the reset rate described below from the reset effective date to, but excluding, March 31, 2042 or, if we elected to modify the stated maturity to an earlier date in connection with the successful remarketing, such earlier maturity date. If there is not a successful remarketing of the notes, the interest rate will not be reset and the notes will continue to bear interest at the initial interest rate to, but excluding March 31, 2042.

Prior to the reset effective date, interest payments will be payable quarterly in arrears on the last day for each March, June, September and December, commencing on June 30, 2009. From the reset effective date, we will pay interest on all notes semi-annually in arrears on interest payment dates to be selected by us if the notes are successfully remarketed at a fixed rate. We will pay interest on all notes after the reset effective date quarterly if the notes are successfully remarketed at a floating rate. If no successful remarketing of the notes occurs, interest payments on all notes will remain payable quarterly in arrears on the original quarterly interest payment dates.

**Deferral of interest**

Prior to March 31, 2012, we may elect at one or more times to defer payment of interest on the notes for one or more consecutive interest periods; *provided* that each deferred interest payment may only be deferred until the earlier of (x) the third anniversary of the interest payment date on which the interest payment was originally scheduled to be paid and (y) March 31, 2014. We may pay any such deferred interest at any time prior to March 31, 2014. We refer to the earlier of the purchase contract settlement date and the reset effective date that is applicable to a period in which we are deferring interest payments as the deferral period end date. If we have not paid all then-outstanding deferred interest prior to the deferral period end date, we will pay, at our election, such outstanding deferred interest in cash or issue additional notes to the holders of the notes in principal amount equal to the amount of deferred interest on such date. The additional notes will: (i) have a maturity date of March 31, 2014; (ii) bear interest at an annual rate that is equal to the then market rate of interest for similar instruments (not to exceed [15]%), as determined by a nationally-recognized investment banking firm selected by us; (iii) be subordinate and junior in right of payment to all of our then existing and future senior indebtedness and on parity with the notes (as of their date of issuance and not taking into account any modifications to the terms of the notes in connection with a successful remarketing); and (iv) be redeemable at our option at any time at their principal amount plus accrued and unpaid interest thereon to but excluding the date of redemption.

In the event that we exercise our option to defer the payment of interest, then until the deferred interest payments have been paid, among other things, we generally will not (i) declare or pay dividends on, make distributions with respect to, or redeem, purchase or acquire, or make a liquidation payment with respect to, any of our capital stock, or (ii) make a payment on any of our indebtedness or on a guarantee that in each case ranks *pari passu* with, or junior to, the notes (as of their date of issuance and not taking into account

**Table of Contents**

any modifications to the terms of the notes in connection with a successful remarketing) subject to certain exceptions. See Description of the notes Dividend and other payment stoppages during interest deferral and under certain other circumstances.

In connection with a successful remarketing, we will remove the interest deferral provisions of the notes. In any event, all such interest deferral provisions will cease as of March 31, 2012.

**The reset rate**

The reset rate on the notes will become effective on the reset effective date. The reset rate will be either (i) a fixed interest rate, or (ii) if we elect to remarket the notes as floating rate notes, an applicable index, or base rate, plus a reset spread, in either case determined by the remarketing agent, in consultation with us, as the rate the notes should bear in order for the notes to have an approximate aggregate market value on the remarketing date of:

the sum of 100% of the Treasury portfolio purchase price and the separate note purchase price plus, at our option, the applicable remarketing fee, in the case of a remarketing during the period for early remarketing, or

100% of the aggregate principal amount of the notes being remarketed plus, at our option, the applicable remarketing fee, in the case of a remarketing during the final three-business day remarketing period.

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, payable quarterly in arrears. If the remarketing is successful and the rate is reset, the reset rate will apply to all outstanding notes, whether or not the holders participate in the remarketing and will become effective on the reset effective date. Any reset rate may not exceed the maximum rate, if any, permitted by applicable law.

**Maturity**

The initial maturity date of the notes will be March 31, 2042. In connection with a successful remarketing of the notes, we may elect, without the consent of any of the holders, to modify the notes stated maturity to any date on or after March 31, 2014 and earlier than March 31, 2042. Such earlier maturity date, if any, will be selected on the remarketing date and will become effective on the reset effective date. If the notes are not successfully remarketed prior to March 31, 2012, the stated maturity of the notes will remain as March 31, 2042.

**Redemption**

For the first five years after their issuance, the notes will not be redeemable at our option. At the time of a remarketing we may include redemption provisions in the remarketed debt as described in the notice of remarketing, however the notes may not be redeemed prior to March 31, 2014.

The notes will be redeemable thereafter, at our option, in whole or in part, at any time, and from time to time, at a redemption price equal to the principal amount thereof and any accrued and unpaid interest. In connection with a successful remarketing, we may add to, modify or remove altogether our optional redemption right;

**Table of Contents**

*provided* that there will be at least two years between the reset effective date and any modified redemption date.

**Ranking**

The notes will initially be subordinated to all of our existing and future senior indebtedness (as defined herein). The notes will be junior to our indebtedness and obligations of, or guaranteed or assumed by, us for borrowed money and evidenced by bonds, debentures, notes or other similar instruments, except any of the foregoing that by its terms is expressly *pari passu* or subordinated to the notes.

As of December 31, 2008, we had \$4.6 billion of outstanding indebtedness on a consolidated basis, all of which was senior indebtedness. In addition, concurrently with this offering, we are offering \$100,000,000 in aggregate principal amount of our % Convertible Senior Notes due 2012 (or \$115,000,000 if the underwriters in that offering exercise their over-allotment option in full), which we refer to as the convertible notes. If consummated, the convertible notes will constitute senior indebtedness, and will rank senior to our obligations under the notes. See Concurrent convertible senior note offering below.

Our obligations under the notes are also effectively subordinated to our subsidiaries obligations. As of December 31, 2008, our subsidiaries had approximately \$434 million aggregate principal amount of third-party indebtedness outstanding, as well as other liabilities.

See Description of the notes Subordination. In connection with a successful remarketing, we may elect to change the ranking of the notes to be our senior or senior subordinated obligations.

**Participation in a remarketing for holders of separate notes**

Holders of notes that are not part of the Corporate Units, which we may refer to as separate notes, may elect, in the manner described in this prospectus supplement, to have their notes remarketed by the remarketing agent along with the notes included in the Corporate Units. See Description of the notes Remarketing. Such holders may also participate in any remarketing by recreating Corporate Units from their Treasury Units at any time prior to the first day of the restricted period described under Description of the equity units Creating treasury units. Whether or not you participate in the remarketing, upon a successful remarketing your notes will become subject to the modified provisions described under Description of the purchase contracts Remarketing Early remarketing.

**Put right for holders of separate notes**

Holders of separate notes may exercise their put right upon a failed final remarketing by providing written notice at least two business days prior to the purchase contract settlement date. The put price will be paid to such holder on the purchase contract settlement date. Holders do not have any put rights with respect to any additional notes issued to pay deferred interest on the notes.



**Table of Contents**

**U.S. federal income tax consequences**

For a discussion of the material U.S. Federal income tax consequences relating to an investment in the Equity Units, see Material U.S. federal income tax consequences below.

**Risk factors**

You should consider carefully all the information set forth and incorporated by reference in this prospectus supplement and the accompanying prospectus and, in particular, you should evaluate the specific factors set forth under Risk factors beginning on page S-22 of this prospectus supplement before deciding whether to invest in the Equity Units.

**Concurrent convertible senior note offering**

Concurrently with this offering of Equity Units, we are offering \$100,000,000 in aggregate principal amount of convertible notes (or \$115,000,000 in principal amount if the underwriters exercise their over-allotment option in full) in a public offering.

The convertible notes will bear interest at a rate of % per year, payable semiannually in arrears on September 30 and March 31 of each year, beginning September 30, 2009. The convertible notes will mature on September 30, 2012. The convertible notes will be convertible at the option of the holder at any time prior to the close of business on the second scheduled trading day immediately preceding the maturity date. The conversion rate will initially be shares of common stock per \$1,000 principal amount of notes (equivalent to a conversion price of approximately \$ per share of common stock), subject to adjustment. Upon conversion, we will deliver a number of shares equal to the aggregate principal amount of the notes to be converted divided by \$1,000, multiplied by the then applicable conversion rate.

We estimate that the proceeds from the convertible notes offering will be approximately \$ million (or \$ million if the underwriters exercise their over-allotment option in full), after deducting fees and estimated expenses. We intend to use the net proceeds from the convertible notes offering for general corporate purposes, including to repay short-term indebtedness that we have incurred to fund working capital requirements. See Use of proceeds.

The convertible notes offering will be effected pursuant to a separate prospectus supplement. This prospectus supplement shall not be deemed an offer to sell or a solicitation of an offer to buy any of the convertible notes. There is no assurance that the convertible notes offering will be completed or, if completed, on what terms it may be completed. The convertible notes offering and this offering are not contingent upon each other.



**Table of Contents**

**The offering explanatory diagrams**

The following diagrams demonstrate some of the key features of the purchase contracts, applicable ownership interests in the notes, Corporate Units and Treasury Units, and the transformation of Corporate Units into Treasury Units and notes.

The following diagrams assume that the notes are successfully remarketed during the final three-business day remarketing period and the interest rate on the notes is reset on the purchase contract settlement date.

**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.

**Applicable Market Value<sup>(6)</sup>  
Value of Delivered Shares  
Upon Settlement of a Purchase Contract**

**Applicable Market Value<sup>(6)</sup>  
Number of Shares Delivered  
Upon Settlement of a Purchase Contract**

**Notes:**

- (1) If the applicable market value of our common stock is less than or equal to the reference price of \$ (subject to adjustment), 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 reference price.
- (2) If the applicable market value of our common stock is between the reference price and the threshold appreciation price of \$ (subject to adjustment), 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.
- (3) 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 calculated by dividing the stated amount of \$50 by the threshold appreciation price of \$ (subject to adjustment).
- (4) The reference price represents the last reported sale price of our common stock on the New York Stock Exchange on , 2009.
- (5) The threshold appreciation price represents a % appreciation over the reference price.
- (6) Expressed as a percentage of the reference price. The applicable market value means the average of the closing price per share of our common stock on each of the 20 consecutive trading days ending on the third trading day immediately preceding the purchase contract settlement date, subject to anti-dilution adjustments and certain other modifications.

**Table of Contents**

**Corporate units**

A Corporate Unit consists of two components as described below:

**Purchase Contract**

**1/20 Ownership Interest in Note<sup>(1)(2)</sup>**

The holder of a Corporate Unit owns the 1/20 undivided beneficial ownership interest in the note but will pledge it to us to secure the holder's obligation under the related purchase contract.

The foregoing analysis assumes the notes are successfully remarketed during the final three-business day remarketing period. If the remarketing were to be successful prior to such period, following the remarketing of the notes, the applicable ownership interests in the Treasury portfolio will replace the applicable ownership interest in notes as components of the Corporate Unit and the reset rate would be effective three business days following the successful remarketing.

**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 \$1,000 principal amount note.
- (2) Notes will be issued in minimum denominations of \$1,000 and integral multiples thereof.
- (3) Interest payments may be deferred as described in this prospectus supplement. In connection with a successful remarketing, the optional deferral provisions of the notes will cease to apply.
- (4) In connection with the successful remarketing of the notes, we may elect to modify the notes' stated maturity to any date on or after March 31, 2014 and earlier than March 31, 2042.

**Table of Contents**

**Treasury units**

A Treasury Unit consists of two components as described below:

**Purchase Contract**

**1/20 Ownership Interest in  
Treasury Security**

The holder owns the 1/20 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 the holder's obligations under the related purchase contract. Unless the purchase contract is terminated as a result of our bankruptcy, insolvency or reorganization or the holder recreates a Corporate Unit, the cash due on maturity of the Treasury security will be used to satisfy the holder's obligation under the related purchase contract.

Treasury Units can only be created with integral multiples of 20 Corporate Units.

S-15

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**Table of Contents**

**The notes**

The notes have the terms described below<sup>(1)</sup>:

**Note**

**Notes:**

- (1) Treasury Units may only be created in integral multiples of 20. As a result, the creation of 20 Treasury Units will release a \$1,000 principal amount note held by the collateral agent.
- (2) Interest payments may be deferred as described in this prospectus supplement. In connection with a successful remarketing, the optional deferral provisions of the notes will cease to apply.
- (3) In connection with the successful remarketing of the notes, we may elect to modify the notes' stated maturity to any date on or after March 31, 2014 and earlier than March 31, 2042.

**Transforming corporate units into treasury units and notes**

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.

To create 20 Treasury Units, a holder separates 20 Corporate Units into their two components—20 purchase contracts and a note—and then combines the purchase contracts with a Treasury security that matures on the purchase contract settlement date.

The note, which is no longer a component of a Corporate Unit and has a principal amount of \$1,000, is released to the holder and is tradable as a separate security.

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

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

**Table of Contents**

Following the successful remarketing of the notes prior to the final three-business day remarketing period, the applicable ownership interests in the Treasury portfolio, rather than the note, will be released to the holder upon the transformation of Corporate Units into Treasury Units and will be tradable separately.

Prior to a successful remarketing of the notes, the holder can also transform 20 Treasury Units and a \$1,000 principal amount note 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.

If the applicable ownership interest in the Treasury portfolio has replaced the notes that are components of the Corporate Units, the transformation of Corporate Units into Treasury Units and the transformation of Treasury Units into Corporate Units can only be made in certain larger minimum amounts, as more fully described in this prospectus supplement.

**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 \$1,000 principal amount note.
- (2) Notes will be issued in minimum denominations of \$1,000 and integral multiples thereof.
- (3) Interest payments may be deferred as described in this prospectus supplement. In connection with a successful remarketing, the optional deferral provisions of the notes will cease to apply.
- (4) In connection with the successful remarketing of the notes, we may elect to modify the notes' stated maturity to any date on or after March 31, 2014 and earlier than March 31, 2042.

S-17

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**Table of Contents**

**Illustrative remarketing timelines**

The following timeline is for illustrative purposes only and is not definitive. For purposes of this timeline, we assume that we have elected to remarket the aggregate principal amount of notes that are components of the Corporate Units as part of their Corporate Units on the first day (which we refer to as *T* in the timeline) of a hypothetical three-business day remarketing period during the period for early remarketing beginning on, and including, January 1, 2012 and ending on, and including, February 29, 2012. This example assumes that the notes have not been previously successfully remarketed.

<b>Date</b>	<b>Event</b>
T-16 business days (10 business days prior to the remarketing announcement date)	<i>Notice to Holders.</i> We will request, not later than 10 business days prior to the remarketing announcement date, that the depositary notify its participants holding notes, Corporate Units and Treasury Units of the remarketing.
T-6 business days (six business days immediately preceding the first remarketing date of a three-business day remarketing period)	<i>Remarketing Announcement Date.</i> We will announce any remarketing of the notes on such business day by causing a remarketing announcement to be published by making a timely release to any appropriate news agency, including Bloomberg Business News and the Dow Jones News Services.
T-5 business days (five business days prior to the first day of the three-business day remarketing period)	<i>Beginning of Early Remarketing Election Period.</i> Holders of separate notes may elect to have their notes remarketed in the same manner and at the same price as notes that are components of Corporate Units by delivering their notes along with a notice of this election to the custodial agent.
T-2 business days (two business days prior to the first day of the three-business day remarketing period)	<p><i>End of Early Remarketing Election Period.</i> This is the last day for holders of separate notes to elect to have their notes remarketed in the same manner and at the same price as notes that are components of Corporate Units by delivering their notes along with a notice of this election to the custodial agent.</p> <p>This is also the last day prior to the three-business day remarketing period:</p> <p style="padding-left: 40px;">to create Treasury Units from Corporate Units and recreate Corporate Units from Treasury Units; and</p> <p style="padding-left: 40px;">for holders of Corporate Units to settle the related purchase contracts early.</p>



**Table of Contents**

<b>Date</b>	<b>Event</b>
T to T+2 business days (three business days beginning on, and including, the first day of the remarketing period)	<p>                     Holders of Corporate Units will once again be able to make any of these elections on the business day following the last remarketing day of the three-business day remarketing period if the remarketing is unsuccessful.                 </p> <p> <i>Three-Business Day Remarketing Period:</i> </p> <p style="padding-left: 40px;">                     if a failed remarketing occurs, we will cause a notice of the unsuccessful remarketing attempt of notes to be published by making a timely release to any appropriate news agency, including Bloomberg Business News and the Dow Jones News Service, on the business day following the last of the three remarketing dates comprising the three-business day remarketing period.                 </p> <p style="padding-left: 40px;">                     if a successful remarketing occurs, (i) the remarketing agent will purchase the Treasury portfolio in substitution for the notes that are components of the Corporate Units and (ii) we will request the depository to notify its participants holding separate notes of the maturity date, reset rate, interest payment dates, and any other modified terms, established for the notes during the remarketing on the business day following the remarketing date on which the notes were successfully remarketed.                 </p> <p> <i>Reset Effective Date.</i> The reset rate and the modified maturity, ranking and optional redemption terms, if any, will be determined on the date that the remarketing agent is able to successfully remarket the notes, and those terms and the elimination of the interest deferral terms will become effective, if the remarketing is successful, on the reset effective date, which will be the third business day following the date on which a remarketing of the notes is successfully completed, unless the remarketing is successful within five business days of an interest payment date in which case such interest payment date will be the reset effective date. Holders of separate notes included in the successful remarketing will receive the portion of the remarketing proceeds attributable to such separate notes on the reset effective date.                 </p>





**Table of Contents**

The following timeline is for illustrative purposes and is not definitive. For purposes of this timeline, we have assumed that there was no successful remarketing during the period for early remarketing.

<b>Date</b>	<b>Event</b>
No later than March 5, 2012 (10 business days prior to the final remarketing announcement date)	<i>Notice to Holders.</i> We will request, not later than 10 business days prior to the final remarketing announcement date, that the depositary notify its participants holding notes, Corporate Units and Treasury Units of the remarketing.
March 19, 2012 (five business days prior to the first day of the final three-business day remarketing period)	<i>Beginning of Final Remarketing Election Period.</i> Holders of separate notes may elect to have their notes remarketed in the same manner and at the same price as notes that are components of Corporate Units by delivering their notes along with a notice of this election to the custodial agent.
March 21, 2012 (three business days prior to the first business day of the final three-business day remarketing period)	<i>Final Remarketing Announcement Date.</i> We will announce the remarketing to occur during the final three-business day remarketing period on such day by causing a remarketing announcement to be published by making a timely release to any appropriate news agency, including Bloomberg Business News and the Dow Jones News Services.
March 22, 2012 (two business days prior to the first day of the final three-business day remarketing period and seven business days immediately preceding March 31, 2012)	<p><i>End of Final Remarketing Election Period.</i> This is the last day for holders of separate notes to elect to have their notes remarketed in the same manner and at the same price as notes that are components of Corporate Units by delivering their notes along with a notice of this election to the custodial agent.</p> <p><i>Notice to Settle With Cash.</i> A holder of a Corporate Unit wishing to settle the related purchase contract with separate cash must notify the purchase contract agent by presenting and surrendering the Corporate Unit certificate evidencing the Corporate Unit at the offices of the purchase contract agent with the form of Notice of Cash Settlement, substantially in the form attached to the Purchase Contract and Pledge Agreement, completed and executed as indicated on or prior to 4:00 p.m., New York City time, on this day.</p>

**Table of Contents**

<b>Date</b>	<b>Event</b>
	<p>This is also the last day prior to the final three-business day remarketing period:</p> <p style="padding-left: 40px;">to create Treasury Units from Corporate Units and recreate Corporate Units from Treasury Units;</p> <p style="padding-left: 40px;">for holders of Corporate Units or Treasury Units to settle the related purchase contracts early; and</p> <p style="padding-left: 40px;">for holders of Corporate Units who have elected to settle the related purchase contracts with separate cash to deliver the required cash payment to the collateral agent on or prior to 11:00 a.m., New York City time on such day.</p>
March 26, 2012 to March 28, 2012 (final remarketing period)	<p><i>Final Three-Business Day Remarketing Period.</i> We will attempt a final remarketing beginning on, and including, the fifth business day, and ending on, and including, the third business day, immediately preceding the purchase contract settlement date.</p> <p>If a successful remarketing does not occur during the final three-business day remarketing period, we will cause a notice of the unsuccessful remarketing attempt to be published by making a timely release to any appropriate news agency, including Bloomberg Business News and the Dow Jones News Service, not later than 9:00 a.m., New York City time, on the business day following the last of the three remarketing dates comprising the final three-business day remarketing period.</p>
March 31, 2012 (the purchase contract settlement date)	<p><i>Reset Effective Date.</i> The reset rate and the modified maturity, ranking and redemption terms, if any, will be determined on the date that the remarketing agent is able to successfully remarket the notes, and those terms and the elimination of the interest deferral terms will become effective, if the final remarketing is successful, on the reset effective date, which will be the purchase contract settlement date. If the purchase contract settlement date is not a business day, then the purchase contract settlement date shall be the next succeeding day that is a business day.</p>



**Table of Contents**

**Risk factors**

*Investing in the Equity Units involves a high degree of risk. In addition to the other information contained in this prospectus supplement, the accompanying prospectus and the information incorporated by reference herein and therein, you should consider carefully the following factors relating to us and the Equity Units before making an investment in the Equity Units offered hereby. If any of the following events actually occur, our business, results of operations, financial condition, cash flows or prospects could be materially adversely affected, which in turn could adversely affect the trading price of the Equity Units and our common stock. You may lose all or part of your original investment.*

**Risks related to our business and industry**

**General risks**

*General economic, credit and capital market conditions, including the financial distress in the automotive industry and declines in the residential and commercial construction markets, have adversely affected our recent and current financial performance, and may affect our ability to grow or sustain our businesses and could negatively affect our ability to access the capital markets.*

We compete around the world in various geographic regions and product markets. The global credit crisis and recession have adversely affected, and could continue to adversely affect, each of our three primary businesses. Specifically, subsequent to December 31, 2008, the automotive industry has continued to see further declines as the overall economic environment continues to worsen, with virtually every automobile manufacturer affected, including our top four customers. As we discuss in greater detail in the specific risk factors for each of our businesses that appear below, the financial distress in the automotive industry, the continued declines in the residential construction markets in North America and elsewhere and more recent declines in commercial construction markets have adversely affected and could, if continued, continue to negatively affect our revenues and financial performance in recent, current and future periods, result in future restructuring charges, and adversely impact our ability to grow or sustain our businesses.

The capital and credit markets provide us with liquidity to operate and grow our businesses beyond the liquidity that operating cash flows provide. The worldwide economic downturn and disruption of the credit markets could reduce our access to capital necessary for our operations and executing our strategic plan. If the current credit market worsens, we may be unable to access commercial paper markets, or our cost of borrowing might significantly increase. If our access to capital were to become significantly constrained or costs of capital increased significantly due to lowered credit ratings, prevailing industry conditions, the volatility of the capital markets or other factors, then our financial condition, results of operations and cash flows could be significantly adversely affected.

*We are subject to pricing pressure from our larger customers.*

We face significant competitive pressures in all of our business segments. Because of their purchasing size, our larger customers can influence market participants to compete on price terms. If we are not able to offset pricing reductions resulting from these pressures by improved operating efficiencies and reduced expenditures, those pricing reductions may have an adverse impact on our business.

**Table of Contents**

***We are subject to risks associated with our non-U.S. operations that could adversely affect our results of operations.***

We have significant operations in a number of countries outside the U.S., some of which are located in emerging markets. Long-term economic uncertainty in some of the regions of the world in which we operate, such as Asia, South America, the Middle East, Central Europe and other emerging markets, could result in the disruption of markets and negatively affect cash flows from our operations to cover our capital needs and debt service.

In addition, as a result of our global presence, a significant portion of our revenues and expenses is denominated in currencies other than the U.S. dollar. We are therefore subject to foreign currency risks and foreign exchange exposure. Our primary exposures are to the euro, British pound, Japanese yen, Czech koruna, Mexican peso, Swiss franc and Polish zloty. While we employ financial instruments to hedge transactional and foreign exchange exposure, these activities do not insulate us completely from those exposures. Exchange rates have recently been volatile, specifically the weakening of the euro against the U.S. dollar, and have adversely impacted, and could continue to adversely impact, our financial results.

There are other risks that are inherent in our non-U.S. operations, including the potential for changes in socio-economic conditions, laws and regulations, including import, export, labor and environmental laws, and monetary and fiscal policies, protectionist measures that may prohibit acquisitions or joint ventures, unsettled political conditions and possible terrorist attacks against American interests.

These and other factors may have a material adverse effect on our non-U.S. operations and therefore on our business and results of operations.

***We are subject to regulation of our international operations that could adversely affect our business and results of operations.***

Due to our global operations, we are subject to many laws governing international relations, including those that prohibit improper payments to government officials and restrict where we can do business, what information or products we can supply to certain countries and what information we can provide to a non-U.S. government, including but not limited to the Foreign Corrupt Practices Act and the U.S. Export Administration Act. Violations of these laws, which are complex and oftentimes difficult to interpret and apply, may result in severe criminal penalties or sanctions that could have a material adverse effect on our business, financial condition and results of operations.

***We are subject to costly requirements relating to environmental regulation and environmental remediation matters, which could adversely affect our business and results of operations.***

Because of uncertainties associated with environmental regulation and environmental remediation activities at sites where we may be liable, future expenses that we may incur to remediate identified sites could be considerably higher than the current accrued liability on our balance sheet, which could have a material adverse effect on our business and results of operations. As of September 30, 2008, we recorded \$44 million for environmental liabilities and \$75 million in related conditional asset retirement obligations.

***Negative or unexpected tax consequences could adversely affect our results of operations.***

Adverse changes in the underlying profitability and financial outlook of our operations in several jurisdictions could lead to changes in our valuation allowances against deferred tax



**Table of Contents**

assets and other tax reserves on our statement of financial position that could materially and adversely affect our results of operations. Additionally, changes in tax laws in the U.S. or in other countries where we have significant operations could materially affect deferred tax assets and liabilities on our balance sheet and tax expense.

We are also subject to tax audits by governmental authorities in the U.S. and in non-U.S. jurisdictions. Negative unexpected results from one or more such tax audits could adversely affect our results of operations.

***Legal proceedings in which we are, or may be, a party may adversely affect us.***

We are currently and may in the future become subject to legal proceedings and commercial or contractual disputes. These are typically claims that arise in the normal course of business including, without limitation, commercial or contractual disputes with our suppliers, intellectual property matters and employment claims. There exists the possibility that such claims may have an adverse impact on our results of operations that is greater than we anticipate.

***A further downgrade in the ratings of our debt could restrict our ability to access the debt capital markets and increase our interest costs.***

Changes in the ratings that rating agencies assign to our debt may ultimately impact our access to the debt capital markets and the costs we incur to borrow funds. If ratings for our debt fall below investment grade, our access to the debt capital markets would become restricted. The tightening in the credit markets and the reduced level of liquidity in many financial markets due to the current turmoil in the financial and banking industries could affect our access to the debt capital markets or the price we pay to issue debt. Historically, we have relied on our ability to issue commercial paper rather than to draw on our credit facility to support our daily operations, which means that a downgrade in our rating or continued volatility in the financial markets causing limitations to the debt capital markets could have an adverse effect on our business or our ability to meet our liquidity needs.

Additionally, several of our credit agreements generally include an increase in interest rates if the ratings for our debt are downgraded. Further, an increase in the level of our indebtedness may increase our vulnerability to adverse general economic and industry conditions and may affect our ability to obtain additional financing.

***We are subject to potential insolvency of insurance carriers.***

We purchase occurrence-based excess liability insurance to cover general and products liability risks. Although we do not currently expect any claims to result in material payments under any of these insurance policies, we are subject to the risk that one or more of the insurers may become insolvent and would be unable to pay a claim that may be made in the future.

***We are subject to potential insolvency or financial distress of third parties.***

We are exposed to the risk that third parties to various arrangements who owe us money or goods and services, or who purchase goods and services from us, will not be able to perform their obligations or continue to place orders due to insolvency or financial distress. If third parties fail to perform their obligations under arrangements with us, we may be forced to replace the underlying commitment at current or above market prices or on other terms that are less favorable to us. In such events, we may incur losses, or our results of operations, financial position or liquidity could otherwise be adversely affected.



**Table of Contents**

***We may be unable to complete or integrate acquisitions effectively, which may adversely affect our growth, profitability and results of operations.***

We expect acquisitions of businesses and assets to play a role in our company's future growth. We cannot be certain that we will be able to identify attractive acquisition targets, obtain financing for acquisitions on satisfactory terms or successfully acquire identified targets. Additionally, we may not be successful in integrating acquired businesses into our existing operations and achieving projected synergies. Competition for acquisition opportunities in the various industries in which we operate may rise, thereby increasing our costs of making acquisitions or causing us to refrain from making further acquisitions. These and other acquisition-related factors may negatively and adversely impact our growth, profitability and results of operations.

**Automotive experience risks**

***Conditions in the automotive industry have adversely affected and may continue to adversely affect our results of operations.***

Our financial performance depends, in part, on conditions in the automotive industry. In fiscal 2008, our largest customers globally were automobile manufacturers Ford Motor Company (Ford), General Motors Corporation (GM) and Daimler AG. For sales originating in the U.S., our largest customers were Ford, GM and Chrysler LLP (the Detroit 3), and Toyota Motor Corporation, which represented approximately 11% of our consolidated net sales in fiscal 2008. The Detroit 3 have experienced a significant decline in market shares in North America and have announced significant restructuring actions in an effort to improve profitability. The Detroit 3 automotive manufacturers are also burdened with substantial structural costs, such as pension and healthcare costs, that have impacted their profitability and labor relations and may ultimately result in severe financial difficulty, including bankruptcy. In addition, the Detroit 3 and other automakers that sell into North America are experiencing severe difficulties from a weakened economy and tightening credit markets. As a result, we have experienced and may continue to experience additional severe reductions in orders from these customers, incur significant write offs of accounts receivable, incur impairment charges or require additional restructuring actions beyond our current restructuring plans, particularly if any of the Detroit 3 cannot adequately fund their operations, or if other major customers reach a similar level of financial distress. Automakers across Europe are also experiencing difficulties from a weakened economy and tightening credit markets. If our customers reduce their orders to us, it would adversely impact our results of operations. A prolonged downturn in the North American or European automotive industries or a significant change in product mix due to consumer demand could require us to shut down additional plants or incur additional impairment charges. Additionally, we have significant component production for manufacturers of motor vehicles in the U.S., Europe, South America, Japan and other Asia/Pacific Rim countries. Continued uncertainty relating to the financial condition of the Detroit 3 and others in the automotive industry would have a negative impact on our business.

***The financial distress of our suppliers could harm our results of operations.***

Automotive industry conditions have adversely affected our supplier base. Lower production levels for some of our key customers, increases in certain raw material, commodity and energy costs and the global credit market crisis has resulted in severe financial distress among many companies within the automotive supply base. Several large suppliers have filed for bankruptcy protection or ceased operations, and other suppliers may file for bankruptcy protection or cease operations. The continuation of financial distress within the supplier base may lead to

**Table of Contents**

commercial disputes and possible supply chain interruptions, which in turn could disrupt our production. In addition, the adverse industry environment may require us to provide financial support to distressed suppliers or take other measures to ensure uninterrupted production, which could involve additional costs or risks. If any of these risks materialize, or if these industry conditions continue or worsen, we are likely to incur losses, or our results of operations, financial position or liquidity could otherwise be adversely affected.

***Change in consumer demand may adversely affect our results of operations.***

Recent increases in energy costs that consumers incur have resulted, and future increases will result, in shifts in consumer demand away from motor vehicles that typically have higher content that we supply, such as light trucks, cross-over vehicles, minivans and SUVs, to smaller vehicles that have lower content that we supply. The loss of business with respect to, or a lack of commercial success of, one or more particular vehicle models for which we are a significant supplier could reduce our sales and harm our profitability, thereby adversely affecting our results of operations.

***We may not be able to successfully negotiate pricing terms with our customers in the automotive experience business, which may adversely affect our results of operations.***

We negotiate sales prices annually with our automotive seating and interiors customers. Cost-cutting initiatives that our customers have adopted generally result in increased downward pressure on pricing. Our customer supply agreements generally require reductions in component pricing over the period of production. Pricing pressures may further intensify, particularly in North America, as the Detroit 3 pursue restructuring and cost cutting initiatives to survive. If we are unable to generate sufficient production cost savings in the future to offset price reductions, our results of operations may be adversely affected. In particular, large commercial settlements with our customers may adversely affect our results of operations or cause our financial results to vary on a quarterly basis.

***Volatility in commodity prices may adversely affect our results of operations.***

Commodity prices were highly volatile in the past year. In our two largest markets, North America and Europe, the cost of commodities, primarily steel, fuel, resin and chemicals, increased (net of recoveries through price increases to customers). If commodity prices continue to rise, and if we are not able to recover these cost increases through price increases to our customers, then such increases will have an adverse effect on our results of operations.

***The cyclical nature of original equipment automobile production rates may adversely affect the results of operations in our automotive experience business.***

Our automotive experience business is directly related to automotive sales and automotive production by our customers. Automotive production and sales are highly cyclical and depend on general economic conditions and other factors, including consumer spending and preferences. Further economic decline that results in a reduction in automotive production and sales by our automotive experience customers may have a material adverse impact on our results of operations.

**Table of Contents**

***A variety of other factors could adversely affect the results of operations of our automotive experience business.***

Any of the following could materially and adversely impact the results of operations of our automotive experience business: the loss of, or changes in, automobile seating and interiors supply contracts or sourcing strategies with our major customers or suppliers; start-up expenses associated with new vehicle programs or delays or cancellations of such programs; underutilization of our manufacturing facilities, which are generally located near, and devoted to, a particular customer's facility; inability to recover engineering and tooling costs; market and financial consequences of any recalls that may be required on products that we have supplied; delays or difficulties in new product development; the potential introduction of similar or superior technologies; and global overcapacity and vehicle platform proliferation.

**Building efficiency risks**

***Our building efficiency business relies to a great extent on contracts and business with U.S. government entities, the loss of which may adversely affect our results of operations.***

Our building efficiency business contracts with government entities and is subject to specific rules, regulations and approvals applicable to government contractors. We are subject to routine audits by the Defense Contract Audit Agency to assure our compliance with these requirements. Our failure to comply with these or other laws and regulations could result in contract terminations, suspension or debarment from contracting with the U.S. federal government, civil fines and damages and criminal prosecution. In addition, changes in procurement policies, budget considerations, unexpected U.S. developments, such as terrorist attacks, or similar political developments or events abroad that may change the U.S. federal government's national security defense posture may affect sales to government entities.

***Volatility in commodity prices may adversely affect our results of operations.***

Commodity prices were highly volatile in the past year, primarily steel, aluminum, copper and fuel costs. Increases in commodity costs negatively impacts the profitability of orders in backlog as prices on those orders are fixed; therefore, we can not adjust for changes in commodity prices. If we are not able to recover commodity cost increases through price increases to our customers on new orders, then such increases will have an adverse effect on our results of operations. Additionally, unfavorability in our hedging programs during a period of declining commodity prices could limit our ability to lower our prices to customers as quickly as our competitors, which could have an adverse effect on our results of operations.

***Conditions in the residential and commercial new construction markets may adversely affect our results of operations.***

HVAC equipment sales in the residential and commercial new construction markets correlate to the number of new homes and buildings that are built. The strength of the residential and commercial markets depends in part on the availability of consumer and commercial financing for our customers. As a result of deteriorating economic conditions and the turmoil in the credit markets, there has been a significant decline in the residential housing construction market and construction of new commercial buildings requiring interior control systems has slowed. If these conditions remain as they are today or continue to worsen, it may have an adverse effect on our results of operations and such events could result in potential liabilities or additional costs, including impairment charges, to the company.

**Table of Contents**

***A variety of other factors could adversely affect the results of operations of our building efficiency business.***

Any of the following could materially and adversely impact the results of operations of our building efficiency business: loss of, or changes in, building automation or facility management supply contracts with our major customers; cancellation of, or significant delays in, projects in our backlog; delays or difficulties in new product development; the potential introduction of similar or superior technologies; financial instability or market declines of our major or component suppliers; the unavailability of raw materials, primarily steel, copper and electronic components, necessary for production of HVAC equipment; unseasonable weather conditions in various parts of the world; changes in energy costs or governmental regulations that would decrease the incentive for customers to update or improve their interior control systems; increased energy efficiency legislation requirements worldwide; a decline in the outsourcing of facility management services; availability of labor to support growth of our service businesses; and changes in foreign currency rates, which could adversely impact our profit on imported and exported goods.

**Power solutions risks**

***We face increasing competition and pricing pressure from other companies in the power solutions business.***

Our power solutions business competes with a number of major domestic and international manufacturers and distributors of lead-acid batteries, as well as a large number of smaller, regional competitors. The North American, European and Asian lead-acid battery markets are highly competitive. The manufacturers in these markets compete on price, quality, technical innovation, service and warranty. If we are unable to remain competitive and maintain market share in the regions and markets we serve, our results of operations may be adversely affected.

***Volatility in commodity prices may adversely affect our results of operations.***

Lead is a major component of our lead acid batteries. The price of lead has been highly volatile over the last several years. We attempt to manage the impact of changing lead prices through commercial terms with our customers and commodity hedging programs. Our ability to mitigate the impact of lead price changes can be impacted by many factors, including customer negotiations, inventory level fluctuations and sales volume/mix changes, any of which could have an adverse effect on our results of operations.

Additionally, other commodity prices were volatile in the past year, primarily fuel, acid and resin. If other commodity prices continue to rise, and if we are not able to recover these cost increases through price increases to our customers, then such increases will have an adverse effect on our results of operations.

***Decreased demand from our customers in the automotive industry may adversely affect our results of operations.***

Our financial performance in the power solutions business depends, in part, on conditions in the automotive industry. Sales to OEM s accounted for approximately 25% of the total net sales of the power solutions business in fiscal 2008. Significant declines in the North American or European automotive production levels have reduced and could continue to reduce our sales and harm our profitability, thereby adversely affecting our results of operations. In addition, if any OEM s reach a point where they cannot fund their operations, we may incur significant

**Table of Contents**

write offs of accounts receivable, incur impairment charges or require additional restructuring actions beyond our current restructuring plans.

*A variety of other factors could adversely affect the results of operations of our power solutions business.*

Any of the following could materially and adversely impact the results of operations of our power solutions business: loss of or changes in automobile battery supply contracts with our large original equipment and aftermarket customers; the increasing quality and useful life of batteries or use of alternative battery technologies, both of which may contribute to a growth slowdown in the lead-acid battery market; delays or cancellations of new vehicle programs; market and financial consequences of any recalls that may be required on our products; delays or difficulties in new product development, including nickel-metal-hydride/lithium-ion technology; financial instability or market declines of our customers or suppliers; the increasing global environmental regulation related to the manufacture of lead-acid batteries; and the lack of the development of a market for hybrid vehicles.

**Risks related to the equity units and our common stock**

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

As a holder of Corporate Units or Treasury Units, you will have an obligation to buy shares of our common stock pursuant to the purchase contracts that are part of the Corporate Units or Treasury Units. On the purchase contract settlement date, unless you pay cash to satisfy your obligation under the purchase contracts or the purchase contracts are terminated due to our bankruptcy, insolvency or reorganization, (i) in the case of Corporate Units, either (x) the principal of the applicable ownership interests in the Treasury portfolio when paid at maturity or (y) either the proceeds attributable to the applicable ownership interest in a note derived from the successful remarketing of a note or, if no successful remarketing has occurred, the put price paid upon the automatic put of a note to us, or (ii) in the case of Treasury Units, the principal of the related Treasury securities when paid at maturity, will automatically be used to purchase a specified number of shares of our common stock on your behalf.

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 of the closing price per share of our common stock on the 20 consecutive trading days ending on the third 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 received by you on the purchase contract settlement date will be equal to or greater than the price per share paid by you for our common stock. If the applicable market value of the common stock is less than \$ \_\_\_\_\_, 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 is the same as the applicable market value of the common stock) will be less than the effective price per share paid by you for the common stock on the date of issuance of the Equity Units.

Accordingly, you assume the risk that the market value of the common stock may decline and that the decline could be substantial.

**Table of Contents**

***The equity units provide limited settlement rate adjustments, and our concurrent convertible notes offering or another 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 settlement rate.***

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 purchase contract, is subject to adjustment for certain events arising from stock splits and combinations, stock dividends, cash dividends and certain other acts. See Description of the purchase contracts Anti-dilution adjustments. 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 our concurrent convertible notes offering or other events, including offerings of common stock by us for cash or in connection with acquisitions, employee stock option grants or ordinary dividends (at the level we currently pay). 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, we are not restricted from issuing additional common stock during the term of the purchase contracts and have no obligation to consider your interests. If we issue additional shares of common stock, it may materially and adversely affect the trading price of our common stock and the Corporate Units or Treasury Units.

***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 is the same as the applicable market value of the common stock) will only exceed the effective price per share paid by you for our common stock on the purchase contract settlement date if the applicable market value of the common stock exceeds the threshold appreciation price (which represents an appreciation of % over the reference price). If the applicable market value of our common stock exceeds the reference price but falls below 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 \$50 at the reported last sale price of our common stock on the date of pricing of the Equity Units.

***The trading prices for the corporate units and treasury units will be directly affected by the trading prices of our common stock, the general level of interest rates and our credit quality.***

The trading prices of Corporate Units and Treasury Units in the secondary market will be directly affected by 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. Trading prices of our common stock will be influenced by our operating results and prospects and by economic, financial and other factors. In addition, general market conditions, including the level of, and fluctuations in, the trading prices of stocks generally, and sales of substantial amounts of common stock (or securities convertible into, or that may otherwise be settled in, shares of common stock) by us in the market subsequent to the offering of the Equity Units or the perception that such sales could occur, could affect the price of our

**Table of Contents**

common stock. The price of our common stock could also be affected by possible sales of our common stock by investors who view the Equity Units as a more attractive means of equity participation in us and by hedging or arbitrage trading activity that may develop involving our common stock. This trading activity could, in turn, affect the trading price of the Corporate Units or the Treasury Units.

***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 (including, without limitation, voting rights and rights to receive any dividends or other distributions on the common stock), but you will be subject to all changes affecting our common stock. You will only be entitled to rights on our common stock if and when we deliver shares of common stock upon settlement of the purchase contracts that are part of 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 rights occurs after that date. For example, in the event that an amendment is proposed to our restated articles of incorporation or by-laws requiring shareholder approval and the record date for determining the shareholders of record entitled to vote on the amendment occurs prior to delivery of the common stock, you will not be entitled to vote on the amendment, although you will nevertheless be subject to any changes in the powers, preferences or special rights of our common stock.

***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 in the secondary market or whether the market will be liquid or illiquid. There is currently no secondary market for either our Corporate Units, Treasury Units or notes. We will apply to list the Corporate Units on the New York Stock Exchange and we expect trading to begin within 30 days of the initial date of issuance of the Corporate Units. If the Treasury Units or the notes are separately traded to a sufficient extent that applicable exchange listing requirements are met, we will endeavor to list the Treasury Units or the notes on the same exchange as the Corporate Units. 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 it develops, will continue. In addition, in the event a sufficient number of holders 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 your election to create Treasury Units by substituting collateral, 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.***

Although you will be the beneficial owner of the applicable ownership interests in notes, Treasury securities or 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. Thus, 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

**Table of Contents**

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 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. For example, a party in interest in the bankruptcy proceeding might argue that holders of notes should be treated as equity holders rather than creditors in the bankruptcy proceeding.

***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, custodial agent and securities intermediary will not be qualified as an indenture under the Trust Indenture Act of 1939, or the Trust Indenture Act, and the purchase contract agent will not be required to qualify as a trustee under the Trust Indenture Act. Thus, you will not have the benefit of the protection of the Trust Indenture Act with respect to the purchase contract and pledge agreement, the purchase contract agent or the collateral agent, custodial agent and securities intermediary. The notes constituting a part of the Corporate Units will be issued pursuant to an indenture, which will be 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 applicable 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.

***Our financial performance and other factors could adversely impact our ability to make payments on the notes.***

Our ability to make scheduled payments with respect to our indebtedness, including the notes, will depend on our financial and operating performance, which, in turn, is subject to prevailing economic conditions and to financial, business and other factors beyond our control.

***Our obligations to make payments on the notes are subordinate to our payment obligations under our senior indebtedness.***

Our obligations under the notes are unsecured and rank junior in right of payment to all of our existing and future senior indebtedness. See Description of the notes Subordination for the definition of senior indebtedness. This means that, unless all senior indebtedness is repaid in full, we cannot make any payments on the notes if our unsecured indebtedness for borrowed money is accelerated, in the event of our bankruptcy, insolvency or liquidation or in the event of the acceleration of the notes. As of December 31, 2008, we had \$4.6 billion of outstanding indebtedness on a consolidated basis, all of which was senior indebtedness. In addition, concurrently with this offering, we are offering \$100,000,000 in aggregate principal amount of convertible notes (or \$115,000,000 if the underwriters in that offering exercise their over-allotment option in full). If consummated, the convertible notes will constitute senior



**Table of Contents**

indebtedness, and will rank senior to our obligations under the notes. See Summary The offering concurrent convertible senior note offering above.

Our obligations under the notes are also effectively subordinated to our subsidiaries obligations. As of December 31, 2008, our subsidiaries had approximately \$434 million aggregate principal amount of third-party indebtedness outstanding, as well as other liabilities. Substantially all of our existing indebtedness is senior indebtedness. The terms of the subordinated indenture do not limit our ability to incur additional debt, including secured or unsecured debt that will rank senior to the notes and purchase contracts.

***In connection with 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 reasonable efforts to sell the notes included in the remarketing. In connection with the remarketing, we and the remarketing agent may materially change the terms of the notes, including their interest rate, interest payment dates, maturity date, ranking and optional redemption terms. 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. You may determine that the revised terms are not as favorable to you as you would deem appropriate.

***If we exercise our right to defer interest payments on the notes, the market price of the corporate units is likely to be adversely affected.***

Prior to March 31, 2012, we may at our option defer interest payments on the notes for one or more consecutive interest periods. During any such deferral period, holders of the notes will receive limited or no current payments and, so long as we are otherwise in compliance with our obligations, such holders will have no remedies against us for nonpayment unless we fail to pay all previously deferred interest (including compounded interest) in cash or in additional notes within 30 days of the deferral period end date. If we exercise our right to defer interest, the market price of the Corporate Units is likely to be adversely affected. As a result of the existence of our deferral rights, the market price of the Corporate Units may be more volatile than the market prices of other securities that are not subject to optional interest deferrals. We may not be able to pay such deferred interest in the future.

***The deferral of interest on the notes may have negative U.S. federal income tax consequences.***

We may at our option defer the payment of all or part of the interest on the notes. If we defer interest payments on the notes, you will be required to accrue income in the form of original issue discount for U.S. federal income tax purposes with respect to the deferred interest on the 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. See Material U.S. federal income tax consequences for a further discussion of the tax consequences of a deferral.

***You may have to pay taxes with respect to distributions on our common stock that you do not receive***

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 purchase contract is subject to adjustment for certain events arising from stock splits and combinations, stock dividends, cash dividends and certain other actions by us that modify our capital structure. See Description of the purchase

**Table of Contents**

contracts Anti-dilution adjustments. If the settlement rate is adjusted as a result of a distribution that is taxable to our common shareholders, such as a cash dividend, you would be required to include an amount in income for federal income tax purposes, notwithstanding the fact that you do not actually receive such gross distribution.

Non-U.S. holders of the Equity Units may, in certain circumstances, be deemed to have received a distribution subject to U.S. federal withholding tax requirements. See Material U.S. federal income tax consequences U.S. holders Purchase contracts Adjustment to the settlement rate and Material U.S. federal income tax consequences Non-U.S. holders Dividends.

***The U.S. federal income tax consequences of the purchase, ownership and disposition of the equity units are unclear.***

The Internal Revenue Service (IRS) has issued a ruling addressing the treatment of units similar to the Equity Units. Consistent with the IRS ruling, we intend to treat the notes and the purchase contracts as separate securities and the notes as our debt instruments. However, the terms of the Equity Units differ in some respects from the units addressed by the IRS in the ruling. Accordingly, no assurance can be given that the conclusions in the ruling would apply to the Equity Units. As a result, the U.S. federal income tax consequences of the purchase, ownership and disposition of Equity Units are not entirely clear. If the IRS were to challenge our characterization of the Equity Units successfully, the IRS's recharacterization could adversely affect the amount, timing or character of the income, gain or loss you recognize with respect to our Equity Units and non-U.S. holders may be subject to U.S. federal withholding tax on the payments of interest on their notes.

In addition, any gain on a disposition of a note or a Corporate Unit to the extent such gain is allocable to the applicable ownership interest in notes prior to the date six months after the interest rate on the notes is reset will generally be treated as ordinary interest income; thus, the ability to offset such interest income with a loss, if any, on a purchase contract may be limited. See Material U.S. federal income tax consequences.

***Interest and principal payments may be made on subordinated debt securities that rank pari passu with the notes even though interest has not been paid on the notes.***

We may during a deferral period be required to make payments of interest on any subordinated debt securities that we issue that rank *pari passu* with the notes, which we refer to as *pari passu* securities, that are not made *pro rata* with payments of interest on the notes. The terms of the notes permit us during a deferral period:

to make any payment of interest or deferred interest on *pari passu* securities that, if not made, would cause us to breach the terms of the instrument governing such *pari passu* securities; and

to pay any security at stated maturity or to redeem any securities prior thereto if necessary to avoid a breach of the instrument governing the same.

We currently do not have any *pari passu* securities outstanding but we may issue such securities in the future.

***Fluctuations in interest rates may give rise to arbitrage opportunities, which would affect the trading price of the corporate units, treasury units, the notes and our common stock.***

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

**Table of Contents**

components of the Equity Units. Any such arbitrage could, in turn, affect the trading prices of the Corporate Units, Treasury Units, the notes and our common stock.

***You will be required to accrue original issue discount on the notes for U.S. federal income tax purposes.***

While the matter is not free from doubt, because of the manner in which the interest rate on the notes is reset, we intend to treat the notes as contingent payment debt instruments subject to the noncontingent bond method for accruing original issue discount, as set forth in applicable Treasury regulations. Under the noncontingent bond method, a U.S. holder will accrue original issue discount in respect of the notes on a constant yield basis based on the comparable yield of the notes, which generally is the rate at which we would issue a fixed rate debt instrument with terms and conditions otherwise similar to the notes. As discussed more fully under Material U.S. federal income tax consequences, the application of the noncontingent bond method to the notes will (i) require each U.S. holder, regardless of its usual method of tax accounting, to use an accrual method with respect to the notes, (ii) result in interest income being accrued by a U.S. holder in excess of interest payments actually received for all accrual periods beginning before the earlier of the reset effective date and March 31, 2012 and (iii) generally cause any gain recognized on the sale, exchange or other taxable disposition of notes to be treated as ordinary income rather than capital gain. See Material U.S. federal income tax consequences U.S. holders The notes Interest income and original issue discount.

For additional tax-related risks, see Material U.S. federal income tax consequences in this prospectus supplement.

***Our management will have broad discretion in allocating the net proceeds of this offering and the concurrent convertible notes offering.***

Our management has significant flexibility in applying the net proceeds we expect to receive in this offering and in the convertible notes offering. Because the net proceeds are not required to be allocated to any specific investment or transaction, you cannot determine at this time the value or propriety of our application of the proceeds, and you may not agree with our decisions. In addition, our use of the proceeds from this offering may not yield a significant return or any return at all. The failure by our management to apply these funds effectively could have a material adverse effect on our business, results of operations or financial condition. See Use of proceeds.

***We may be unable to, or may choose not to, continue to pay dividends on our common stock at current rates or at all.***

Any future payments of cash dividends will depend on our financial condition, our capital requirements and earnings, and the ability of our operating subsidiaries to distribute cash to us, as well as other factors that our board of directors may consider.

***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 deliverable upon early settlement of a purchase contract.***

The early settlement rights (including the fundamental change early settlement right) under the purchase contracts are subject to the condition that, if required under the U.S. federal securities

**Table of Contents**

laws, we have a registration statement under the Securities Act in effect and an available prospectus covering the shares of common stock and other securities, if any, deliverable upon settlement of a purchase contract. Although we have agreed to use our commercially reasonable efforts to have such a registration statement in effect and to provide a prospectus if so required under the U.S. federal securities laws, any failure or inability to maintain an effective registration statement or to have available a prospectus covering the common stock, including as a result of pending corporate events or announcements that prevent the delivery of a current prospectus, may prevent or delay an early settlement.

***The price of our common stock recently has been volatile. This volatility may affect the price at which you could sell your common stock, and the sale of substantial amounts of our common stock could adversely affect the price of our common stock.***

The market price for our common stock has varied between a high of \$36.52 (in January 2008) and a low of \$8.85 (in March 2009) during the period from January 1, 2008 through March 6, 2009. This volatility may affect the price at which you could sell the common stock you receive upon conversion of your notes, and the sale of substantial amounts of our common stock could adversely affect the price of our common stock. Our stock price may continue to be volatile and subject to significant price and volume fluctuations in response to market and other factors, including the other factors discussed in Risks related to our business and industry ; variations in our quarterly operating results from expectations of securities analysts or investors; downward revisions in securities analysts estimates; and announcement by us or our competitors of significant acquisitions, joint ventures, capital commitments or other material developments.

In addition, the sale of substantial amounts of our common stock could adversely impact its price. As of December 31, 2008, we had outstanding approximately 594,215,653 shares of our common stock and options to purchase approximately 34,856,209 shares of our common stock (of which approximately 23,978,616 million were exercisable as of that date). We also had outstanding approximately 3,300,205 million stock appreciation rights as of December 31, 2008, of which approximately 2,001,247 million were exercisable. The sale or the availability for sale of a large number of shares of our common stock in the public market could cause the price of our common stock to decline.

***Wisconsin law and our charter documents may impede or discourage a takeover, which could cause the market price of our shares to decline.***

We are a Wisconsin corporation, and the anti-takeover provisions of Wisconsin law impose various impediments to the ability of a third party to acquire control of us, even if a change in control would be beneficial to our existing shareholders. In addition, our board of directors has the power, without shareholder approval, to designate the terms of one or more series of preferred stock and issue shares of preferred stock. The ability of our board of directors to create and issue a new series of preferred stock and certain provisions of Wisconsin law and our restated articles of incorporation and bylaws could impede a merger, takeover or other business combination involving us or discourage a potential acquirer from making a tender offer for our common stock, which, under certain circumstances, could reduce the market price of our common stock and the value of your notes. See Description of capital stock in the accompanying prospectus.

**Table of Contents****Use of proceeds**

We expect the net proceeds from this offering to be approximately \$      million, or approximately \$      million if the underwriters' over-allotment option is exercised in full, after deducting the estimated underwriting discounts and estimated offering expenses payable by us.

We expect the net proceeds from the convertible notes offering to be approximately \$      million, or approximately \$      million if the underwriters' over-allotment option is exercised in full, after deducting the estimated underwriting discounts and estimated offering expenses payable by us.

We intend to use the net proceeds from this offering and the concurrent offering of convertible notes for general corporate purposes, including to repay short-term indebtedness that we have incurred to finance working capital requirements. As of February 27, 2009, we had various forms of short-term indebtedness that carried a weighted average annual interest rate of 1.95% and a weighted average maturity of 55 days. Pending such use, we intend to invest the net proceeds in short-term, interest bearing securities.

We currently intend to use the proceeds from the settlement of the stock purchase contracts to repay debt as soon as practicable following such settlement, and we have agreed not to use such proceeds to repurchase shares of our common stock.

**Ratio of earnings to fixed charges**

The following table sets forth the ratio of earnings to fixed charges for us for each year in the five year period ended September 30, 2008, and for the three months ended December 31, 2008.

<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>Year ended September 30,</b>		<b>Three months</b>
			<b>2007</b>	<b>2008</b>	<b>ended</b>
					<b>December 31, 2008</b>
6.1x	5.5x	4.1x	5.0x	4.1x	(0.6)x <sup>(1)</sup>

(1) Total earnings were insufficient to cover fixed charges by \$173 million for the three months ended December 31, 2008.

For the purposes of computing this ratio, earnings consist of income from continuing operations before income taxes, minority interest in earnings or losses of consolidated subsidiaries and income from equity affiliates plus (a) amortization of previously capitalized interest, (b) distributed income from equity affiliates and (c) fixed charges, minus interest capitalized during the period. Fixed charges consist of (i) interest incurred and amortization of debt expense plus (ii) the portion of rent expense representative of the interest factor.

We did not have any preferred stock outstanding and we did not pay or accrue any preferred stock dividends during the periods presented above.



**Table of Contents****Capitalization**

The following table sets forth our cash and cash equivalents and capitalization on a consolidated basis as of December 31, 2008 on an:

actual basis;

as adjusted to reflect the issuance and sale of the equity units offered hereby; and

as further adjusted to reflect the concurrent issuance and sale of the convertible notes.

This table should be read in conjunction with Management's Discussion and Analysis of Financial Condition and Results of Operations and our consolidated financial statements and the notes to those consolidated financial statements incorporated by reference in this prospectus supplement and the accompanying prospectus.

(\$ in millions)	As of December 31, 2008		
(unaudited)	Actual	As adjusted	As further adjusted
<b>Cash and cash equivalents<sup>(1)</sup></b>	\$ 202	\$ 602	\$ 702
<b>Short-term debt</b>	\$ 985	\$ 985	\$ 985
<b>Long-term debt:</b>			
% convertible senior notes due 2012 <sup>(2)</sup>			100
% subordinated notes due 2042 <sup>(3)</sup>		380	380
Other	3,628	3,628	3,628
<b>Total long-term debt</b>	3,628	4,008	4,108
<b>Shareholders' equity</b>			
Common stock, \$0.017/18 par value per share	8	8	8
Capital in excess of par value <sup>(4)</sup>	1,556	1,576	1,576
Retained earnings	6,616	6,616	6,616
Treasury stock, at cost	(102)	(102)	(102)
Accumulated other comprehensive income	235	235	235
<b>Total shareholders' equity</b>	8,313	8,333	8,333
<b>Total capitalization (including short-term debt)</b>	\$ 12,926	\$ 13,326	\$ 13,426

- (1) The as adjusted cash and cash equivalents amount represents gross proceeds of \$400 from this offering and would be \$662 if the underwriters in this offering exercise their over-allotment option in full. The as further adjusted cash and cash equivalents amount represents gross proceeds of \$400 from this offering and \$100 from the concurrent convertible note offering, and would be \$777 if the underwriters in this offering and the underwriters in the concurrent convertible note offering both exercise their over-allotment options in full.
- (2) The as further adjusted amount will be \$115 if the underwriters exercise their over-allotment option in full.
- (3) The % subordinated notes due 2042 are a component of the equity units. The as adjusted and as further adjusted amounts would be \$437 if the underwriters exercise their over-allotment option in full. The as adjusted and as further adjusted amounts assume that 95% of the issue price of a Corporate Unit is allocable to the ownership interest in a note and 5% is allocable to the purchase contract. If 90% of the issue price of a Corporate Unit were allocable to the ownership interest in a note and 10% were allocable to the purchase contract, then the as adjusted and as further adjusted amounts would be \$360 (or \$414 if the underwriters exercise their over-allotment option in full). If 99% of the issue price of a Corporate Unit were allocable to the ownership interest in a note and 1% were allocated to the purchase contract, then the as adjusted and as further adjusted amounts would be \$396 (or \$455 if the underwriters exercise their over-allotment option in full).
- (4) The as adjusted and as further adjusted amounts would be \$1,579 if the underwriters exercise their over-allotment option in full. The as adjusted and as further adjusted amounts assume that 95% of the issue price of a Corporate Unit is allocable to the ownership interest in a note and 5% is allocable to the purchase contract. If 90% of the issue price of a Corporate Unit were allocable to the ownership interest in a note and 10% were allocable to the purchase contract, then the as adjusted and as further adjusted amounts would be \$1,596 (or \$1,602 if the underwriters exercise their over-allotment option in full). If 99% of the issue price of a Corporate Unit were allocable to the ownership interest in a note and 1% were allocated to the purchase contract, then the as adjusted and as further adjusted amounts would be \$1,560 (or \$1,561 if the underwriters exercise their over-allotment option in full).



**Table of Contents****Price range of common stock and dividends**

Our common stock is listed on the New York Stock Exchange under the symbol JCI. The following table sets forth on a per share basis the high and low sales prices for consolidated trading in our common stock as reported on the New York Stock Exchange and dividends for the quarters indicated. The closing price of a share of our common stock on March 6, 2009 was \$9.13.

	<b>Price range of common stock</b>		<b>Dividend</b>
	<b>High</b>	<b>Low</b>	<b>declared per share</b>
<b>Fiscal 2007</b>			
First quarter	\$ 29.48	\$ 23.84	\$ 0.11
Second quarter	33.22	28.09	0.11
Third quarter	39.25	31.35	0.11
Fourth quarter	43.07	33.17	0.11
<b>Fiscal 2008</b>			
First quarter	44.46	35.15	0.13
Second quarter	36.52	29.47	0.13
Third quarter	36.49	28.57	0.13
Fourth quarter	36.00	26.00	0.13
<b>Fiscal 2009</b>			
First quarter	30.01	13.65	0.13
Second quarter (through March 6, 2009)	19.64	8.85	0.13

The number of registered shareholders of our common stock at December 31, 2008, was 47,450. Our board of directors expects to continue our policy of paying regular cash dividends, in its discretion and in light of all relevant factors, although there is no assurance as to future dividends because they are dependent on our future earnings, capital requirements and financial condition.

**Accounting treatment**

The net proceeds from the sale of the Corporate Units will be allocated between the purchase contracts and the notes in proportion to their respective fair market values at the time of issuance.

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

Before the issuance 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 if-converted method. Under this method, if dilutive,

the common stock is assumed issued and included in calculating diluted earnings per share. The number of shares of common stock used in calculating diluted earnings per share is based on the beginning stock price for the reporting period and the settlement formula applied at the end of the reporting period. In addition, if dilutive, the interest expense, net of tax, related to the notes will be added back to the numerator in calculating diluted earnings per share.

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.

**Table of Contents****Description of the equity units**

*The following description of the terms of the Equity Units supplements and, to the extent inconsistent therewith, replaces the description of the general terms and provisions of the Equity Units set forth in the accompanying prospectus, to which we refer you. This summary, together with the summary of some of the provisions of the related documents described below, contains a description of the material terms of the Equity Units but is not complete. We refer you to the copies of those documents which have been or will be filed and incorporated by reference in the registration statement of which this prospectus supplement and accompanying prospectus form a part. For purposes of this summary, the terms we, our, ours and us refer to Johnson Controls, Inc. and, unless otherwise expressly stated or the context otherwise requires, not any of our subsidiaries.*

We will issue the Equity Units under the purchase contract and pledge agreement among us, U.S. Bank National Association, in its capacity as the purchase contract agent, and U.S. Bank National Association, in its capacity as the collateral agent, custodial agent and securities intermediary. Equity Units may be either Corporate Units or Treasury Units. The Equity Units will initially consist of 8,000,000 Corporate Units (or 9,200,000 Corporate Units if the underwriters exercise in full their option to purchase additional Equity Units), each with a stated amount of \$50.

**Corporate units**

Each Corporate Unit consists of:

(a) a purchase contract under which the holder will agree to purchase from us, and we will agree to sell to the holder, not later than March 31, 2012, which we refer to as the purchase contract settlement date, for \$50 in cash, which we refer to as the purchase contract settlement price, a number of newly issued shares of our common stock equal to the settlement rate described below under Description of the purchase contracts Purchase of common stock, which we refer to as the settlement rate, subject to anti-dilution adjustments under the circumstances set forth under Description of the purchase contracts Anti-dilution adjustments, and

(b) either:

- (1) 1/20, or 5.0%, undivided beneficial ownership interest in a \$1,000 principal amount % subordinated note due March 31, 2042 issued by us, or
- (2) following a successful remarketing of the notes during the period for early remarketing described under Description of the purchase contracts Remarketing below, the applicable ownership interest in a portfolio of U.S. Treasury securities, which we refer to as the Treasury portfolio.

Because each note has a principal amount of \$1,000, a holder of one Corporate Unit will not hold that note directly. Instead, a holder will own, as described above, a 1/20, or 5.0%, beneficial interest in the note that is a component of the Corporate Unit. Upon a successful remarketing during the period for early remarketing, however, the notes that are components of the Corporate Units will be sold in the remarketing and will be replaced by the Treasury portfolio. This is a portfolio of U.S. Treasury securities which, in the aggregate, will (i) produce sufficient cash to make the remaining interest payments on the notes as if they remained part of the Corporate Units and (ii) pay the purchase contract settlement price. Because each Treasury security in the Treasury portfolio is issued in \$1,000 denominations, a holder will not own the



## **Table of Contents**

Treasury security directly, but will own an applicable ownership interest in the Treasury portfolio. The applicable ownership interest means, with respect to a Corporate Unit and the U.S. Treasury securities in the Treasury portfolio,

a 1/20, or 5.0%, 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 March 31, 2012, and

with respect to the originally scheduled quarterly interest payment date on the notes that would have occurred on March 31, 2012, an undivided beneficial ownership interest in a \$1,000 interest or principal strip of U.S. Treasury security that matures on March 31, 2012 in an amount equal to the interest payment that would be due on March 31, 2012 on a 1/20, or 5.0%, beneficial ownership interest in \$1,000 principal amount of the notes.

The purchase price of each Equity Unit will be allocated between the related purchase contract and the related applicable ownership interest in the notes in proportion to their respective fair market values at the time of issuance. We have determined that, at the time of issuance, the fair market value of the applicable ownership interest in the notes will be \$ and the fair market value of each purchase contract will be \$. This position generally will be binding on each beneficial owner of each Equity Unit but will not be binding on the IRS. See Material U.S. federal income tax consequences U.S. holders Allocation of the purchase price.

As long as a unit is in the form of a Corporate Unit, any ownership interest in a note or any applicable ownership interest in the Treasury portfolio forming a part of the Corporate Unit (other than the portion of the Treasury portfolio necessary to make the remaining interest payments on the notes as if they remained part of the Corporate Units) will be pledged to us through the collateral agent to secure your obligation to purchase common stock under the related purchase contract.

### **Creating treasury units**

Each holder of Corporate Units will have the right, at any time on or prior to 4:00 p.m. New York City time, on the seventh business day immediately preceding the purchase contract settlement date, to substitute for the related notes held by the collateral agent, zero-coupon Treasury securities that mature on March 31, 2012 (CUSIP No. 912820 PJ0), which we refer to as a Treasury security, in a total principal amount at maturity equal to the aggregate principal amount of the notes for which substitution is being made; *provided* that no such substitution may be made during a restricted period described below or following a successful early remarketing as described below under Description of the purchase contracts Remarketing Early remarketing. Because Treasury securities and the notes are issued in integral multiples of \$1,000, holders of Corporate Units may make this substitution only in integral multiples of 20 Corporate Units.

The restricted period means the period commencing on, and including, the business day preceding any three-business day remarketing period as described under Description of the purchase contracts Remarketing Early remarketing below and ending on, and including, the later of the reset effective date and the business day following the last remarketing date during that three-business day remarketing period.

Each of these substitutions will create Treasury Units, and the applicable notes or applicable ownership interests in the Treasury portfolio will be released to the holder and be separately tradable from the Treasury Units.

## **Table of Contents**

Each Treasury Unit will consist of a unit with a stated amount of \$50 comprising:

- (a) a purchase contract under which the holder will agree to purchase from us, and we will agree to sell to the holder, not later than the purchase contract settlement date, for \$50 in cash, a number of newly issued shares of our common stock equal to the settlement rate, subject to anti-dilution adjustments, and
- (b) a 1/20, or 5.0%, undivided beneficial interest in a Treasury security with a principal amount of \$1,000.

To create 20 Treasury Units, unless the Treasury portfolio has replaced the notes that are components of the Corporate Units, the Corporate Unit holder must:

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 Corporate Unit holder's expense, unless otherwise owned by the holder, and

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

Upon the deposit and receipt of an instruction from the purchase contract agent, the collateral agent will release the related note from the pledge under the purchase contract and pledge agreement, free and clear of our security interest, to the purchase contract agent. The purchase contract agent then will:

cancel the 20 Corporate Units,  
transfer the related \$1,000 principal amount of the 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 common stock under the related purchase contracts. The related note released to the holder thereafter will trade separately from the resulting Treasury Units.

Notwithstanding the foregoing, if the Treasury portfolio has replaced the notes that are components of the Corporate Units, holders of Corporate Units will have the right, at any time on or prior to 4:00 p.m., New York City time, on the second business day immediately preceding the purchase contract settlement date, to substitute Treasury securities for the applicable ownership interests in the Treasury portfolio that is a component of the Corporate Unit, but holders of Corporate Units can only make this substitution in integral multiples of Corporate Units (or such other number of Corporate Units as may be determined by the remarketing agent upon a successful remarketing of notes if the reset effective date is not a regular quarterly interest payment date). In such instance, the collateral agent will release the related applicable ownership interest in the Treasury portfolio that is a component of the Corporate Unit.

### **Recreating corporate units**

Each holder of Treasury Units will have the right at any time on or prior to 4:00 p.m. New York City time, on the seventh business day immediately preceding the purchase contract settlement date, to substitute for the related Treasury securities held by the collateral agent, notes having a principal amount equal to the aggregate principal amount at stated maturity of the Treasury securities for which substitution is being made; *provided* that no such substitution may be made

## **Table of Contents**

during the restricted period described above or following a successful early remarketing. Because Treasury securities and notes are issued in integral multiples of \$1,000, holders of Treasury Units may make these substitutions only in integral multiples of 20 Treasury Units.

These substitutions will recreate Corporate Units, and the applicable Treasury securities will be released to the holder and be separately tradable from the Corporate Units.

To create 20 Corporate Units, unless the Treasury portfolio has replaced the notes that are components of the Corporate Units, the Treasury Unit holder will:

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

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

Upon the deposit and receipt of an instruction from the purchase contract agent, the collateral agent will release the related Treasury security from the pledge under the purchase contract and pledge agreement, free and clear of our security interest, to the purchase contract agent. The purchase contract agent will then:

cancel the 20 Treasury Units,  
transfer the related Treasury security to the holder, and  
deliver 20 Corporate Units to the holder.

The substituted note will be pledged to us through the collateral agent to secure the Corporate Unit holder's obligation to purchase common stock under the related purchase contracts.

Holders that elect to substitute pledged securities, thereby creating Treasury Units or recreating Corporate Units, will be responsible for any fees or expenses payable in connection with the substitution.

## **Current payments**

Holders of Corporate Units will be entitled to receive quarterly cash distributions consisting of their *pro rata* share of interest payments on the notes calculated at the rate of % per year on the principal amount of notes subject to our right to defer these payments as described under Description of the notes Option to defer interest payments and Description of the notes Dividend and other payment stoppages during interest deferral and under certain other circumstances below.

There will be no distributions in respect of the Treasury securities that are components of the Treasury Units but the holders of the Treasury Units will continue to receive the scheduled quarterly interest payments on the notes that were released to them when the Treasury Units were created for as long as they hold the notes.

## **Ranking**

The notes will be issued under a subordinated indenture between us and U.S. Bank National Association, as trustee, as amended and supplemented by Supplemental Indenture No. 1 between us and the trustee.





## **Table of Contents**

The notes will be unsecured, will rank subordinate and junior in payment to all of our existing and future senior indebtedness, as described under [Description of the notes](#) [Subordination](#), and will be effectively subordinated to all liabilities of our subsidiaries. As of December 31, 2008, we had \$4.6 billion of outstanding indebtedness on a consolidated basis, all of which was senior indebtedness. The notes may cease to be subordinated and become our senior unsecured obligations upon the reset date.

## **Voting and certain other rights**

Holders of purchase contracts forming part of the Corporate Units or Treasury Units, in their capacities as such holders, will have no voting or other rights in respect of the common stock.

## **Listing of the securities**

We will apply to list the Corporate Units on the New York Stock Exchange and we expect trading on the New York Stock Exchange to begin within 30 days of the initial date of issuance of the Corporate Units. Unless and until substitution has been made as described in [Creating treasury units](#) or [Recreating corporate units](#), none of the notes, the applicable ownership interests in notes or the applicable ownership interests in the Treasury portfolio will trade separately from the Corporate Units. The applicable ownership interests in notes or the applicable ownership interests in the Treasury portfolio component will trade as a unit with the purchase contract component of the Corporate Units. If the Treasury Units or the notes are separately traded to a sufficient extent that applicable exchange listing requirements are met, we will endeavor to list the Treasury Units or the notes on the same exchange as the Corporate Units are then listed, including, if applicable, the New York Stock Exchange.

## **Miscellaneous**

We or our affiliates may from time to time purchase any of the securities offered by this prospectus supplement which are then outstanding by tender in the open market or by private agreement.

**Table of Contents****Description of the purchase contracts**

*This section summarizes some of the terms of the purchase contract and pledge agreement, purchase contracts, remarketing agreement and subordinated indenture. The following description supplements and, to the extent inconsistent therewith, replaces the description of the general terms and provisions of the purchase contracts set forth in the accompanying prospectus, to which we refer you. This summary is not complete and should be read together with the purchase contract and pledge agreement, including the form of remarketing agreement attached thereto, and subordinated indenture, 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. For purposes of this summary, the terms we, our, ours and us refer to Johnson Controls, Inc. and, unless otherwise expressly stated or the context otherwise requires, not any of our subsidiaries.*

**Purchase of common stock**

Subject to a holder's early settlement right as described below under Early settlement, and Early settlement upon a fundamental change, each purchase contract underlying a Corporate Unit or Treasury Unit will obligate the holder of the Corporate Unit or Treasury Unit to purchase, and us to sell, on the purchase contract settlement date, for an amount in cash equal to the stated amount of \$50 of the Corporate Unit or Treasury Unit, a number of newly issued shares of our common stock equal to the settlement rate. The settlement rate will be calculated as follows:

If the applicable market value of our common stock is equal to or greater than the threshold appreciation price of \$ , the settlement rate will be shares of our common stock (the minimum settlement rate ), which is equal to the stated amount of \$50 *divided by* the threshold appreciation price.

Accordingly, if the applicable market value for the common stock 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 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.

Accordingly, if the applicable market value for the common stock is less than the threshold appreciation price, but greater than the reference 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.

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 (the maximum settlement rate ), which is equal to the stated amount of \$50 *divided by* the reference price.

Accordingly, if the applicable market value for the common stock 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



**Table of Contents**

on the purchase contract settlement date is the same as the applicable market value of the common stock.

The maximum settlement rate, minimum settlement rate, reference price and threshold appreciation price are subject to adjustment as described under Anti-dilution adjustments below. We refer to the minimum settlement rate and the maximum settlement rate collectively as the fixed settlement rates.

If you elect to settle your purchase contract early in the manner described under Early settlement (other than in connection with a fundamental change), 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.

Applicable market value means the average of the closing price per share of our common stock on each of the 20 consecutive trading days ending on the third trading day immediately preceding the purchase contract settlement date. The reference price represents the last reported sale price of our common stock on the New York Stock Exchange on           , 2009. The threshold appreciation price represents a        % appreciation over the reference price.

Closing price of our common stock on any date of determination means the closing sale price (or, if no closing price is reported, the last reported sale price) of the common stock on the New York Stock Exchange on that date or, if the common stock is not listed for trading on the New York Stock Exchange on any such date, as reported in the composite transactions for the principal United States securities exchange on which the common stock is listed for trading. If the common stock is not listed for trading on a United States national or regional securities exchange, the closing price means the last quoted bid price for the common stock in the over-the-counter market as reported by the National Quotation Bureau or similar organization. If the bid price is not available, the closing price means the market value of the common stock on the date of determination as determined by a nationally recognized independent investment banking firm retained by us for this purpose.

A trading day means a day on which our common stock:

is not suspended from trading on any national or regional securities exchange or association or over-the-counter market at the close of business, and

has traded at least once on the national or regional securities exchange or association or over-the-counter market that is the primary market for the trading of the common stock.

If our common stock is not traded on a securities exchange or quoted in the over-the-counter market, then trading day means business day.

We will not issue any fractional shares of common stock pursuant to the purchase contracts. In lieu of fractional shares otherwise issuable (calculated on an aggregate basis) in respect of purchase contracts being settled by a holder of Corporate Units or Treasury Units, the holder will be entitled to receive an amount of cash equal to the fraction of a share *multiplied* by the applicable market value.

On the business day immediately preceding the purchase contract settlement date, unless:

a holder of Corporate Units or Treasury Units has settled the related purchase contracts prior to the purchase contract settlement date through the early delivery of cash to the purchase contract agent in the manner described under Early settlement, or Early settlement upon a fundamental change,



**Table of Contents**

a holder of Corporate Units has settled the related purchase contracts with separate cash on the sixth business day immediately preceding the purchase contract settlement date in the manner described under Notice to settle with cash or, following a failed final remarketing, on the business day immediately preceding the purchase contract settlement date in the manner described under Remarketing, or

an event described under Termination has occurred,

then the following proceeds will be applied automatically to satisfy the holder's obligation under the purchase contracts:

in the case of Corporate Units where the Treasury portfolio has replaced the notes that are components of the Corporate Units, proceeds equal to the stated amount of \$50 per Corporate Unit when paid at maturity of the appropriate applicable ownership interests in the Treasury portfolio,

in the case of Corporate Units where the Treasury portfolio has not replaced the notes that are components of the Corporate Units and there has been a successful remarketing of the notes during the final three-business day remarketing period, the portion of the proceeds from the remarketing equal to the principal amount of the notes remarketed,

in the case of Corporate Units where the Treasury portfolio has not replaced the notes that are components of the Corporate Units and there has not been a successful remarketing of the notes, proceeds from holders of all Corporate Units, who will be deemed to have automatically exercised their right to put their notes to us on the purchase contract settlement date at a put price equal to \$1,000 per note (\$50 per applicable ownership interest) plus accrued and unpaid interest, unless, prior to 11:00 a.m., New York City time, on the second business day immediately preceding the purchase contract settlement date, such holder provides a written notice of an intention to settle the related purchase contract with separate cash and on or prior to the business day immediately preceding the purchase contract settlement date delivers to the collateral agent the purchase price in cash, and

in the case of Treasury Units, proceeds equal to the principal amount of the related Treasury securities, when paid at maturity.

The common stock will then be issued and delivered to the holder or the holder's designee, upon presentation and surrender of the certificate evidencing the Corporate Units or Treasury Units and payment by the holder of any transfer or similar taxes payable in connection with the issuance of the common stock to any person other than the holder.

Each holder of Corporate Units or Treasury Units, by acceptance of these securities, will be deemed to have:

irrevocably agreed to be bound by the terms and provisions of the Corporate Units or Treasury Units, the related purchase contracts and the purchase contract and pledge agreement and to have agreed to perform its obligations thereunder for so long as the holder remains a holder of the Corporate Units or Treasury Units, and

duly appointed the purchase contract agent as the holder's attorney-in-fact to enter into and perform the related purchase contracts and purchase contract and pledge agreement on behalf of and in the name of the holder.

## **Table of Contents**

In addition, each beneficial owner of Corporate Units or Treasury Units, by acceptance of the beneficial interest therein, will be deemed to have agreed to treat:

itself as the owner of the related notes that are components of the Corporate Units, applicable ownership interests in the Treasury portfolio or the Treasury securities, as the case may be, and

the notes as indebtedness of the Company for all U.S. federal income tax purposes.

## **Remarketing**

### **Early remarketing**

Pursuant to the remarketing agreement that we will enter into with the purchase contract agent and a remarketing agent to be designated by us (which may be one of the underwriters named in this prospectus supplement), we may, at our option, elect to remarket the notes during the period (which we call the period for early remarketing) beginning on, and including, January 1, 2012 and ending on, and including, February 29, 2012. Any remarketing during the period for early remarketing will occur during a three-business day remarketing period consisting of three sequential possible remarketing dates selected by us and will include notes that are components of Corporate Units and the separate notes of holders that have elected to include those notes in the remarketing. During any period for early remarketing we have the right to postpone any remarketing in our absolute discretion but not, for the avoidance of doubt, during the final three-business day remarketing period. We will not attempt a remarketing if the notes have already been successfully remarketed.

On each remarketing date occurring during the period for early remarketing, the remarketing agent will use its reasonable efforts to obtain a price for the notes remarketed equal to approximately 100% of the sum of the purchase price for the remarketing Treasury portfolio and the separate notes purchase price described below plus, at our option the applicable remarketing fee. A portion of the proceeds from the remarketing equal to the remarketing Treasury portfolio purchase price will be applied to purchase on the reset effective date (as defined below) a remarketing Treasury portfolio consisting of:

interest or principal strips of U.S. Treasury securities that mature on or prior to March 31, 2012 in an aggregate amount equal to the principal amount of the notes that are components of the Corporate Units; and

interest or principal strips of U.S. Treasury securities that mature on or prior to March 31, 2012 in an aggregate amount equal to the aggregate interest payment that would be due on March 31, 2012 on the principal amount of the notes that would have been components of the Corporate Units assuming no remarketing and no reset of the interest rate on the notes.

The remarketing Treasury portfolio 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.

We will pay the remarketing fee in connection with any remarketing unless we direct the remarketing agent to include such fee in the price of the remarketed notes and the remarketing agent is able to remarket the notes for an amount which includes such fee. In any such case, the remarketing agent may deduct the applicable remarketing fee from any amount of the proceeds from the remarketing of the notes in excess of the remarketing Treasury portfolio purchase price. The remarketing agent will then remit any remaining portion of the proceeds. Corporate Unit holders whose component notes are remarketed will not otherwise be responsible for the





**Table of Contents**

payment of any remarketing fee in connection with any remarketing. The applicable remarketing fee shall be determined by negotiation with the remarketing agent.

As used in this context, remarketing Treasury portfolio purchase price means the lowest aggregate price quoted by a primary U.S. government securities dealer in New York City to the quotation agent on the third business day immediately preceding the reset effective date for the purchase of the remarketing Treasury portfolio described above for settlement on the reset effective date. Quotation agent means any primary U.S. government securities dealer in New York City selected by us.

The amount and issue of U.S. Treasury securities (or principal or interest strips thereof) constituting the remarketing Treasury portfolio will be determined by the collateral agent in consultation with the indenture trustee.

In the event of a successful remarketing, each holder of a separate note that has been included in the remarketing will receive on the reset effective date the remarketing price per separate note, which, for each separate note, is 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. The separate notes purchase price means the amount in cash equal to the product of (i) the remarketing price per separate note and (ii) the number of notes included in such remarketing that are not part of Corporate Units, which we refer to as separate notes.

In connection with a successful remarketing (whether during the period for early remarketing or the final remarketing period described below), interest on the notes may be reset to a new fixed or floating rate. The interest rate on the remarketed notes will be reset to the rate determined by the remarketing agent, in consultation with us, such that the remarketing proceeds will not be less than (i) 100% of the sum of the Treasury portfolio purchase price and the separate notes purchase price plus, at our option, the applicable remarketing fee, in the case of the remarketing during the period for early remarketing, or (ii) 100% of the aggregate principal amount of the notes being remarketed plus, at our option, the applicable remarketing fee, in the case of a remarketing during the final remarketing period. Interest on the remarketed notes will be payable semi-annually if the notes are successfully remarketed at a fixed rate or quarterly if the notes are successfully remarketed at a floating rate. In addition, we:

may elect to change the stated maturity of the notes to any date on or after March 31, 2014 and earlier than March 31, 2042;

may elect to change the ranking of the notes to senior or senior subordinated obligations (including adding appropriate covenants and events of default);

may add to, modify or remove altogether our redemption rights on the notes; *provided* that there will be at least two years between the reset effective date and any modified redemption date;

if the notes are remarketed with a floating rate, may modify the business day and day count convention to conform to market practice for floating-rate notes bearing interest at a rate determined by reference to the applicable index; and

will remove interest deferral provisions of the notes.

The reset rate and interest payment dates on the notes and any elections we make above will be determined on the date that the remarketing agent is able to successfully remarket the

**Table of Contents**

notes, and will become effective, if the remarketing is successful, on the reset effective date, which will be:

in the case of a remarketing during the period for early remarketing, the third business day following the date on which a remarketing of the notes is successfully completed, unless the remarketing is successful within five business days of the next succeeding interest payment date in which case such interest payment date will be the reset effective date, or

in the case of a remarketing during the final three-business day remarketing period, the purchase contract settlement date.

The reset rate and interest payment dates on the notes and any elections we make above, will apply to holders of notes who do not participate in the remarketing.

If a remarketing attempt described above is unsuccessful on the first remarketing date of a three-business day remarketing period, subsequent remarketings will be attempted (unless impracticable) as described above on each of the two following remarketing dates in that three-business day remarketing period until a successful remarketing occurs. If (1) despite using its reasonable efforts, the remarketing agent cannot remarket the notes at a price equal to or greater than 100% of the sum of the remarketing Treasury portfolio purchase price and the separate notes purchase price or (2) the remarketing has not occurred because a condition precedent to the remarketing has not been fulfilled, in each case, resulting in an unsuccessful remarketing on each of the three remarketing dates comprising the three-business day remarketing period, the notes that are components of the Corporate Units prior to the remarketing will continue to be components of the Corporate Units and additional remarketings may, subject to the next paragraph, be attempted during one or more subsequent three-business day remarketing periods as described above.

**Final remarketing**

Unless the notes have been successfully remarketed during the period for early remarketing, the notes that are components of Corporate Units whose holders (i) have failed to notify the purchase contract agent on or prior to the seventh business day preceding the purchase contract settlement date of their intention to settle the related purchase contracts with separate cash, or (ii) have given such notice but failed to pay the purchase price for the related purchase contracts on or prior to the sixth business day preceding the purchase contract settlement date, together with the separate notes of holders that have elected to include those notes in the remarketing, will be remarketed during a three-business day remarketing period beginning on, and including, the fifth business day, and ending on, and including, the third business day, immediately preceding the purchase contract settlement date. This three-business day remarketing period is referred to as the final three-business day remarketing period and we refer to the third business day immediately preceding the purchase contract settlement date as the final remarketing date. The reset effective date relating to any remarketing during the final three-business day remarketing period will be the purchase contract settlement date. In this remarketing, the remarketing agent will use its reasonable efforts to obtain a price for the notes equal to approximately 100% of the aggregate principal amount of the notes remarketed plus, at our option, the applicable remarketing fee. A portion of the proceeds from this remarketing equal to the aggregate principal amount of the notes that are components of the Corporate Units will be automatically applied to satisfy in full the Corporate Unit holders obligations to purchase our common stock on March 31, 2012. A portion of the proceeds of this remarketing equal to the aggregate principal amount of the separate notes being remarketed will be paid to the holders of those notes on March 31, 2012.

## **Table of Contents**

We will pay any remarketing fee in connection with any remarketing unless we direct the remarketing agent to include such fee in the price of the remarketed notes and the remarketing agent is able to remarket the notes for an amount that includes such fee. In any such case, if a remarketing during the final three-business day remarketing period is successful, the remarketing agent may deduct the applicable remarketing fee from any amount of the proceeds in excess of the aggregate principal amount of the remarketed notes. The remarketing agent will then remit any remaining portion of the proceeds for the benefit of the holders. The applicable remarketing fee shall be determined by negotiation with the remarketing agent. Corporate Unit holders whose component notes are remarketed will not otherwise be responsible for the payment of any remarketing fee in connection with any remarketing.

If a remarketing attempt described above is unsuccessful on the first remarketing date of the final three-business day remarketing period, subsequent remarketings will be attempted as described above on each of the two following remarketing dates in the final three-business day remarketing period until a successful remarketing occurs. If (1) despite using its reasonable efforts, the remarketing agent cannot remarket the notes during the final three-business day remarketing period at a price equal to or greater than 100% of the aggregate principal amount of the notes or (2) the remarketing during the final three-business day remarketing period has not occurred because a condition precedent to the remarketing has not been fulfilled, in each case, resulting in a failure of the notes to be remarketed during the final three-business day remarketing period, the holders of the notes will have the right to put their notes to us on the purchase contract settlement date, at a price equal to \$1,000 per note (\$50 per applicable ownership interest), plus accrued and unpaid interest. The put right of holders of notes that underlie the Corporate Units will be automatically exercised unless such holders (1) prior to 11:00 a.m., New York City time, on the second business day immediately preceding the purchase contract settlement date, provide written notice of their intention to settle the related purchase contract with separate cash, and (2) on or prior to the business day immediately preceding the purchase contract settlement date, deliver to the collateral agent \$50 in cash per purchase contract. Unless a Corporate Unit holder has settled the related purchase contract with separate cash on or prior to the purchase contract settlement date, such 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 such holder's obligations to us under the related purchase contracts, thereby satisfying such obligations in full, and we will deliver our common stock to such holder pursuant to the related purchase contracts. Any remaining amount of the put price following satisfaction of the purchase contract will be paid to such Corporate Unit holder. Holders do not have any put rights with respect to any additional notes issued to pay deferred interest on the notes. Holders of notes that do not underlie the Corporate Units may elect to exercise put rights with respect to their separate notes as described under Description of the notes Put right following a failed remarketing.

## **Remarketing announcements**

We will announce any remarketing of the notes on the sixth business day immediately preceding the first remarketing date of a three-business day remarketing period and, for the final three-business day remarketing period, we will announce the remarketing of the notes on the third business day immediately preceding the first remarketing date of the final three-business

**Table of Contents**

day remarketing period. Each such announcement (each a remarketing announcement ) on each such date (each, a remarketing announcement date ) shall specify:

(1) (A) if the remarketing announcement relates to a remarketing to occur during the period for early remarketing, that the notes may be remarketed on any or all of the sixth, seventh or eighth business days following the remarketing announcement date, or

(B) if the remarketing announcement relates to a remarketing to occur during the final three-business day remarketing period, that the notes may be remarketed on any or all of the third, fourth or fifth business days following the remarketing announcement date,

(2) (A) if the remarketing announcement relates to a remarketing to occur during the period for early remarketing, that the reset effective date will be the third business day following the remarketing date on which the notes are successfully remarketed unless the remarketing is successful within five business days of the next succeeding interest payment date in which case such interest payment date will be the reset effective date, or

(B) if the remarketing announcement relates to a remarketing to occur during the final three-business day remarketing period, that the reset effective date will be March 31, 2012 if there is a successful remarketing,

(3) that the reset rate and interest payment dates for the notes will be established, and, if we elect to make any modification to the terms of the notes described above, such modified terms will be set on the remarketing date on which the notes are successfully remarketed and effective on and after the reset effective date,

(4) (A) if the remarketing announcement relates to a remarketing to occur during the period for early remarketing, that the reset rate will equal the interest rate on the notes that will enable the notes to be remarketed at a price equal to the sum of the remarketing Treasury portfolio purchase price and the separate notes purchase price plus, at our option, the applicable remarketing fee, or

(B) if the remarketing announcement relates to a remarketing to occur during the final three-business day remarketing period, that the reset rate will equal the interest rate on the notes that will enable the notes to be remarketed at a price equal to 100% of their aggregate principal amount plus, at our option, the applicable remarketing fee, and

(5) the range of possible remarketing fees.

We will cause each remarketing announcement to be published on the remarketing announcement date by making a timely release to any appropriate news agency, including Bloomberg Business News and the Dow Jones News Service. In addition, we will request, not later than 10 business days prior to each remarketing announcement date, that the depositary notify its participants holding notes, Corporate Units and Treasury Units of the remarketing. If required, we will use our commercially reasonable efforts to ensure that a registration statement with respect to the full principal amount of the notes to be remarketed is effective such that the remarketing agent may rely on it in connection with the remarketing process. If a successful remarketing occurs on a remarketing date, we will request the depositary to notify its participants holding notes of the maturity date, reset rate, interest payment dates, and any other modified terms, established for the notes during the remarketing on the business day following the remarketing date on which the notes were successfully remarketed. If a successful remarketing does not occur during a three-business day remarketing period, we will cause a notice of the unsuccessful remarketing attempt of notes to be published on the business day following the last of the three remarketing dates comprising the three-business day remarketing

## **Table of Contents**

period (which notice, in the event of a failed remarketing on the final remarketing date, shall be published not later than 9:00 a.m., New York City time, and shall include the procedures that must be followed if a holder of notes wishes to exercise its right to put such notes to us), in each case, by making a timely release to any appropriate news agency, including Bloomberg Business News and the Dow Jones News Service.

In connection with a remarketing, holders of notes that do not underlie the Corporate Units may elect to have their notes remarketed as described under **Description of the notes Remarketing**.

You may elect not to participate in any remarketing and to retain the principal amount of notes underlying the applicable ownership interests in notes comprising part of your Corporate Units by:

creating Treasury Units as described under **Description of the equity units Creating treasury units** ;

settling your purchase contracts early as described under **Early settlement** ; or

settling your purchase contract with separate cash as described below under **Notice to settle with cash**.

For the avoidance of doubt, we need not give any notice in the event that we decide not to elect to remarket the notes during the period for early remarketing.

### **Notice to settle with cash**

Unless the Treasury portfolio has replaced the notes that are components of the Corporate Units, a holder of Corporate Units may settle the related purchase contract with separate cash. A holder of a Corporate Unit wishing to settle the related purchase contract with separate cash must (A) notify the purchase contract agent by presenting and surrendering at the offices of the purchase contract agent (i) the Corporate Unit certificate evidencing the Corporate Unit, if the Corporate Units are in certificated form, and (ii) the form of **Notice of Cash Settlement**, substantially in the form attached to the Purchase Contract and Pledge Agreement, completed and executed as indicated on or prior to 4:00 p.m., New York City time, on the seventh business day immediately preceding the purchase contract settlement date and (B) deliver the required cash payment to the collateral agent on or prior to 11:00 a.m., New York City time, on the sixth business day immediately preceding the purchase contract settlement date. If a holder that has given notice of its intention to settle the related purchase contract with separate cash fails to deliver the cash to the collateral agent on the sixth business day immediately preceding the purchase contract settlement date, such holder's notes will be included in the remarketing of notes during the final three-business day remarketing period beginning on the fifth business day immediately preceding the purchase contract settlement date.

### **Early settlement**

Subject to the conditions described below, a holder of Corporate Units or Treasury Units may settle the related purchase contracts in cash at any time on or prior to 4:00 p.m., New York City time, on the seventh business day immediately preceding the purchase contract settlement date, other than during a restricted period (as defined under **Description of the equity units Creating treasury units** ) or following the effectiveness of a fundamental change in which case **Early settlement upon a fundamental change** below will apply. Holders may effect such settlement by presenting and surrendering the related Corporate Unit or Treasury Units

**Table of Contents**

certificate, if they are in certificated form, at the offices of the purchase contract agent with the form of Election to Settle Early on the reverse side of such certificate, duly completed and accompanied by payment to us in immediately available funds of an amount equal to the stated amount of \$50 times the number of purchase contracts being settled.

Holders of Corporate Units may settle early only in integral multiples of 20 Corporate Units. If the Treasury portfolio has replaced the notes that are components of the Corporate Units, holders of the Corporate Units may settle early only in integral multiples of Corporate Units (or such other number of Corporate Units as may be determined by the remarketing agent upon a successful remarketing of notes if the reset effective date is not a regular quarterly interest payment date). Holders of Treasury Units may settle early only in integral multiples of 20 Treasury Units.

So long as the Equity Units are evidenced by one or more global security certificates 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 the U.S. federal securities laws, we have a registration statement under the Securities Act in effect covering the shares of common stock and other securities, if any, deliverable upon settlement of a purchase contract. We have agreed that, if required under the U.S. federal securities laws, (1) we will use our commercially reasonable efforts to have a registration statement in effect covering those shares of common stock and other securities 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 with respect to us that has not yet been publicly disclosed, we will not be required to provide such a prospectus, and the early settlement right will not be available, until we have publicly disclosed such transaction or development; *provided* that we will use our commercially reasonable efforts to make such disclosure as soon as it is commercially reasonable to do so). 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 shall be void unless and until such a registration statement becomes effective.

Upon early settlement of the purchase contracts related to any Corporate Units or Treasury Units:

the holder will receive the minimum settlement rate of newly issued shares of common stock per Corporate Unit or Treasury Unit, subject to adjustment under the circumstances described under Anti-dilution adjustments, accompanied by an appropriate prospectus if required by law, and

the notes, the applicable ownership interest in the Treasury portfolio or the Treasury securities, as the case may be, related to the Corporate Units or Treasury Units will be transferred to the holder free and clear of our security interest.

If the purchase contract agent receives a Corporate Unit certificate or Treasury Unit certificate, if they are in certificated form, accompanied by the completed Election to Settle Early on the reverse side of such certificate, and the required immediately available funds, from a holder of Corporate Units or Treasury Units by 4:00 p.m., New York City time, on a business day and all conditions to early settlement have been satisfied, that day will be considered the settlement date. If the purchase contract agent receives the above after 4:00 p.m., New York City time, on a

## **Table of Contents**

business day or at any time on a day that is not a business day, the next business day will be considered the settlement date.

Upon early settlement of purchase contracts in the manner described above, presentation and surrender of the certificate evidencing the related Corporate Units or Treasury Units if they are in certificated form and payment of any transfer or similar taxes payable by the holder in connection with the issuance of the related common stock to any person other than the holder of the Corporate Units or Treasury Units, we will cause the shares of common stock being purchased to be issued, and the aggregate principal amount of notes, the applicable ownership interests in the Treasury portfolio or the Treasury securities, as the case may be, securing the purchase contracts to be released from the pledge under the purchase contract and pledge agreement described in Pledged securities and purchase contract and pledge agreement and transferred, within three business days following the settlement date, to the purchasing holder or the holder's designee.

### **Early settlement upon a fundamental change**

If a fundamental change occurs (as defined below) prior to the purchase contract settlement date, then each holder of a purchase contract will have the right, on the fundamental change early settlement date (as defined below), to accelerate and settle such contract early at the fundamental change early settlement rate described below. We refer to this right as the fundamental change early settlement right.

We will provide each of the holders with a notice of a fundamental change within 15 business days after its occurrence. The notice will specify a date, which will be at least ten days after the date of the notice but no later than five business days prior to the purchase contract settlement date, by which each holder's fundamental change early settlement right must be exercised. The notice will set forth, among other things, the applicable fundamental change early settlement rate and the amount of the cash, securities and other consideration receivable by the holder upon settlement. To exercise the fundamental change early settlement right, you must deliver to the purchase contract agent, 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, duly endorsed for transfer to us in blank with the form of Election to Settle Early on the reverse side of such certificate duly completed, and accompanied by payment to us in immediately available funds of an amount equal to the stated amount of \$50 times the number of purchase contracts being settled.

So long as the Equity Units are evidenced by one or more global security certificates deposited with the depository, procedures for early settlement upon a fundamental change will also be governed by standing arrangements between the depository and the purchase contract agent.

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 Exchange Act has become the direct or indirect beneficial owner, as defined in Rule 13d-3 under the Exchange Act, of our common equity representing more than 50% of the voting power of our common equity (other than in connection with a consolidation, merger or other transaction described in clause (2) below, in which case clause (2) shall apply); or

(2) we are involved in a consolidation with or merger into any other person, or any merger of another person into us, or any transaction or series of related transactions (other than a merger that does not result in any reclassification, conversion, exchange or cancellation of

**Table of Contents**

outstanding shares of our common stock), in each case in which 90% or more of our common stock is exchanged for or converted into securities, cash or other property, 10% or more of which consists of securities, cash or other property that is not (or will not be immediately upon the effectiveness of such consolidation, merger or transaction) common stock listed on the New York Stock Exchange, the NASDAQ Global Select Market or the NASDAQ Global Market; or

(3) our common stock ceases to be listed or quoted on the New York Stock Exchange, the NASDAQ Global Select Market or the NASDAQ Global Market (other than in connection with a consolidation, merger or other transaction described in clause (2) above, in which case clause (2) shall apply); or

(4) our shareholders vote for our liquidation, dissolution or termination.

The fundamental change early settlement rate 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 shall be the cash amount paid per share;

otherwise, the stock price shall be the average of the closing prices of our common stock over the five trading-day period ending on the trading day preceding the effective date of the fundamental change.

The stock prices set forth in the first column heading of the table below will be adjusted as of any date on which any fixed settlement rate is otherwise adjusted. The adjusted stock prices will equal the stock prices applicable immediately prior to such adjustment, multiplied by a fraction, the numerator of which is the fixed settlement rate immediately prior to the adjustment giving rise to the stock price adjustment and the denominator of which is the fixed settlement rate as so adjusted. The number of shares will be adjusted in the same manner as the fixed settlement rate as set forth under Anti-dilution adjustments.



**Table of Contents**

The following table sets forth the hypothetical stock price and the fundamental change settlement rate per \$50 stated amount of Equity Units:

Stock price	Effective date			
	[March , 2009]	[March , 2010]	[March , 2011]	[March , 2012]
\$				
\$				
\$				
\$				
\$				
\$				
\$				
\$				
\$				
\$				
\$				
\$				
\$				

The exact stock prices and effective dates may not be set forth in the table above, in which case

If the stock price is between two stock price amounts in the table or the effective date is between two effective dates in the table, the fundamental change early settlement rate will be determined by a straight-line interpolation between the number of shares set forth for the higher and lower stock price amounts and the earlier and later effective dates, as applicable, based on a 365-day year.

If the stock price is greater than \$ per share (subject to adjustment), the fundamental change early settlement rate will be the minimum settlement rate.

If the stock price is less than \$ per share (subject to adjustment), which we refer to as the minimum stock price, the fundamental change early settlement rate 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.

If you exercise the fundamental change early settlement right, we will (or will cause the collateral agent to) deliver to you on the fundamental change early settlement date:

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 fundamental change early settlement rate, and

the notes, the applicable ownership interest in the Treasury portfolio or the Treasury securities, as the case may be, related to your Corporate or Treasury Units, free and clear of our security interest.

If the fundamental change causes our common stock to be converted into the right to receive more than a single type of consideration (determined based in part upon any form of shareholder election) and you exercise the fundamental change early settlement right, we will deliver to you on the fundamental change early settlement date consideration in the types and

S-57

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## **Table of Contents**

amounts as is proportional to the types and amounts of consideration received by the holders of our common stock that affirmatively make such an election.

If you do not elect to exercise your fundamental change early settlement right, your Corporate Units or Treasury Units will remain outstanding and 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 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 early settlement upon a fundamental change (it being understood that if there is a material business transaction or development with respect to us that has not yet been publicly disclosed, we will not be required to provide such a prospectus supplement, and the fundamental change early settlement right will not be available, until we have publicly disclosed such transaction or development; *provided* that we will use our commercially reasonable efforts to make such disclosure as soon as it is commercially reasonable to do so). 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 shall be void unless and until such a registration statement becomes effective.

If the Treasury portfolio has replaced the notes that are components of the Corporate Units, holders of the Corporate Units may exercise the fundamental change early settlement right only in integral multiples of Corporate Units (or such other number of Corporate Units as may be determined by the remarketing agent upon a successful remarketing of notes if the reset effective date is not a regular quarterly interest payment date). Otherwise, a holder of Corporate Units or Treasury Units may exercise the fundamental change early settlement right only in integral multiples of 20 Corporate Units or 20 Treasury Units, as the case may be.

## **Anti-dilution adjustments**

Each fixed settlement rate will be subject to adjustment, without duplication, upon the occurrence of certain events, including:

(a) The payment of dividends of common stock and distributions of shares of common stock on the outstanding shares of common stock (including any annual stock dividend), in which event each fixed settlement rate will be multiplied by a fraction,

the numerator of which will be the sum of the number of shares of our common stock outstanding at the close of business on the record date plus the total number of shares constituting such dividend or other distribution, and

the denominator of which will be the number of shares of our common stock outstanding at the close of business on the record date.

(b) The issuance to all holders of outstanding shares of common stock of rights, warrants or options (other than pursuant to any dividend reinvestment or share purchase plans) entitling them, for a period of up to 45 days, to subscribe for or purchase shares of common stock at less than the current market price thereof, in which event each fixed settlement rate will be multiplied by a fraction,

**Table of Contents**

the numerator of which will be the sum of the number of shares of our common stock outstanding at the close of business on the record date plus the number of shares of our common stock so offered for subscription or purchase, and

the denominator of which will be the number of shares of our common stock outstanding at the close of business on the record date plus the number of shares of our common stock which the aggregate of the offering price of the total number of shares of our common stock so offered for subscription or purchase would purchase at the current market price.

(c) Subdivisions, splits or reclassifications of shares of common stock, in which event each fixed settlement rate will be proportionately increased, and, conversely, if outstanding shares of our common stock are combined into a smaller number of shares of our common stock, each fixed settlement rate in effect at the opening of business on the day following the day upon which such combination becomes effective will be proportionately decreased.

(d) Distributions to all holders of outstanding shares of common stock of evidences of our indebtedness, shares of capital stock, securities, cash or property (excluding (i) any dividend or distribution covered by clause (a) or (b) above, (ii) any dividend or distribution paid exclusively in cash and (iii) any spin-off to which the provisions in the immediately succeeding paragraph apply), in which event each fixed settlement rate will be multiplied by a fraction,

the numerator of which will be the current market price of our common stock, and

the denominator of which will be the current market price of our common stock minus the fair market value, as determined by our board of directors, of the portion of the distribution applicable to one share of common stock.

In the event that we make a distribution to all holders of our common stock consisting of capital stock of, or similar equity interests in, a subsidiary or other business unit of ours (*i.e.*, a spin-off) that are, or when issued will be, traded on a U.S. securities exchange, each fixed settlement rate will be multiplied by a fraction,

the numerator of which will be the sum of (i) the average of the closing prices of the capital stock or similar equity interests distributed to holders of our common stock applicable to one share of our common stock over the 10 consecutive trading day period (the relevant period) commencing on and including the third trading day after the date on which ex-distribution trading commences for such dividend or distribution on the New York Stock Exchange or such other national or regional exchange or market on which such dividend or distribution is listed or quoted and (ii) the average of the closing prices of one share of our common stock over the relevant period, and

the denominator of which will be the average of the closing prices of one share of our common stock over the relevant period.

(e) We make a distribution consisting exclusively of cash to all holders of our common stock, excluding any dividend or distribution in connection with our liquidation, dissolution or termination, in an amount per share that exceeds \$0.13 per quarter (such per share amount, the reference dividend) in which event each fixed settlement rate will be multiplied by a fraction,

the numerator of which will be the current market price per share of our common stock, and

**Table of Contents**

the denominator of which will be the current market price per share of our common stock minus the amount per share of such dividend or distribution in excess of the reference dividend.

The reference dividend will be subject to an inversely proportional adjustment whenever each fixed settlement rate is adjusted, but no adjustment will be made to the reference dividend for any adjustment made to the fixed settlement rates pursuant to this clause (e).

(f) The successful completion of a tender or exchange offer made by us or any of our subsidiaries for our common stock to the extent that the cash and the value of any other consideration included in the payment per share of common stock exceeds the average of the closing price of our common stock for each of the five consecutive trading days next succeeding the last date on which tenders or exchanges may be made under such tender or exchange offer (the expiration time ), in which event each fixed settlement rate will be multiplied by a fraction,

the numerator of which will be the sum of (i) the fair market value, as determined by our board of directors, of the aggregate consideration payable for all shares of our common stock that we purchase in such tender or exchange offer and (ii) the product of the number of shares of our common stock outstanding at the expiration time less any such purchased shares and the closing price of our common stock on the trading day next succeeding the expiration of the tender or exchange offer, and

the denominator of which will be the product of the number of shares of our common stock outstanding at the expiration time, including any such purchased shares, and the closing price of our common stock on the trading day next succeeding the expiration time.

The current market price per share of common stock on any day means the average of the daily closing prices on each of the five consecutive trading days ending the earlier of the day in question and the day before the ex date with respect to the issuance or distribution requiring the computation.

The term ex date, when used with respect to any issuance or distribution, will mean the first date on which the common stock trades regular way on the applicable exchange or in the applicable market without the right to receive the issuance or distribution.

We currently do not have a rights plan with respect to our common stock. To the extent that we have a rights plan in effect upon settlement of a purchase contract, you will receive, in addition to the common stock, the rights under the 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 (d) above.

In the case of certain reclassifications, consolidations, mergers, sales or transfers of assets or other transactions that cause our common stock to be converted into the right to receive other securities, cash or property, each purchase contract then outstanding would, without the consent of the holders of the related Corporate Units or Treasury Units, as the case may be, become a contract to purchase such other securities, cash and property instead of our common stock. If any such reclassification, consolidation, merger, sale or transfer of assets or other transaction causes our common stock to be converted into the right to receive more than a single type of consideration (determined based in part upon any form of shareholder election), each purchase contract then outstanding would become a contract to purchase the amount of other securities, cash and/or property as is proportional to the types and amounts of

**Table of Contents**

consideration received by the holders of our common stock that affirmatively make such an election. Upon the occurrence of any such transaction, on the purchase contract settlement date the settlement rate will be determined based on the securities, cash or property a holder of our common stock would have received when such transaction occurred.

If at any time we make a distribution of property to our shareholders that would be taxable to the shareholders as a dividend for U.S. federal income tax purposes (*e.g.*, distributions out of our current or accumulated earnings and profits or distributions of evidences of indebtedness or assets, but generally not stock dividends or rights to subscribe for capital stock) and, pursuant to the fixed settlement rate adjustment provisions of the purchase contract and pledge agreement, the settlement rate is increased, this increase will likely give rise to a taxable dividend to holders of Corporate Units or Treasury Units; certain other adjustments to the settlement rate may also give rise to a taxable dividend to holders of Corporate Units or Treasury Units, see **Material U.S. federal income tax consequences U.S. holders Purchase contracts Adjustment to the settlement rate** in this prospectus supplement.

In addition, we may make increases in each fixed settlement rate as our board of directors deems advisable to avoid or diminish any income tax to holders of our capital stock resulting from any dividend or distribution of capital stock (or rights to acquire capital stock) or from any event treated as such 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.

Adjustments to each fixed settlement rate will be calculated to the nearest 1/10,000 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 of the fixed settlement rates. If any adjustment is not required to be made because it would not change one or both of the settlement rates by at least one percent, then the adjustment will be carried forward and taken into account in any subsequent adjustment; *provided* that effect shall be given to all anti-dilution adjustments no later than the close of business on the business day immediately preceding the first trading day in the 20 consecutive trading days during which the applicable market value is determined (or, if earlier, the close of business on the business day immediately preceding the date on which the fundamental change early settlement rate is determined).

We will be required, within ten business days following the adjustment to each fixed settlement rate, to provide written notice to the purchase contract agent of the occurrence of the adjustment and a statement in reasonable detail setting forth the method by which the adjustment to each fixed settlement rate was determined and setting forth the revised settlement rate.

The fixed settlement rate will not be adjusted:

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 upon any plan;

upon the issuance of any shares of our common stock or options or rights to purchase those shares pursuant to any present or future employee, director or consultant benefit plan or program of or assumed by us or any of our subsidiaries;

upon the issuance of any shares of our common stock pursuant to any option, warrant, right or exercisable, exchangeable or convertible security outstanding as of the date the Equity Units were first issued;

## **Table of Contents**

for a change in the par value of the common stock;

for accumulated and unpaid dividends;

upon the issuance of shares of our common stock or securities convertible into, or exercisable or exchangeable for, common stock, in public or private transactions, for consideration in cash or property, at any price we deem appropriate; or

the issuance of any shares of common stock upon the exercise or conversion of any right, warrant or option described in clause (b) above.

Each adjustment to each fixed settlement rate will result in a corresponding adjustment to the number of shares of common stock issuable upon early settlement of a purchase contract. Each adjustment to each fixed settlement rate will also result in a corresponding inverse adjustment to the reference price and threshold appreciation price.

Generally, the settlement rate will not be adjusted if holders are permitted to participate in the transaction that gives rise to the adjustment on an if converted basis, and such holders receive any distributed assets or securities at the same time as the holders of our common stock.

## **Termination**

The purchase contracts, and our rights and obligations and the rights and obligations of the holders of the Corporate Units and Treasury Units under the purchase contracts, including the right and obligation to purchase shares of common stock, will immediately and automatically terminate, without any further action, upon the occurrence of a bankruptcy, insolvency or reorganization under the U.S. Bankruptcy Code of Johnson Controls, Inc. (and not, for the avoidance of doubt, Johnson Controls, Inc.'s subsidiaries). In the event of such a termination of the purchase contracts as a result of our bankruptcy, insolvency or reorganization under the U.S. Bankruptcy Code, holders of the purchase contracts will not have a claim in bankruptcy under the purchase contract with respect to our issuance of shares of common stock.

Upon any termination, the collateral agent will release the aggregate principal amount of notes underlying the applicable ownership interests in notes, the Treasury portfolio or the Treasury securities, as the case may be, held by it to the purchase contract agent for distribution to the holders, subject, in the case of the applicable ownership interests in the Treasury portfolio or the Treasury securities, to the purchase contract agent's disposition of the subject securities for cash, and the payment of this cash to the holders, to the extent that the holders would otherwise have been entitled to receive less than \$1,000 principal amount or interest, as the case may be, at maturity of any such security. Upon any termination, however, the release and distribution may be subject to a delay. In the event that we become the subject of a case under the U.S. Bankruptcy Code, the delay may occur as a result of the automatic stay under the Bankruptcy Code and continue until the automatic stay has been lifted. We expect any such delay to be limited.

## **Pledged securities and the purchase contract and pledge agreement**

Pledged securities will be pledged to us through the collateral agent, for our benefit, pursuant to the purchase contract and pledge agreement to secure the obligations of holders of Corporate Units and Treasury Units to purchase shares of common stock under the related purchase contracts. The rights of holders of Corporate Units and Treasury Units to the related pledged securities will be subject to our security interest created by the purchase contract and pledge agreement.





## **Table of Contents**

No holder of Corporate Units or Treasury Units will be permitted to withdraw the pledged securities related to the Corporate Units or Treasury Units from the pledge arrangement except:

to substitute Treasury securities for the related notes or the applicable ownership interests in the Treasury portfolio, as the case may be, as provided for under Description of the equity units Creating treasury units,

to substitute notes or the applicable ownership interests in the Treasury portfolio, as the case may be, for the related Treasury securities, as provided for under Description of the equity units Recreating corporate units, or

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

Subject to the security interest and the terms of the purchase contract and pledge agreement, each holder of Corporate Units, unless the Treasury portfolio has replaced the notes that are components of the Corporate Units, will be entitled through the purchase contract agent and the collateral agent to all of the proportional rights of the related notes, including voting and redemption rights. Each holder of Treasury Units and each holder of Corporate Units, if the Treasury portfolio has replaced the notes that are components 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, the collateral agent will, upon receipt, if any, of payments on the pledged securities, distribute the payments to the purchase contract agent, which will in turn distribute those payments, to the persons in whose names the related Corporate Units or Treasury Units are registered at the close of business on the record date immediately preceding the date of payment.

## **Book-entry system**

The Depository Trust Company, which we refer to along with its successors in this capacity as the depository, will act initially 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. 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 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 or the Treasury Units so long as the Corporate Units or the Treasury Units are represented by global security certificates.

The depository 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 deposit with the depository. The depository also facilitates the settlement among participants of securities transactions, including transfers and pledges, in deposited securities through electronic computerized book-entry changes in participants' accounts, thereby eliminating the need for physical

**Table of Contents**

movement of securities certificates. Direct participants include securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. The depository is owned by a number of its direct participants and by the New York Stock Exchange and the Financial Industry Regulatory Authority. Access to the depository's system is also available to others, including securities brokers and dealers, banks and trust companies that clear transactions through or maintain a direct or indirect 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.

We will issue the Corporate Units and Treasury Units in definitive certificated form if the depository notifies us that it is unwilling or unable to continue as a depository for the global security certificates and no successor depository has been appointed within 90 days after this notice, or the depository ceases to be a clearing agency registered under the Exchange Act when the depository is required to be so registered to act as the depository and no successor depository has been appointed within 90 days after we learn that the depository has ceased to be so registered. The purchase contract and pledge agreement permits us to determine at any time and in our sole discretion that Corporate Units or Treasury Units shall no longer be represented by global certificates. We understand that under DTC's current practices it would notify its participants of our request, but will only withdraw beneficial interests from the global certificates at the request of each DTC participant. We would issue definitive certificates in exchange for any beneficial interests withdrawn. Any global Corporate Unit or Treasury Unit, or portion thereof, that is exchangeable pursuant to this paragraph will be exchangeable for Corporate Unit or Treasury Unit certificates, as the case may be, registered in the names directed by the depository. We expect that these instructions will be based upon directions received by the depository from its participants with respect to ownership of beneficial interests in the global security certificates.

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 or Treasury Units represented by these certificates for all purposes under the Corporate Units or 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 such global security certificates or the Corporate Units or Treasury Units represented by these certificates registered in their names,

will not receive or be entitled to receive physical delivery of Corporate Unit or Treasury Unit certificates in exchange for beneficial interests in global security certificates, 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 or Treasury Units or the purchase contract and pledge agreement.

All payments on the Corporate Units or Treasury Units represented by the global security certificates and all transfers and deliveries of related notes, Treasury portfolio, Treasury securities and shares of 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,

**Table of Contents**

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 ours or of the purchase contract agent will have any responsibility or liability for any aspect of the depository's or any participant's records 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 transfer of interests 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-65

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**Table of Contents**

**Certain provisions of the purchase contract and  
pledge agreement**

*This section summarizes some of the other terms of the purchase contract and pledge agreement. This summary is not complete and should be read together with the purchase contract and pledge agreement, a 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. For purposes of this summary, the terms we, our, ours and us refer to Johnson Controls, Inc. and, unless otherwise expressly stated or the context otherwise requires, not any of our subsidiaries.*

**General**

Except as described in Description of the purchase contracts Book-entry system, payments on the Equity Units will be made, purchase contracts (and documents relating to the Corporate Units, Treasury Units and 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 in the Borough of Manhattan, The City of New York. In addition, if the Corporate Units and Treasury Units do not remain in book-entry form, payment on the Equity Units may be made, at our option, by check mailed to the address of the holder entitled to payment 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 (potentially after a delay as a result of the imposition of the automatic stay under the Bankruptcy Code, see Description of the purchase contracts Termination ) at the office of the purchase contract agent upon presentation and surrender of the applicable certificate.

If you fail 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. The shares, together with any distributions, will be held by the purchase contract agent as agent for your benefit until the certificate is presented and surrendered or you provide 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 if a holder fails to present and surrender the certificate evidencing the holder's Corporate Units or Treasury Units 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 or the holder provides the evidence and indemnity described above.

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

## **Table of Contents**

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 with a transfer or exchange.

We currently intend to use the proceeds from the settlement of the purchase contracts to repay debt as soon as practicable following such settlement, and we have agreed not to use such proceeds to repurchase shares of our common stock.

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

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

to make provision with respect to the rights of holders pursuant to adjustments in the settlement rate due to consolidations, mergers or other reorganization events;

to cure any ambiguity, to correct or supplement any provisions that may be inconsistent; and

to make any other provisions with respect to such matters or questions; *provided* that such action shall not materially adversely affect the interest of the holders.

For purposes of the immediately preceding bullet, any amendment made solely to conform the provisions of the purchase contract and pledge agreement to this prospectus supplement will be deemed not to materially adversely affect the interests of holders.

The purchase contract and pledge agreement will contain provisions permitting us, the purchase contract agent and the collateral agent, with the consent of the holders of not less than a majority of the purchase contracts at the time outstanding to modify the terms of the purchase contracts or the purchase contract and pledge agreement. However, no such modification may, without the consent of the holder of each outstanding purchase contract affected by the modification,

subject to our right to defer payments, change any payment date,

change the amount or type of collateral required to be pledged to secure a holder's obligation under the purchase contract and pledge agreement (other than a substitution of notes, Treasury securities, or the Treasury portfolio, as described in this prospectus supplement), impair the right of the holder of any pledged securities to receive distributions on the pledged securities or otherwise adversely affect the holder's rights in or to the pledged securities,

impair the right to institute suit for the enforcement of the purchase contract,

reduce the number of shares of common stock purchasable under the purchase contract, increase the price to purchase shares of common stock upon settlement of the purchase contract, change the purchase contract settlement date or the right to early settlement or

S-67

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## **Table of Contents**

fundamental change early settlement or otherwise adversely affect the holder's rights under the purchase contract, or reduce the above-stated percentage of outstanding purchase contracts the consent of the holders of which is required for the modification or amendment of the provisions of the purchase contracts or the purchase contract and pledge agreement.

If any amendment or proposal referred to above would adversely affect only the Corporate Units or the Treasury Units, then only the affected class of holders will be entitled to vote on the amendment or proposal, and the amendment or proposal will not be effective except with the consent of the holders of not less than a majority of the affected class or of all of the holders of the affected classes, as applicable.

### **No consent to assumption**

Each holder of Corporate Units or Treasury Units, by acceptance of these securities, will under the terms of the purchase contract and pledge agreement and the Corporate Units or Treasury Units, as applicable, be deemed expressly to have withheld any consent to the assumption (i.e., affirmance) of the related purchase contracts by us or our trustee if we become the subject of a case under the Bankruptcy Code or other similar state or federal law provision for reorganization or liquidation.

### **Consolidation, merger, sale or conveyance**

We will covenant in the purchase contract and pledge agreement that we will not merge with or into, consolidate with or convert into any other entity or sell, assign, transfer, lease or convey all or substantially all of our properties and assets to any person or entity, unless (1)(a) we will be the surviving entity or (b) the successor entity will be an entity organized and existing under the laws of the United States of America or any state thereof or the District of Columbia and that entity expressly assumes our obligations under the purchase contracts, the purchase contract and pledge agreement and the remarketing agreement (if we have executed a remarketing agreement on or prior to the time of the merger, consolidation, conversion, sale, assignment, transfer, lease or conveyance) and (2) we are not or, if we will not be the surviving entity, the successor entity is not, immediately after the merger, consolidation, conversion, sale, assignment, transfer, lease or conveyance, in default of its payment obligations under the purchase contracts, the purchase contract and pledge agreement and the remarketing agreement or in material default in the performance of any other covenants under these agreements.

### **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 and settling the related purchase contracts and for all other purposes.

### **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. Corporate Unit or Treasury Unit certificates that have been 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

**Table of Contents**

to us and the purchase contract agent. In the case of a destroyed, lost or stolen Corporate Unit or Treasury Unit certificate, security and/or an indemnity satisfactory to the purchase contract agent and us may be required at the expense of the holder of the Corporate Units or Treasury Units evidenced by the certificate before a replacement 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 purchase contract settlement date (or after early settlement) or after the purchase contracts have terminated. The purchase contract and pledge agreement wil