



Important Information about Your Investment Options, Fees, and Other Expenses for the United Technologies Employee Savings Plan—Annual Fee Disclosure Statement as of April 30, 2013

The United Technologies Corporation Employee Savings Plan (Savings Plan) is a great way to build savings for your future. Through the UTC Savings Plan you get:

- The convenience of **automatic savings** through payroll deductions and the opportunity for **tax advantages** through before-tax and Roth 401(k) contributions
- A **flexible, comprehensive investment line-up** that is monitored by the plan's Investment Committee and includes options that are only available to large, institutional investors

You'll want to make sure you are taking full advantage of the Savings Plan by choosing a savings rate and investments in the plan to meet your long-term retirement needs. Use the tools available on the plan's website to explore how your savings and investment decisions impact your long-term savings goals.

Review this statement to learn more about fees and expenses, the plan's investment options, and where to go for more information or to take action. To learn more about the plan, please see the Summary Plan Description available on the plan's website.

1. About Fees and Expenses

As with other investments, many fees and expenses for the UTC Savings Plan are paid by investors; in this case, participants in the plan. There are several types of fees:

- Some fees are **asset-based fees**. You won't see these fees directly because they are charged to plan investment options and reduce your investment earnings. These fees are shown in Section 3 of this statement. Asset-based fees are utilized to pay for investment management fees.

- You also have **individual fees** that result in charges due to activity you have requested. (See the next page to learn more about individual fees.)
- When you decide to invest in any of the funds in the UTC Savings Plan, there are no upfront sales loads or charges.

Fees and expenses are important because they can substantially reduce the growth of your account over the long term. (You can find an example that illustrates this concept on the Department of Labor's website, http://www.dol.gov/ebsa/publications/401k_employee.html.) But, fees are still only one of several factors to consider when making investment decisions. You also should carefully consider other key factors including asset class and investment risk, investment objectives, principal investment strategies, and historical performance when selecting investment options.

What's Inside?

1. About Fees and Expenses
2. The Plan's Investment Options
3. Investment-Related Information
4. Terms You Should Know

Administrative and Individual Fees in the UTC Savings Plan

- **Loan fees:** You will pay a \$75 fee whenever you take a loan from the Savings Plan. This fee is taken out of your loan proceeds.
- **Self-directed brokerage window fees:** If you establish a self-directed brokerage window account within the plan, you are charged a fee of \$15 per quarter. This fee is deducted from other assets you have in the plan rather than directly from your self-directed brokerage window account. Depending upon the activity you request, you may also pay additional trading fees and commissions within your self-directed brokerage window account.
- **In service payment fee:** You will pay a \$6 check writing fee for plan payments except for pass through payments, force-out distributions, fixed or calculated installments and total distributions.
- **HelloWallet fees:** If you establish an account with HelloWallet through the plan, you are charged a fee of no more than \$3.75 per month. This fee is deducted from the assets you have in the plan.

Learn more about applicable plan fees on the plan's website.

2. The Plan's Investment Options

As a participant in the Savings Plan, you're responsible for investing your account in one or any combination of the plan's investment options. Section 3 provides more specific information about the investment options, which include:

- **Target Retirement Date Funds** and the **Core Funds** that primarily provide you with investments that have returns that can change as the market goes up and down.
- An investment option that offers you a **fixed or declared return**, meaning that the return is set for a period of time.
- **Annuity options**, which are insurance contracts that allow you to receive a secured stream of lifetime payments that begin when you retire.
- In addition, the plan offers you a **Self-Directed Brokerage Window**, which provides access to a marketplace of retail investment options. The self-directed brokerage window is designed for participants who have a strong knowledge of the

investment marketplace; want greater flexibility to create a more customized portfolio; and have the ability, time, and desire to personally research and evaluate different investments. The platform is provided through Hewitt Financial Services, a broker-dealer subsidiary of Aon Hewitt and member FINRA/SIPC. Generally, fees and expenses are higher for investments purchased through the brokerage window.

Note: You are solely responsible for your investments in the self-directed brokerage window based on information available to all investors in these retail investments, such as the fund prospectus, which you access online through the self-directed brokerage window website at <http://www.hewittfs.com/> or by contacting an Aon Hewitt Financial Services representative at **1-800-890-3200**.

The individual fees applicable to the self-directed brokerage window are paid from the Core Funds as noted previously. You can obtain a fee schedule of applicable trading fees and commissions online at www.mydirectory.com/UTC or by contacting an Aon Hewitt Financial Services representative at **1-800-890-3200**.

You may change your investment elections as often as you like. But keep in mind that some funds are subject to trading restrictions. If trading restrictions apply, they will be listed in Section 3.

Choosing Your Investment Strategy

Ultimately, how you invest should depend on your age, lifestyle, accumulated wealth, years to retirement, and comfort level around risk. This statement only provides some information about your investment choices like fees, expenses, and historical returns. Your decisions should be based on the full picture, taking into account your individual situation, not just the information in this statement.

- **To Learn More About the Investment Options.** To learn more about the investment funds offered and fees that apply to these funds, visit the UTC Savings Plan website. You can find fund fact sheets, fund performance, and other fund information. You can also receive more information about the funds, including paper copies of the information that is provided online, by calling the UTC Benefits Center at **1-800-243-8135**. Representatives are available from 8:00 a.m. to 9:00 p.m., Eastern Time, Monday through Friday.

- **To Enroll or Make Changes to Your Investments.** You can enroll in the UTC Savings Plan or make changes to your investments at any time by logging on to the plan's website. Once you have logged on you can:

- **Enroll**—simply go to UTC Savings Plan > Contributions > Start Saving
- **Change your current investment mix or your investment elections for future contributions**—go to UTC Savings Plan > Manage Investments > Change Investments and follow the instructions on the website

If you are unable to log on to the website you may also enroll or change investment options by calling the UTC Benefits Center at **1-800-243-8135**. Representatives are available from 8:00 a.m. to 9:00 p.m., Eastern Time, Monday through Friday.

Voting Rights for Certain Investments

As a participant in the Savings Plan, you can direct the manner in which the Trustee will vote the United Technologies Common Stock Shares credited to your Savings Plan account. The Trustee votes your Common Shares in accordance with the voting instructions received from you. If you fail to vote your Common Shares, those not voted shares are voted in proportion to the Common Shares voted by all voting plan participants.

Plan Administrator:

For more information about this statement, you may contact the UTC Benefits Center at **1-800-243-8135** or the plan administrator.

United Technologies Corporation
c/o Director, Employee Benefits and
Human Resources Systems
United Technologies Building
Hartford, CT 06101

3. Investment-Related Information

Table 1 provides you with information on the investment options that have a variable rate of return. You'll find three things:

1. General information about the type of investment option
2. Fee information including asset-based fees¹ (often called the expense ratio) plus other shareholder-type fees or investment restrictions²
3. Historical performance for the fund and an appropriate benchmark for the same period of time³

Where applicable, a **secondary benchmark** is shown because the asset classes and allocation weights used in this supplemental benchmark are an enhanced representation of how the plan's fund is actually invested. This secondary benchmark is being shown as additional information to allow investors to better compare the performance and risks of the fund currently offered in the Plan.

Keep in mind, however, that past performance does not guarantee how the investment option will perform in the future. Your investments in these options could lose money. Information about an option's principal risks is available on the plan's website.

Table 2 provides fee information and investment restrictions for investment options that have a fixed rate of return.

Table 3 provides the objectives, pricing factors, fee information and restrictions for the plan's annuity options.

¹Total asset-based fees are investment management company fees plus other plan-specific costs charged to the investment fund to cover investment management services, plan administration, and other plan costs.

² Shareholder-Type Fees and Investment Restrictions outlines any fees paid directly from your investment in this option (i.e. account fees, contract maintenance fees, and mortality and expense charges) and any restrictions (i.e. [round trip, equity wash and purchase block provisions]) on trading that might exist for a specific investment option.

³ In general, 1-year, 5-year, and 10-year performance history is shown. If a full history is not available, a return since inception is provided instead. Any returns that are since inception are footnoted and the benchmark is adjusted to reflect the same time frame.

Table 1. Variable Return Investments

← General Information →		← Fee Information →			← Historical Performance →			
Fund Name/ Benchmark	Asset Class	Total Asset- Based Fees ¹	Annual Cost Per \$1,000 of Investment	Shareholder-Type Fees and Investment Restrictions ²	Average Annual Total Return as of 12/31/12 (Fund and Benchmark)			
					1 yr.	5 yr.	10 yr.	Incept. to date
Age Based Funds								
Lifetime Income Strategy Bond (Sub-Fund)	Lifetime Income	0.14%	\$1.40	Limiting transfers into the fund for 45 calendar days (purchase block) after 3 round-trip trades in the fund within 45 calendar days. A round-trip trade is the purchase and subsequent sale of assets in the same fund. The 45 calendar day period is a rolling period. You cannot transfer money directly into Lifetime Income Strategy from the Income Fund. You must first transfer money into another investment option for at least 90 days before it is moved into Lifetime Income Strategy. Once you have completed any transfer out of the Lifetime Income Strategy option you must wait 90 calendar days before performing a transfer-in to the Lifetime Income Strategy.	N/A	N/A	N/A	1.97%
Benchmark: Barclays Capital U.S. Government/Credit Bond® Index					N/A	N/A	N/A	2.09%
Secondary Benchmark: Lifetime Income Strategy Bond (Sub-Fund) Custom BM					N/A	N/A	N/A	2.09%
					The Lifetime Income Strategy investment option was added to the UTC Savings Plan in June 2012. Visit the plan website for updated performance information.			
Lifetime Income Strategy Equity (Sub-Fund)	Lifetime Income	0.13%	\$1.30	Limiting transfers into the fund for 45 calendar days (purchase block) after 3 round-trip trades in the fund within 45 calendar days. A round-trip trade is the purchase and subsequent sale of assets in the same fund. The 45 calendar day period is a rolling period. You cannot transfer money directly into Lifetime Income Strategy from the Income Fund. You must first transfer money into another investment option for at least 90 days before it is moved into Lifetime Income Strategy. Once you have completed any transfer out of the Lifetime Income Strategy option you must wait 90 calendar days before performing a transfer-in to the Lifetime Income Strategy.	N/A	N/A	N/A	14.91%
Primary Benchmark: S&P 500					N/A	N/A	N/A	10.32%
Secondary Benchmark: Lifetime Income Strategy Equity (Sub-Fund) Custom BM					N/A	N/A	N/A	14.82%
					The Lifetime Income Strategy investment option was added to the UTC Savings Plan in June 2012. Visit the plan website for updated performance information.			

← General Information →		← Fee Information →			← Historical Performance →			
Fund Name/ Benchmark	Asset Class	Total Asset- Based Fees ¹	Annual Cost Per \$1,000 of Investment	Shareholder-Type Fees and Investment Restrictions ²	Average Annual Total Return as of 12/31/12 (Fund and Benchmark)			
					1 yr.	5 yr.	10 yr.	Incept. to date
Lifetime Income Strategy Secure Income (Sub-Fund)	Lifetime Income	1.24%	\$12.40	Limiting transfers into the fund for 45 calendar days (purchase block) after 3 round-trip trades in the fund within 45 calendar days. A round-trip trade is the purchase and subsequent sale of assets in the same fund. The 45 calendar day period is a rolling period.	N/A	N/A	N/A	8.95%
Primary Benchmark: S&P 500					N/A	N/A	N/A	10.32%
Secondary Benchmark: Lifetime Income Strategy Secure Income (Sub-Fund) Custom BM					N/A	N/A	N/A	9.39%
				You cannot transfer money directly into Lifetime Income Strategy from the Income Fund. You must first transfer money into another investment option for at least 90 days before it is moved into Lifetime Income Strategy.	The Lifetime Income Strategy investment option was added to the UTC Savings Plan in June 2012. Visit the plan website for updated performance information.			
				Once you have completed any transfer out of the Lifetime Income Strategy option you must wait 90 calendar days before performing a transfer-in to the Lifetime Income Strategy.				
Target Date Funds								
Target Retirement 2005	Target-Date	0.14%	\$1.40	Limiting transfers into the fund for 45 calendar days (purchase block) after 3 round-trip trades in the fund within 45 calendar days. A round-trip trade is the purchase and subsequent sale of assets in the same fund. The 45 calendar day period is a rolling period.	9.30%	N/A	N/A ³	5.92%
Primary Benchmark: Barclays Capital U.S. Aggregate Index					4.21%	N/A	N/A	6.01%
Secondary Benchmark: Target Retirement 2005 Fund Custom BM					9.38%	N/A	N/A	6.08%
Target Retirement 2010	Target-Date	0.13%	\$1.30	Limiting transfers into the fund for 45 calendar days (purchase block) after 3 round-trip trades in the fund within 45 calendar days. A round-trip trade is the purchase and subsequent sale of assets in the same fund. The 45 calendar day period is a rolling period.	10.69%	N/A	N/A ³	6.27%
Primary Benchmark: Barclays Capital U.S. Aggregate Index					4.21%	N/A	N/A	6.01%
Secondary Benchmark: Target Retirement 2010 Fund Custom BM					10.83%	N/A	N/A	6.45%

← General Information →		← Fee Information →			← Historical Performance →			
Fund Name/ Benchmark	Asset Class	Total Asset- Based Fees ¹	Annual Cost Per \$1,000 of Investment	Shareholder-Type Fees and Investment Restrictions ²	Average Annual Total Return as of 12/31/12 (Fund and Benchmark)			
					1 yr.	5 yr.	10 yr.	Incept. to date
Target Retirement 2015	Target-Date	0.13%	\$1.30	Limiting transfers into the fund for 45 calendar days (purchase block) after 3 round-trip trades in the fund within 45 calendar days. A round-trip trade is the purchase and subsequent sale of assets in the same fund. The 45 calendar day period is a rolling period.	12.10%	N/A	N/A ³	6.47%
<i>Primary Benchmark: S&P 500 Index</i>					16.00%	N/A	N/A	8.84%
<i>Secondary Benchmark: Target Retirement 2015 Fund Custom BM</i>					12.23%	N/A	N/A	6.60%
Target Retirement 2020	Target-Date	0.13%	\$1.30	Limiting transfers into the fund for 45 calendar days (purchase block) after 3 round-trip trades in the fund within 45 calendar days. A round-trip trade is the purchase and subsequent sale of assets in the same fund. The 45 calendar day period is a rolling period.	13.25%	N/A	N/A ³	6.31%
<i>Primary Benchmark: S&P 500 Index</i>					16.00%	N/A	N/A	8.84%
<i>Secondary Benchmark: Target Retirement 2020 Fund Custom BM</i>					13.31%	N/A	N/A	6.36%
Target Retirement 2025	Target-Date	0.13%	\$1.30	Limiting transfers into the fund for 45 calendar days (purchase block) after 3 round-trip trades in the fund within 45 calendar days. A round-trip trade is the purchase and subsequent sale of assets in the same fund. The 45 calendar day period is a rolling period.	14.18%	N/A	N/A ³	5.85%
<i>Primary Benchmark: S&P 500 Index</i>					16.00%	N/A	N/A	8.84%
<i>Secondary Benchmark: Target Retirement 2025 Fund Custom BM</i>					14.24%	N/A	N/A	6.00%
Target Retirement 2030	Target-Date	0.12%	\$1.20	Limiting transfers into the fund for 45 calendar days (purchase block) after 3 round-trip trades in the fund within 45 calendar days. A round-trip trade is the purchase and subsequent sale of assets in the same fund. The 45 calendar day period is a rolling period.	14.94%	N/A	N/A ³	5.71%
<i>Primary Benchmark: S&P 500 Index</i>					16.00%	N/A	N/A	8.84%
<i>Secondary Benchmark: Target Retirement 2030 Fund Custom BM</i>					14.98%	N/A	N/A	5.80%
Target Retirement 2035	Target-Date	0.12%	\$1.20	Limiting transfers into the fund for 45 calendar days (purchase block) after 3 round-trip trades in the fund within 45 calendar days. A round-trip trade is the purchase and subsequent sale of assets in the same fund. The 45 calendar day period is a rolling period.	15.56%	N/A	N/A ³	5.60%
<i>Primary Benchmark: S&P 500 Index</i>					16.00%	N/A	N/A	8.84%
<i>Secondary Benchmark: Target Retirement 2035 Fund Custom BM</i>					15.59%	N/A	N/A	5.66%

← General Information →		← Fee Information →			← Historical Performance →			
Fund Name/ Benchmark	Asset Class	Total Asset- Based Fees ¹	Annual Cost Per \$1,000 of Investment	Shareholder-Type Fees and Investment Restrictions ²	Average Annual Total Return as of 12/31/12 (Fund and Benchmark)			
					1 yr.	5 yr.	10 yr.	Incept. to date
Target Retirement 2040	Target-Date	0.12%	\$1.20	Limiting transfers into the fund for 45 calendar days (purchase block) after 3 round-trip trades in the fund within 45 calendar days. A round-trip trade is the purchase and subsequent sale of assets in the same fund. The 45 calendar day period is a rolling period.	15.82%	N/A	N/A ³	5.58%
Primary Benchmark: S&P 500 Index					16.00%	N/A	N/A	8.84%
Secondary Benchmark: Target Retirement 2040 Fund Custom BM					15.86%	N/A	N/A	5.66%
Target Retirement 2045	Target-Date	0.12%	\$1.20	Limiting transfers into the fund for 45 calendar days (purchase block) after 3 round-trip trades in the fund within 45 calendar days. A round-trip trade is the purchase and subsequent sale of assets in the same fund. The 45 calendar day period is a rolling period.	15.83%	N/A	N/A ³	5.64%
Primary Benchmark: S&P 500 Index					16.00%	N/A	N/A	8.84%
Secondary Benchmark: Target Retirement 2045 Fund Custom BM					15.86%	N/A	N/A	5.66%
Target Retirement 2050	Target-Date	0.12%	\$1.20	Limiting transfers into the fund for 45 calendar days (purchase block) after 3 round-trip trades in the fund within 45 calendar days. A round-trip trade is the purchase and subsequent sale of assets in the same fund. The 45 calendar day period is a rolling period.	15.84%	N/A	N/A ³	5.66%
Primary Benchmark: S&P 500 Index					16.00%	N/A	N/A	8.84%
Secondary Benchmark: Target Retirement 2050 Fund Custom BM					15.86%	N/A	N/A	5.66%
Target Retirement 2055	Target-Date	0.12%	\$1.20	Limiting transfers into the fund for 45 calendar days (purchase block) after 3 round-trip trades in the fund within 45 calendar days. A round-trip trade is the purchase and subsequent sale of assets in the same fund. The 45 calendar day period is a rolling period.	15.84%	N/A	N/A ³	5.58%
Primary Benchmark: S&P 500 Index					16.00%	N/A	N/A	8.84%
Secondary Benchmark: Target Retirement 2055 Fund Custom BM					15.86%	N/A	N/A	5.66%
Core Funds								
Government/Credit Bond	Bond	0.04%	\$0.40	Limiting transfers into the fund for 45 calendar days (purchase block) after 3 round-trip trades in the fund within 45 calendar days. A round-trip trade is the purchase and subsequent sale of assets in the same fund. The 45 calendar day period is a rolling period.	4.69%	N/A	N/A	6.29%
Benchmark: Barclays Capital U.S. Government/Credit Bond® Index					4.82%	N/A	N/A	6.76%

← General Information →		← Fee Information →			← Historical Performance →			
Fund Name/ Benchmark	Asset Class	Total Asset- Based Fees ¹	Annual Cost Per \$1,000 of Investment	Shareholder-Type Fees and Investment Restrictions ²	Average Annual Total Return as of 12/31/12 (Fund and Benchmark)			
					1 yr.	5 yr.	10 yr.	Incept. to date
Equity Fund (S&P 500) <i>Benchmark: S&P 500 Index</i>	Large Cap	0.01%	\$0.10	Limiting transfers into the fund for 45 calendar days (purchase block) after 3 round-trip trades in the fund within 45 calendar days. A round-trip trade is the purchase and subsequent sale of assets in the same fund. The 45 calendar day period is a rolling period.	16.00%	1.64%	7.11%	8.18%
					16.00%	1.66%	7.10%	N/A
Small Company Stock <i>Benchmark: Small Company Stock Fund Custom BM</i>	Small Cap	0.02%	\$0.20	Limiting transfers into the fund for 45 calendar days (purchase block) after 3 round-trip trades in the fund within 45 calendar days. A round-trip trade is the purchase and subsequent sale of assets in the same fund. The 45 calendar day period is a rolling period.	18.08%	3.99%	9.92%	9.93%
					18.05%	3.91%	9.91%	N/A
International Equity <i>Benchmark: MSCI EAFE Index</i>	International	0.04%	\$0.40	Limiting transfers into the fund for 45 calendar days (purchase block) after 3 round-trip trades in the fund within 45 calendar days. A round-trip trade is the purchase and subsequent sale of assets in the same fund. The 45 calendar day period is a rolling period.	17.62%	-3.65%	8.03%	5.16%
					17.32%	-3.69%	8.21%	N/A
Emerging Markets Equity <i>Benchmark: MSCI Emerging Markets® Index.</i>	Emerging Markets	0.14%	\$1.40	Limiting transfers into the fund for 45 calendar days (purchase block) after 3 round-trip trades in the fund within 45 calendar days. A round-trip trade is the purchase and subsequent sale of assets in the same fund. The 45 calendar day period is a rolling period.	18.85%	N/A	N/A	-1.79%
					18.22%	N/A	N/A	N/A
ESOP <i>Benchmark: S&P 500 Index</i>	Company Stock	0.01%	\$0.10	N/A	14.91%	3.94%	12.45%	14.33%
					16.00%	1.66%	7.10%	N/A

← General Information →		← Fee Information →			← Historical Performance →			
Fund Name/ Benchmark	Asset Class	Total Asset- Based Fees ¹	Annual Cost Per \$1,000 of Investment	Shareholder-Type Fees and Investment Restrictions ²	Average Annual Total Return as of 12/31/12 (Fund and Benchmark)			
					1 yr.	5 yr.	10 yr.	Incept. to date
UTC Common Stock	Company Stock	0.01%	\$0.10	Limiting transfers into the fund for 45 calendar days (purchase block) after 3 round-trip trades in the fund within 45 calendar days. A round-trip trade is the purchase and subsequent sale of assets in the same fund. The 45 calendar day period is a rolling period. In addition, transfers in are restricted for 7 calendar days following any transfer out.	14.60%	3.93%	12.17%	12.17%
<i>Benchmark: S&P 500 Index</i>					16.00%	1.66%	7.10%	N/A
Self Directed Brokerage Window	Other	0.00%	\$0.00	You cannot transfer monies out of the Income Fund directly into the Self Directed Brokerage Window. Balances transferred out (restricted amounts) of the Income Fund must remain invested in a non-competing investment option for 90 calendar days. After 90 calendar days, you may transfer the restricted amount into the Brokerage Window.	N/A	N/A	N/A	N/A
<i>Benchmark: None</i>					N/A	N/A	N/A	N/A

Table 2. Fixed Return Investments

← General Information →		← Other Information →	
Fund Name	Asset Class	Fees and Investment Restrictions ²	Other
Core Funds			
Income Fund	Stable Value	<p>The total asset based fees are approximately 0.31% per annum or \$3.10 per \$1000 invested in the fund over a 1 year period.</p> <p>You cannot transfer money directly from the Income Fund into Lifetime Income Strategy or the self-directed brokerage window. You must first transfer money into another investment option for at least 90 days before it is moved into Lifetime Income Strategy or the self-directed brokerage window.</p>	<p>The actual annualized rate of return ending 12/31/2012 was 3.59%. This annualized rate is fixed quarterly but will never fall below a guaranteed minimum rate of 0%. The current declared rate, stated as an annualized rate of return, is available on <i>Your Gateway</i> or by calling the UTC Benefits Center. The actual rate of return for this investment option may vary from the declared rate.</p>

Table 3. Annuity Options

← General Information →		← Fee Information →	
Fund Name	Objectives	Pricing Factors	Restrictions / Fees
Core Funds			
Lifetime Income Strategy Secure Income Sub-Fund	<p>As a component portfolio of the Lifetime Income Strategy, this fund seeks to purchase units of group annuity contracts which invest assets through insurance company separate accounts.</p> <p>This fund has several objectives:</p> <ul style="list-style-type: none"> To establish and maintain access to a secure lifetime income benefit based upon several factors including your purchase of units of group annuity contracts held through the fund, growth in the value of those units and benefit rates acquired through the purchase of those units. Additional factors will influence the actual income benefit you Activate and receive in relation to your investments in the fund. To achieve the highest total return over time combined with an appropriate level of risk which is consistent with the asset mix. <p>Income Benefits available through the group annuities held in the fund are secured by the insurance companies which issue those group annuities and require that all contract provisions are satisfied. Income Benefits are offered by and based on the financial strength and claims paying ability of these insurance companies. The Secure Income sub-fund holds units of group annuity contracts issued by Lincoln National Life Insurance Company, Nationwide Life Insurance Company, and Prudential Retirement Insurance and Annuity Company.</p>	<p>You have the right to Activate Income Benefits in the form of a Single or Joint Life Benefit, but payment amounts will vary based on the benefit you choose. Payment amounts will also vary based on your age, and the age of your spouse if you elect a Joint Life Benefit, at the time of Activation. The fees for this right are included in the Total Annual Operating Expenses of the Lifetime Income Strategy Secure Income Sub-Fund, listed in Table 1 above.</p> <p>For Single Life, upon your death, payment of your Income Benefit will stop and any remaining Lifetime Income Strategy account balance will pass on to your designated beneficiary. For Joint Life, if you or your spouse dies, the remaining individual will continue to receive payments for the rest of his or her life. If you have Activated your Joint Life Benefit but not yet started to collect your Income Benefit, your surviving spouse will still be entitled to receive payments for the rest of his or her life.</p> <p>If you take a withdrawal before you Activate your Income Benefit, your Income Benefit will be reduced.</p> <p>Once you Activate your Income Benefit, if your withdrawal is more than your annual Income Benefit your Income Benefit will be reduced.</p>	<p>The Total Expense Ratio (1.24%) includes advisory fees, asset allocation fees, implementation and servicing fees, and operating expenses and insurance fees for Income Benefits.</p> <p><i>Note the plan check writing and other transaction-based fees may apply.</i></p>
Income Fund	<p>The Income Fund seeks to provide a secure rate of return with a low risk to invested principal. The fund enters into Group Annuity Contracts with different insurance companies, currently: ING, MetLife, and Prudential. Under these agreements, the assets of the fund are generally invested in fixed income securities and the insurance companies are obligated to repay the principal plus a fixed interest rate to the fund participants. The fixed interest rate is determined from time to time and reflects interest credited to the various contracts.</p>	<p>The cost of this option is included in the fee information listed in Table 2 above. This fee is inclusive of insurance fees which are reflective of insurance contract fees which provide for a secure rate of return, as well as the investment management fees payable to the managers of the fund's invested principal.</p>	<p>The total asset based fees are approximately 0.31% per annum or \$3.10 per \$1000 invested in the fund over a 1 year period.</p> <p>You cannot transfer money directly from the Income Fund into the Lifetime Income Strategy or the self-directed brokerage window. You must first transfer money into another investment option for at least 90 days before it is moved into the Lifetime Income Strategy or the self-directed brokerage window.</p>

4. Terms You Should Know

For definitions related to investments, visit the plan's website. Go to **Savings Plan > Overview > Plan Information** to find a glossary. Here are a few key terms and concepts to help you understand the information described in this statement.

Administrative fees: Fees paid to the recordkeeper to cover expenses for things like keeping data on participants, communication materials, Internet services, and assisting participants with transactions; fees paid to a trustee to manage some operations of the plan including trading and holding assets; plus fees paid for legal and accounting services.

Asset-based fees: Fees that are charged as a percent of holdings in an investment to cover investment management fees plus any asset-based administrative service fees. Asset-based fees are also referred to as the expense ratio, or, more technically, the fund's total annual operating expenses. (See box on this page for an example of how asset-based fees work.)

Asset class: A specific category of assets or investments (such as stocks, bonds, or cash) as well as certain types of stocks (such as international stocks, large-cap stocks, etc.). Assets within the same class generally exhibit similar characteristics.

Benchmark: A benchmark is typically a market index that tracks general market performance of similar types of investments. For instance, the S&P 500 Index is commonly used as a benchmark for large-cap stocks.

Core Funds: Each of these funds represents a single asset class. A combination of Core Funds is needed to have a diversified portfolio that will provide the most optimal long-term investment experience.

Equity wash: A transfer restriction for a stable value fund requiring monies transferred out to be invested in an equity fund or other non-competing fund for a specific period of time (usually 90 days) before the monies can be reinvested into a stable value fund or other competing fund.

Individual fees: These fees apply to your account and generally depend on transactions in your account, like taking a loan from the plan.

Investment management fees: Fees paid to the investment manager for selecting and managing the investments in an investment option. These fees may also include costs such as advertising and promotion, administration, and other related services.

Purchase block: This transfer restriction applies when money is moved out of a fund and then cannot be moved back into the fund for a specific period of time (usually 30 to 90 days).

Target Date Funds: These funds are premixed, diversified investment strategies that are designed to be a single investment solution. They have a mix of underlying investments that are generally appropriate for a given retirement date.

How Asset-Based Fees Work

Let's assume your current account balance is \$40,000, and you've invested in three funds as shown below. Here's an estimate of what you might pay annually in total asset-based fees.

Investment	Balance	Asset-Based Fees	
		As % of Assets	Dollar Amount
Income Fund	\$10,000	0.31%	\$ 31.00
Equity Index	\$17,000	0.01%	\$1.70
Emerging Markets Equity	\$13,000	0.14%	\$ 18.20
Total	\$40,000	—	\$50.90

Because asset-based fees are accumulated daily, your actual cost will vary as your account value changes.