

UNITED TECHNOLOGIES CORP /DE/

Form 11-K

June 26, 2009

[Table of Contents](#)

## **FORM 11-K**

**ANNUAL REPORT PURSUANT TO SECTION 15(d)**

**OF THE SECURITIES EXCHANGE ACT OF 1934**

**For the Plan fiscal year ended December 31, 2008**

**Commission File Number 1-812**

# **UNITED TECHNOLOGIES CORPORATION DEFINED CONTRIBUTION RETIREMENT PLAN**

**UNITED TECHNOLOGIES CORPORATION**

**One Financial Plaza**

**Hartford, Connecticut 06103**

**Table of Contents**

**UNITED TECHNOLOGIES CORPORATION  
DEFINED CONTRIBUTION RETIREMENT PLAN**

**Index to Financial Statements**

**December 31, 2008 and 2007**

	<b>Page</b>
<u>Report of Independent Registered Public Accounting Firm</u>	3
Financial Statements	
<u>Statements of Net Assets Available for Benefits as of December 31, 2008 and 2007</u>	4
<u>Statement of Changes in Net Assets Available for Benefits for the Year Ended December 31, 2008</u>	5
<u>Notes to Financial Statements</u>	6-12
<u>Signature</u>	13
<u>Exhibit Index</u>	14
<u>Consent of Independent Registered Public Accounting Firm</u>	15

**Table of Contents**

**FINANCIAL STATEMENTS OF THE UNITED TECHNOLOGIES CORPORATION**

**DEFINED CONTRIBUTION RETIREMENT PLAN**

**Report of Independent Registered Public Accounting Firm**

To the Participants and Administrator of the

United Technologies Corporation

Defined Contribution Retirement Plan:

In our opinion, the accompanying statements of net assets available for benefits and the related statement of changes in net assets available for benefits present fairly, in all material respects, the net assets available for benefits of the United Technologies Corporation Defined Contribution Retirement Plan (the Plan ) at December 31, 2008 and 2007, and the changes in net assets available for benefits for the year ended December 31, 2008 in conformity with accounting principles generally accepted in the United States of America. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As discussed in Note 11 to the financial statements, United Technologies Corporation, the Plan's sponsor, approved the merger of the Plan into the United Technologies Corporation Employee Savings Plan effective March 31, 2009.

/s/ PricewaterhouseCoopers LLP

Hartford, Connecticut

June 26, 2009

**Table of Contents**

**UNITED TECHNOLOGIES CORPORATION**  
**DEFINED CONTRIBUTION RETIREMENT PLAN**

**Statements of Net Assets Available for Benefits**

(Thousands of Dollars)

	December 31, 2008	December 31, 2007
<b>Assets:</b>		
Investment in Master Trust, at fair value	\$ 20,189	\$ 17,251
Adjustment from fair value to contract value for interest in Master Trust relating to fully benefit-responsive investment contracts	1,197	(366)
Net assets available for benefits	\$ 21,386	\$ 16,885

The accompanying notes are an integral part of these financial statements.

**Table of Contents**

**UNITED TECHNOLOGIES CORPORATION**  
**DEFINED CONTRIBUTION RETIREMENT PLAN**  
**Statement of Changes in Net Assets Available for Benefits**

(Thousands of Dollars)

	<b>Year Ended December 31, 2008</b>
<b>Deductions from net assets attributed to:</b>	
Plan interest in net depreciation and investment loss of Master Trust	\$ 2,359
Distributions to participants or beneficiaries	1,144
 Total Deductions	 3,503
 Decrease prior to transfers	 3,503
<b>Plan transfers:</b>	
Assets transferred into Plan (see Note 10)	8,004
 Net increase	 4,501
Net assets available for benefits, December 31, 2007	16,885
 Net assets available for benefits, December 31, 2008	 \$ 21,386

The accompanying notes are an integral part of these financial statements.

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**Table of Contents**

**UNITED TECHNOLOGIES CORPORATION**  
**DEFINED CONTRIBUTION RETIREMENT PLAN**

**Notes to Financial Statements**

**NOTE 1 DESCRIPTION OF THE PLAN**

**General.** The United Technologies Corporation Defined Contribution Retirement Plan (the Plan) is a defined contribution savings and money purchase plan administered by United Technologies Corporation (UTC, the Corporation, the Employer, or the Company). It is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA). Eligible employees of UTC and certain of its subsidiaries were able to participate after completing one year of service. The following is a brief description of the Plan. For more complete information, participants should refer to the summary plan description as well as the Plan document which are available from UTC.

During 1998, all active Plan participants became participants of the UTC Employee Savings Plan II. As of December 31, 2003, the UTC Employee Savings Plan II merged into the United Technologies Corporation Employee Savings Plan. Previously accumulated participant balances will remain in the Plan. No additional contributions will be made to the Plan. Participants will continue to be able to direct or withdraw their remaining investment balances in accordance with Plan provisions.

**Trustee and Recordkeeper.** The Plan trustee holds all of the Plan's assets. State Street Bank and Trust (Trustee) is the Plan trustee. Fidelity Institutional Retirement Services Company (Fidelity) provides recordkeeping services.

**Contributions and Vesting.** No participant or Employer contributions were made during the 2008 and 2007 Plan years. All participants are fully vested in the Plan. Participants direct investment of their account balances into the various investment options offered by the Plan through the United Technologies Corporation Employee Savings Plan Master Trust (Master Trust). Through the Master Trust, the Plan offers 20 mutual funds, seven commingled index funds, one stable value fund, and a company stock fund as investment options to participants. The Master Trust also includes a money market fund that is primarily used for transitioning or merging plans.

**Participant Accounts.** Each participant's account is credited with Plan earnings and losses based on their respective account balances. The benefit to which a participant is entitled is the benefit that can be provided from the participant's vested account.

**Voting Rights.** Common Stock held in the UTC Common Stock Fund is voted by the Trustee at shareowner meetings of UTC in accordance with the confidential instructions of the participants whose accounts are invested in this fund. All shares of Employer stock in the UTC Common Stock Fund for which the Trustee receives voting instructions from participants to whose accounts the shares are allocated are voted in accordance with those instructions. All Employer stock in the UTC Common Stock Fund for which the Trustee does not receive timely voting instructions are voted by the Trustee in accordance with the timely instructions it receives with respect to a plurality of the shares in the UTC Common Stock Fund.

**Payment of Benefits.** Generally, upon termination, benefits may be left in the Plan or paid in a lump sum or other distribution option to a terminating participant. At the participant's election, the portion of a lump sum distribution attributable to an investment in the UTC Common Stock Fund may be paid in shares of UTC Common Stock instead of cash. There were no distributions in UTC Common Stock for the year ended December 31, 2008.

**NOTE 2 SUMMARY OF ACCOUNTING PRINCIPLES**

**Basis of Accounting.** The financial statements of the Plan are prepared under the accrual method of accounting.

**Master Trust.** The Plan's assets are kept in the Master Trust maintained by the Trustee. Under the Master Trust agreement, the assets of certain employee savings plans of UTC are combined. Participating plans purchase units of participation in the underlying investment funds based on their contribution to such funds and the unit value of the applicable investment fund at the end of the trading day in which a transaction occurs. The unit value of each fund is determined at the close of each day by dividing the sum of uninvested cash, accrued income and the current value of investments by the total number of outstanding units in such funds. Income or losses from the funds' investments, other than the UTC Common Stock Fund, increase or decrease the participating plans' unit values. UTC Common Stock Fund dividends increase the Plan's units in that fund. Distributions to participants reduce the number of participation units held by the participating plans (see Note 4).

**Fully Benefit-Responsive Investment Contracts.** The Plan is required to report fully responsive investment contracts at fair value. However, contract value is the relevant measurement attribute for fully benefit-responsive investment contracts because contract value is the amount participants would receive if they were to initiate permitted transactions under the terms of the Plan. The Plan invests in investment contracts through the Master Trust. The statement of net assets available for benefits presents the

## **Table of Contents**

fair value of the investment in the Master Trust as well as the adjustment of the investment in the Master Trust from fair value to contract value relating to these investment contracts. The statement of changes in net assets available for benefits is prepared on a contract value basis.

**Investment Valuation and Income Recognition.** The fair value of a financial instrument is the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Shares held in mutual funds are traded on a national exchange and are valued at the closing prices as of the last business day of each period presented.

Commingled funds represent investments held in institutional funds and are valued at the net asset values per share as of the valuation date. The commingled funds are made up of a variety of index funds. The underlying holdings of the commingled funds are primarily marketable equity and fixed income securities.

The Master Trust invests in a stable value fund that invests in managed separate account guaranteed investment contracts ( GICs ) and synthetic GICs with financial institutions. Managed separate account GICs are investment contracts invested in insurance company separate accounts established for the sole benefit of UTC stable value fund participants. The assets are wrapped by the financially responsible insurance company. The Plan participates in the underlying experience of the separate account via future periodic rate resets, which once set, are guaranteed by the insurance company. The wrap contract provides assurance that future adjustments to the crediting rate cannot result in a crediting rate less than zero. A synthetic GIC consists of a portfolio of underlying assets owned by the Master Trust and a wrap contract issued by a financially responsible third party, typically an insurance company. Synthetic GICs provide for a variable crediting rate which resets periodically. The wrap contract provides assurance that future adjustments to the crediting rate cannot result in a crediting rate less than zero. Individual assets comprising the synthetic GICs are valued at representative quoted market prices, if available. As of December 31, 2008 the fair value of the wrap contracts for the GICs were determined using a discounted cash flow method which considers recent rebids as determined by recognized dealers, discount rate and duration of the underlying portfolio. As of December 31, 2008 and 2007 the value of the wrap contracts was \$4.1 million and \$0, respectively.

As fully benefit-responsive investment contracts, the stable value fund s investments are also stated at contract value (the amount available to pay benefits). Contract value includes contributions plus earnings, less Plan withdrawals and expenses. There are no reserves against contract value for credit risk.

UTC stock is stated at fair value determined using the closing sales price for UTC stock as of the valuation date.

Participant loans are valued at amortized cost, which approximates fair value.

Purchases and sales of securities are recorded on a trade-date basis. Dividends are recorded on the ex-dividend date.

Note 5 provides additional disclosures with respect to fair value.

**Plan Expenses.** Plan administrative expenses, including Plan trustee and recordkeeper fees were paid directly by the Employer in 2008.

**Payment of Benefits.** Benefit payments to participants or beneficiaries are recorded upon distribution.

**Use of Estimates.** The preparation of the Plan s financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of net assets available for benefits at the dates of the financial statements and changes therein during the reporting period and, when applicable, disclosures of contingent assets and liabilities at the dates of the financial statements. Actual results could differ from those estimates.

**Risks and Uncertainties.** Through the Master Trust, the Plan provides for various investment options in any combination of stocks, bonds, mutual funds and other investment securities. Investment securities are exposed to various risks, such as interest rate, market and credit. These risks can be adversely impacted by shifts in the market s perception of the issuers, changes in interest rates, and global economic conditions. Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in the value of investment securities, it is at least reasonably possible that changes in risks in the near term would materially affect participants account balances and the amounts reported in the statements of net assets available for benefits.





**Table of Contents**

**NOTE 3 INVESTMENT CONTRACTS WITH INSURANCE COMPANIES**

Through the Master Trust the Plan invests in a stable value fund that invests in managed separate account GICs and synthetic GICs with financial institutions. Managed separate account GICs are investment contracts invested in insurance company separate accounts established for the sole benefit of the UTC stable value fund participants. The assets are wrapped by the financially responsible insurance company. The Plan participates in the underlying experience of the separate account via future periodic rate resets guaranteed by the insurance company. A synthetic GIC consists of a portfolio of underlying assets owned by the Master Trust, and a wrap contract issued by a financially responsible third party, typically an insurance company. Synthetic GICs provide for a variable crediting rate which resets periodically. The wrap contracts provide assurance that future adjustments to the crediting rate cannot result in a crediting rate less than zero. Under these contracts, each insurance company guarantees repayment in full of the principal amount plus interest credited at a fixed rate for a specified period. Interest is credited to each contract based on an annual interest rate set each year by the individual insurance companies. This rate, which differs among contracts, takes into account any difference between prior year credited interest and the actual amount of investment earnings allocable to the contract in accordance with the established allocation procedures of the insurance company. The crediting rate is primarily based on the current yield-to-maturity of the covered investments, plus or minus amortization of the difference between the market value and contract value of the covered investments over the duration of the covered investments at the time of computation. There are no reserves against contract value for credit risk.

Certain events could limit the ability of the Plan to transact at contract value with the issuer. Such events include the following: (i) certain amendments to the Plan documents that adversely impact the stable value fund; (ii) introduction of an investment option that competes with the stable value fund; (iii) certain Plan sponsor events (e.g. a significant divestiture) that cause a significant withdrawal from the Plan; (iv) the failure of the trust to qualify for exemption from federal income taxes; or, (v) material breach of contract provisions. UTC does not believe that the occurrence of any such event, which would limit the Plan's ability to transact at contract value with participants, is probable. Certain events enable issuers to terminate their contracts with UTC and settle at an amount other than contract value. Under each contract, the Plan has the option to address and cure any such event within a specified period of time. UTC does not believe that the occurrence of any such event is probable.

The average yield of the GICs based on actual earnings was approximately (5.8) % and 5.7% for the years ended December 31, 2008 and 2007, respectively. The average yield of the GICs based on interest rate credited to participants was approximately 6.25% and 6.35% for the years ended December 31, 2008 and 2007, respectively.

**NOTE 4 INVESTMENT IN MASTER TRUST**

UTC has entered into a Master Trust agreement with the Trustee. Under this agreement, certain savings plans of UTC combine their trust fund investments in the Master Trust.

Participating plans purchase units of participation in the investment funds based on their contribution to such funds along with income that the investment funds may earn, less distributions made to the plans' participants. The Plan's interest in the net assets of the Master Trust was less than 1 percent at December 31, 2008 and 2007.

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The following is a summary of the financial information and data for the Master Trust and the portion attributable to the Plan:

**United Technologies Corporation Employee Savings Plan**

**Master Trust Statements of Net Assets**

(Thousands of Dollars)

	December 31,					
	Allocated	2008 Unallocated	Total	Allocated	2007 Unallocated	Total
<b>Assets:</b>						
Short-term investments	\$ 58,120	\$	\$ 58,120	\$ 87,228	\$	\$ 87,228
<b>Investments:</b>						
Mutual funds	1,136,736		1,136,736	1,866,720		1,866,720
Commingled index funds	1,167,437		1,167,437	1,941,499		1,941,499
Common stock	3,213,008	1,286,351	4,499,359	4,423,478	1,997,303	6,420,781
Stable value fund investment contracts	6,396,864		6,396,864	6,871,315		6,871,315
Participant notes receivable	129,182		129,182	125,299		125,299
<b>Subtotal</b>	<b>12,101,347</b>	<b>1,286,351</b>	<b>13,387,698</b>	<b>15,315,539</b>	<b>1,997,303</b>	<b>17,312,842</b>
ESOP receivables		172,960	172,960		181,986	181,986
Interest and dividend receivable	7,443		7,443	972		972
<b>Total assets</b>	<b>12,108,790</b>	<b>1,459,311</b>	<b>13,568,101</b>	<b>15,316,511</b>	<b>2,179,289</b>	<b>17,495,800</b>
<b>Liabilities:</b>						
Accrued liabilities	(3,714)		(3,714)	(549)		(549)
Accrued ESOP interest		(1,111)	(1,111)		(1,188)	(1,188)
ESOP debt		(32,700)	(32,700)		(65,300)	(65,300)
Notes payable to UTC		(300,433)	(300,433)		(295,833)	(295,833)
<b>Total liabilities</b>	<b>(3,714)</b>	<b>(334,244)</b>	<b>(337,958)</b>	<b>(549)</b>	<b>(362,321)</b>	<b>(362,870)</b>
<b>Adjustment from fair value to contract value for fully benefit-responsive investment contracts</b>						
	665,214		665,214	(216,527)		(216,527)
<b>Net assets</b>	<b>\$ 12,770,290</b>	<b>\$ 1,125,067</b>	<b>\$ 13,895,357</b>	<b>\$ 15,099,435</b>	<b>\$ 1,816,968</b>	<b>\$ 16,916,403</b>
<b>Net assets of the Master Trust attributable to the Plan</b>	<b>\$ 21,386</b>	<b>\$</b>	<b>\$ 21,386</b>	<b>\$ 16,885</b>	<b>\$</b>	<b>\$ 16,885</b>

**Table of Contents****United Technologies Corporation Employee Savings Plan****Master Trust Statement of Changes in Net Assets**

(Thousands of Dollars)

	Year Ended December 31, 2008		
	Allocated	Unallocated	Total
<b>Additions:</b>			
Interest and dividend income	\$ 162,967	\$ 35,600	\$ 198,567
Transfers in from participating plans for purchase of units	490,032	20,263	510,295
Allocation of 1,716,000 ESOP shares, at market	113,306		113,306
<b>Total additions</b>	<b>766,305</b>	<b>55,863</b>	<b>822,168</b>
<b>Deductions:</b>			
Net depreciation on fair value of investments	(2,361,888)	(611,622)	(2,973,510)
Transfers out on behalf of participating plans for distributions	(759,309)		(759,309)
Allocation of 1,716,000 ESOP shares, at market		(113,306)	(113,306)
Master Trust administrative and interest expenses	(1,936)	(22,836)	(24,772)
<b>Total deductions</b>	<b>(3,123,133)</b>	<b>(747,764)</b>	<b>(3,870,897)</b>
<b>Net decrease prior to transfers</b>	<b>(2,356,828)</b>	<b>(691,901)</b>	<b>(3,048,729)</b>
<b>Plan transfers:</b>			
Assets transferred in	27,721		27,721
Assets transferred out	(38)		(38)
<b>Net plan transfers</b>	<b>27,683</b>		<b>27,683</b>
<b>Decrease in net assets</b>	<b>(2,329,145)</b>	<b>(691,901)</b>	<b>(3,021,046)</b>
<b>Net assets:</b>			
Beginning of year	15,099,435	1,816,968	16,916,403
End of year	\$ 12,770,290	\$ 1,125,067	\$ 13,895,357

**Table of Contents**

During 2008, the Master Trust investments (including gains and losses on investments bought and sold, as well as held during the year) depreciated in value as follows:

(thousands of dollars)	
ESOP fund	\$ (1,503,251)
Common stock	(438,955)
Mutual funds	(681,403)
Commingled index funds	(769,813)
Stable value fund investment contracts*	419,912
	\$ (2,973,510)

\* Appreciation is presented at contract value.

(Thousands of Dollars)	Year Ended December 31, 2008	
Amounts pertaining to Plan:		
Plan interest in net depreciation and investment loss of Master Trust	\$	(2,359)

Distributions to participants or beneficiaries	\$	<p><b>Item 3. Source and Amount of Funds or Other Consideration</b></p> <p>Pursuant to the Merger Agreement described in Item 4, on December 16, 2014, Sabine Investor Holdings contributed its membership interest in Sabine Oil &amp; Gas Holdings LLC, a Delaware limited liability company and wholly owned subsidiary of Sabine Investor Holdings, to the Issuer in exchange for 59,941,540 shares of Common Stock and 1,897,860 shares of Series A Preferred Stock of the Issuer (convertible into up to 189,786,000 shares of Common Stock). Also on December 16, 2014, AIV LLC contributed the stock of FR NFR Holdings, Inc. and FR NFR PI, Inc. each a Delaware corporation and wholly owned subsidiary of AIV LLC, to the Issuer in exchange for 19,300,376 shares of Common Stock and 611,085 shares of Series A Preferred Stock (convertible into up to 61,108,500 shares of Common Stock). The foregoing transactions are referred to herein as the Contribution.</p>
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On December 16, 2014, AIV LLC contributed 19,300,376 shares of Common Stock and 611,085 shares of Series A Preferred Stock to Sabine Investor Holdings in exchange for membership interests in Sabine Investor Holdings. As a result of the foregoing, as of December 16, 2014, Sabine Investor Holdings is the record owner of 79,241,916 shares of Common Stock and 2,508,945 shares of Series A Preferred Stock. The foregoing transactions, together with the Contribution, are referred to collectively as the Transactions.

#### **Item 4. Purpose of Transaction**

The information provided in response to Item 3 is hereby incorporated by reference into this Item 4.

The acquisitions of Common Stock by the Reporting Persons were undertaken for investment purposes. The Reporting Persons also intend to participate in and influence the affairs of the Issuer through exercise of their rights to appoint directors to the Issuer's Board of Directors (pursuant to the Stockholder's Agreement described below) and through their voting rights with respect to all of the shares of Common Stock held by Sabine Investor Holdings. The Reporting Persons intend to review their investment in the Issuer on a continuing basis and, depending upon the price of and other market conditions relating to the Common Stock or other securities of the Issuer, subsequent developments affecting the Issuer, the Issuer's business and prospects, other investment and business opportunities available to the Reporting Persons, general stock market and economic conditions, tax considerations, and other factors deemed relevant, may decide to increase or decrease the size of their investment in the Issuer. In addition, the Reporting Persons have entered into the following plans and proposals with respect to the Common Stock.

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## MERGER AGREEMENT

The Issuer, Sabine Investor Holdings, AIV LLC and several affiliates of Sabine Investor Holdings entered into an Agreement and Plan of Merger, dated as of May 5, 2014, amended and restated as of July 9, 2014 (the A&R Merger Agreement ) and further amended on December 16, 2014 ( Amendment No. 1 and, as amended, the Merger Agreement ). Pursuant to the Merger Agreement, parties consummated the Contribution and the Reporting Persons obtained the Subject Shares (defined below).

Following the consummation of the Transactions, the Issuer was renamed Sabine Oil and Gas Corporation. The foregoing description of the Transactions and the Merger Agreement does not purport to be complete and is qualified in its entirety by reference to the A&R Merger Agreement and Amendment No. 1, copies of which were filed as Exhibit 2.1 to the Issuer's Current Report on Form 8-K (file No. 001-13515) filed with the Commission on July 9, 2014 and Exhibit 2.1 to the Issuer's Current Report on Form 8-K (file No. 001-13515) filed with the Commission on December 22, 2014, respectively, and the terms of which are incorporated herein by reference.

## STOCKHOLDER S AGREEMENT

In connection with its entry into the Merger Agreement, on December 16, 2014, Forest entered into a Second Amended and Restated Stockholder s Agreement (the Stockholder s Agreement ) with Sabine Investor Holdings and AIV LLC.

The Second Amended Stockholder s Agreement amends and replaces the Amended and Restated Stockholder s Agreement, dated as of July 9, 2014, by and among the Issuer, Sabine Investor Holdings and AIV LLC, a description of which was contained in the Issuer's Current Report on Form 8-K filed on July 10, 2014 (the Original Stockholder s Agreement ).

Pursuant to the Stockholder's Agreement, following the closing of the Transactions, Sabine Investor Holdings and AIV LLC may designate a number of members of the Board equal to the lesser of (1) their combined voting percentage in the Issuer's stock and (2) one less than the number of directors that would represent a majority of the Board if there were no vacancies. The remaining directors will be designated by the Nominating and Governance Committee of the Board. These rights will remain in effect as long as Sabine Investor Holdings and AIV LLC beneficially own, in aggregate, 15% or more of the outstanding Common Shares. The transfer restrictions under the Original Stockholders Agreement have been eliminated.

Pursuant to the Stockholder's Agreement, the Issuer agreed that, after the closing of the Transactions, it would submit to its shareholders for their approval a plan to reincorporate the Issuer from New York to Delaware, through a reincorporation merger (the Reincorporation Merger). Sabine Investor Holdings and AIV LLC agreed to use their reasonable best efforts to cause the approval of the reincorporation merger. In addition, upon delisting of the Common Stock from The New York Stock Exchange (the NYSE) or any other exchange on which securities of the Issuer are listed, the Issuer has agreed to use its reasonable best efforts to list its securities on the NYSE, if possible, or NASDAQ otherwise, in each case on the market, listing platform, or market tier within the NYSE or NASDAQ with the highest listing standards for which the Issuer is then qualified. The requirement to use reasonable best efforts will not require the Issuer to issue securities. Sabine Investor Holdings and AIV LLC agreed to use their reasonable best efforts to cause the approval of any action submitted to a vote of stockholders by the Board that the Board determines is reasonably necessary for any such re-listing.



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The foregoing description of the Stockholder s Agreement does not purport to be complete and is qualified in its entirety by reference to the Stockholder s Agreement, a copy of which was filed as Exhibit 10.6 to the Issuer s Current Report on Form 8-K (file No. 001-13515) filed with the Commission on December 22, 2014, and the terms of which are incorporated herein by reference.

#### REGISTRATION RIGHTS AGREEMENT

In connection with the Merger Agreement, on December 16, 2014, the Issuer entered into a Second Amended and Restated Registration Rights Agreement (the Registration Rights Agreement ) with Sabine Investor Holdings and AIV LLC.

The Registration Rights Agreement amends and replaces the Amended and Restated Registration Rights Agreement, dated as of July 9, 2014, by and among the Issuer, Sabine Investor Holdings and AIV LLC, a description of which was contained in the Issuer s Current Report on Form 8-K filed on July 10, 2014.

Pursuant to the Registration Rights Agreement, FR XI LP will have certain registration rights, including demand registration rights, shelf registration rights and rights to request shelf take-downs (including marketed underwritten shelf take-downs). The Issuer will not be obligated to effect, at the request of FR XI LP, (a) more than four demand registrations and/or marketed underwritten shelf take-downs or (b) more than one marketed underwritten offering pursuant to the Registration Rights Agreement in any consecutive 90-day period.

The foregoing description of the Registration Rights Agreement does not purport to be complete and is qualified in its entirety by reference to the Registration Rights Agreement, a copy of which was filed as Exhibit 10.5 to the Issuer s Current Report on Form 8-K (file No. 001-13515) filed with

the Commission on December 22, 2014, and the terms of which are incorporated herein by reference.

#### CERTIFICATE OF DESIGNATION

On December 16, 2014, the Issuer filed a Certificate of Amendment to the Certificate of Incorporation of the Issuer (the Certificate of Designation) to create a new series of Preferred Stock designated as the Series A Senior Non-Voting Equity-Equivalent Preferred Stock (the Series A Preferred Stock) consisting of 2,508,945 shares thereof.

The Certificate of Designation provides that each share of Series A Preferred Stock is convertible into Common Shares at the option of the holder thereof if (1) such holder is able to convert a portion of the Series A Preferred Shares into Common Shares and as a result would not, together with affiliates, hold more than 50% of the Issuer's voting power and (2) at the request of such holder, the Issuer's board of directors (the Board) approves such conversion (such approval not to be unreasonably withheld).

In addition, the Certificate of Designation provides that each share of Series A Preferred Stock will convert automatically if a holder thereof transfers such shares to a third party such that such third party would not, together with its affiliates, hold more than 50% of the Issuer's voting power upon receipt of such shares as voting securities.

The Certificate of Designation provides that initially, in connection with a conversion of Series A Preferred Stock into shares of Common Stock as described in the preceding paragraph, each share of Series A Preferred Stock will be convertible into 100 shares of Common Stock. If the Reincorporation Merger (as defined in the Certificate of Designation) is not approved by the requisite number of Forest stockholders at the first special meeting of Forest shareholders held for such purpose, then the conversion ratio will be subject to upward adjustment in the manner described

in the Certificate of Designation.

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Except as provided in the Certificate of Designation, shares of Series A Preferred Stock have no power or right to vote in respect of any elections or proceedings of the Issuer or any other matters submitted to a vote of the shareholders of the Issuer. Without the prior written consent of holders of a majority of the outstanding shares of Series A Preferred Stock, the Issuer may not, among other things (a)(i) issue additional Common Stock or securities convertible into Common Stock, (ii) declare or pay any dividend on Common Stock payable in shares of Common Stock, (iii) effect any subdivision of the outstanding shares of Common Stock, in the case of each of the foregoing, if immediately following such issuance, declaration, payment or subdivision the Corporation would have insufficient authorized but unissued shares of Common Stock to permit the conversion of all outstanding shares of Series A Preferred Stock into Common Stock or (b) liquidate, dissolve or wind up the business and affairs of the Issuer.

The foregoing description of the Certificate of Designation does not purport to be complete and is qualified in its entirety by reference to the Certificate of Designation, a copy of which was filed as Exhibit 3.2 to the Issuer's Current Report on Form 8-K (file No. 001-13515) filed with the Commission on December 22, 2014, and the terms of which are incorporated herein by reference.

Except as set forth in this Item 4, the Reporting Persons do not have any specific plans or proposals that relate to or would result in any of the actions specified in clauses (a) through (j) of Item 4 of Schedule 13D.

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**Item 5. Interest in Securities of the Issuer**

(a) To the best knowledge of the Reporting Persons, as of December 16, 2014, there were 198,104,790 shares of the Issuer's Common Stock outstanding and up to 39,620,958 shares of Common Stock issuable upon conversion of the Issuer's Series A Preferred Stock.

The Reporting Persons, which may comprise a group within the meaning of Section 13(d)(3) of the Securities Exchange Act of 1934, as amended (the Exchange Act), beneficially own in the aggregate up to 118,862,874 shares of Common Stock (the Subject Shares), comprised of 79,241,916 shares of Common Stock held directly by Sabine Investor Holdings and up to 39,620,958 shares of Common Stock issuable upon the conversion of shares of Series A Preferred Stock owned of record by Sabine Investor Holdings that may be deemed to be beneficially owned by the Reporting Persons. Collectively, the Reporting Persons may be deemed pursuant to Rule 13d-3 of the Exchange Act to beneficially own up to 50.0% of the total outstanding shares of Common Stock.

Pursuant to the Certificate of Designation described in Item 4 hereof, the Reporting Persons are not permitted to convert any shares of Series A Preferred Stock into shares of Common Stock if such conversion would result in a Change of Control (as defined in the Certificate of Designation) or cause a Change of Control to occur or be occurring (a Prohibited Conversion). The Reporting Persons expressly disclaim any beneficial ownership under Rule 13d-3 of the Securities Exchange Act of any shares of Common Stock issuable in connection with a Prohibited Conversion.

(b) The information set forth in Items 7 through 11 of the cover pages hereto is incorporated herein by reference. See Schedule 1 for the information applicable to the Listed Persons. GP XI Inc., as the

general partner of GP XI LP, which serves as the general partner of Fund XI LP, may be deemed to have the shared power to vote or direct the vote of, and the shared power to dispose or direct the disposition of, the Subject Shares. GP XI LP, as the general partner of Fund XI LP, may be deemed to have the shared power to vote or direct the vote of, and the shared power to dispose or direct the disposition of, the Subject Shares. Fund XI LP, as a member of Sabine Investor Holdings and the sole owner of FR TLP LLC, and by virtue of Fund XI LP's authority to appoint a majority of the board of managers of Sabine Investor Holdings, may be deemed to have the shared power to vote or direct the vote of, and the shared power to dispose or direct the disposition of, the Subject Shares. AIV LP, as the sole member of AIV LLC, acting under the common control of GP XI Inc. and GP XI LP with the other members of Sabine Investor Holdings, may be deemed to have the shared power to vote or direct the vote of, and the shared power to dispose or direct the disposition of, the Subject Shares. AIV LLC, as a member of Sabine Investor Holdings and acting under the common control of GP XI Inc. and GP XI LP with the other members of Sabine Investor Holdings, may be deemed to have the shared power to vote or direct the vote of, and the shared power to dispose or direct the disposition of, the Subject Shares. FR TLP LLC, as a member of Sabine Investor Holdings and acting under the common control of GP XI Inc. and GP XI LP with the other members of Sabine Investor Holdings, may be deemed to have the shared power to vote or direct the vote of, and the shared power to dispose or direct the disposition of, the Subject Shares. By virtue of Mr. Macaulay's right to appoint a majority of the directors of GP XI Inc., Mr. Macaulay may be deemed to have the shared power to vote or direct the vote of, and the shared power to dispose of or direct the disposition of, the Subject Shares. Neither the filing of this Schedule 13D nor any of its contents shall be deemed to constitute an admission that any of the Reporting Persons (other than Sabine Investor Holdings) or the persons set

forth on Schedule I is the beneficial owner of the Common Stock referred to herein for purposes of Section 13(d) of the Act or for any other purpose, and such beneficial ownership is expressly disclaimed, except to the extent of such Reporting Person's pecuniary interest therein.

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(c) Except as described in this Schedule 13D, none of the Reporting Persons or, to the Reporting Persons' knowledge, the Listed Persons, has effected any transactions in the Common Stock of the Issuer during the past 60 days.

(d) Certain individuals beneficially own, (i) collectively, less than 0.3% of the common units representing limited liability company interest in Sabine Investor Holdings and/or (ii) incentive units in Sabine Investor Holdings, in each case that entitle them to the distribution of certain of the shares of Common Stock held by Sabine Investor Holdings and/or the proceeds of the sale of shares of Common Stock by Sabine Investor Holdings upon the satisfaction of certain conditions described in the Operating Agreement of Sabine Investor Holdings. Except as set forth in this Item 5(d), to the best knowledge of the Reporting Persons, no person other than the Reporting Persons and the Management Persons has the right to receive, or the power to direct the receipt of dividends from, or the power to direct the receipt of proceeds of the sale of the Common Stock beneficially owned by the Reporting Persons.

(e) Not applicable.

**Item 6. Contracts, Arrangements, Understandings or Relationships with Respect to Securities of the Issuer**

The information provided in response to Items 3 and 4 is hereby incorporated by reference into this Item 6.

**JOINT FILING AGREEMENT**

A Joint Filing Agreement, dated December 23, 2014, by and among GP XI Inc., GP XI LP, Fund XI LP, AIV LP, AIV LLC, FR TLP LLC, Sabine Investor Holdings, and William E. Macaulay, has been executed by the Reporting Persons, a copy of which is attached hereto as Exhibit 6 to this Schedule 13D and is incorporated



herein by reference.

**Item 7. Material to Be Filed as Exhibits**

Exhibit 1 Amended and Restated Agreement and Plan of Merger, dated as of July 9, 2014, by and among Sabine Investor Holdings LLC, Sabine Oil & Gas Holdings LLC, Sabine Oil & Gas Holdings II LLC, Sabine Oil & Gas LLC, Forest Oil Corporation and FR XI Onshore AIV, LLC (filed by the Issuer with the Securities and Exchange Commission on July 10, 2014, as Exhibit 2.1 to the Issuer's 8-K, and incorporated by reference herein as Exhibit 1 to this Schedule 13D).

Exhibit 2 Amendment No. 1 to the Amended and Restated Agreement and Plan of Merger, dated as of December 16, 2014, by and among Sabine Investor Holdings LLC, Sabine Oil & Gas Holdings LLC, Sabine Oil & Gas Holdings II LLC, Sabine Oil & Gas LLC, Forest Oil Corporation and FR XI Onshore AIV, LLC (filed by the Issuer with the Securities and Exchange Commission on December 22, 2014, as Exhibit 2.1 to the Issuer's 8-K, and incorporated by reference herein as Exhibit 2 to this Schedule 13D).

Exhibit 3 Second Amended and Restated Stockholder's Agreement, dated as of December 16, 2014, by and among Sabine Investor Holdings LLC, Forest Oil Corporation and FR XI Onshore AIV, LLC (filed by the Issuer with the Securities and Exchange Commission on December 22, 2014, as Exhibit 10.6 to the Issuer's 8-K, and incorporated by reference herein as Exhibit 3 to this Schedule 13D).

Exhibit 4 Second Amended and Restated Registration Rights Agreement, dated as of December 16, 2014, by and among Sabine Investor Holdings LLC, FR XI Onshore AIV, LLC and Forest Oil Corporation (filed by the Issuer with the Securities and Exchange Commission on December 22, 2014, as Exhibit 10.5 to the Issuer's 8-K, and incorporated by reference herein as Exhibit 4 to this Schedule 13D).

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Exhibit 5 Certificate of Amendment of the Certificate of Incorporation of Forest Oil Corporation, dated as of December 16, 2014 (filed by the Issuer with the Securities and Exchange Commission on December 22, 2014, as Exhibit 3.2 to the Issuer's 8-K, and incorporated by reference herein as Exhibit 5 to this Schedule 13D).

Exhibit 6 Joint Filing Agreement, dated as of December 23, 2014, by and among First Reserve GP XI, Inc., First Reserve GP XI L.P., First Reserve Fund XI L.P., FR Onshore AIV L.P., FR Onshore AIV L.L.C., FR TLP Investment L.L.C., Sabine Investor Holdings LLC, and William E. Macaulay.

Exhibit 7 Power of Attorney of William E. Macaulay (incorporated by reference to Exhibit 24 to the Form 3 filed by the Reporting Persons filed on December 23, 2014).

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**SIGNATURES**

After reasonable inquiry and to the best of its knowledge and belief, each of the undersigned certifies that the information set forth in this statement is true, complete and correct.

Dated: December 23, 2014

FIRST RESERVE GP XI,  
INC.

By: /s/ Anne E. Gold  
Name: Anne E. Gold  
Title: Chief Compliance  
Officer, Secretary  
& Assistant  
Treasurer

FIRST RESERVE GP XI,  
L.P.

By: First Reserve GP XI,  
Inc.,

its general partner

By: /s/ Anne E.  
Gold  
Name: Anne E.  
Gold  
Title: Chief  
Compliance  
Officer,  
Secretary &  
Assistant  
Treasurer

FIRST RESERVE FUND  
XI, L.P.

By: First Reserve GP XI,  
L.P.,

its general partner

By:

First Reserve GP XI,  
Inc.,

its general partner

By: /s/ Anne E.  
Gold

Name: Anne E.  
Gold

Title: Chief  
Compliance  
Officer,  
Secretary &  
Assistant  
Treasurer

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FR TLP INVESTMENT LLC

By: First Reserve Fund XI, L.P.,  
its sole member

By: First Reserve GP XI, L.P.,  
its general partner

By: First Reserve GP XI, Inc.,  
its general partner

By: /s/ Anne E. Gold  
Name: Anne E. Gold  
Title: Chief Compliance Officer, Secretary  
& Assistant Treasurer

FR XI ONSHORE AIV, L.P.

By: First Reserve GP XI, L.P.,  
its general partner

By: First Reserve GP XI, Inc.,  
its general partner

By: /s/ Anne E. Gold  
Name: Anne E. Gold  
Title: Chief Compliance Officer, Secretary  
& Assistant Treasurer

FR XI ONSHORE AIV, LLC

By: FR XI Onshore AIV L.P.,  
its sole member

By: First Reserve GP XI, L.P.,  
its general partner

By: First Reserve GP XI, Inc.,  
its general partner

By: /s/ Anne E. Gold  
Name: Anne E. Gold

Title: Chief Compliance Officer, Secretary  
& Assistant Treasurer

SABINE INVESTOR HOLDINGS, LLC

By: /s/ David J. Sambrooks  
Name: David J. Sambrooks  
Title: Chief Executive Officer

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WILLIAM E.  
MACAULAY

By: /s/ Anne  
E. Gold  
Name: Anne E.  
Gold,  
Attorney-in-Fact

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SCHEDULE I

The name, business address and present principal occupation or employment of each of the executive officers and directors of First Reserve GP XI, Inc. are set forth below. Each such person (the Listed Persons ) is a citizen of the United States and does not have any other principal occupation (outside of similar positions held with respect to other entities directly or indirectly managed or advised by First Reserve Corporation):

Name	Position	Business Address	Citizenship
Timothy H. Day	Managing Director	(2)	United States
Cathleen M. Ellsworth	Managing Director	(1)	United States
Michael G. France	Managing Director	(2)	United States
Francesco Giuliani	Managing Director	(3)	Italy
Anne E. Gold	Chief Compliance Officer, Secretary, Assistant Treasurer	(1)	United States
Neil J. Hartley	Managing Director	(3)	United Kingdom
John A. Hill	Vice Chairman, Managing Director	(1)	United States
Will Honeybourne	Managing Director	(2)	United States
Alex T. Krueger	President	(1)	United States
William E. Macaulay	CEO (Chief Executive Officer)	(1)	United States
John Mogford	Managing Director	(3)	United Kingdom
Kenneth W. Moore	Managing Director	(3)	United States



David A. Posner	Managing Director	(1)	United States
Jeffrey K. Quake	Managing Director	(1)	United States
Matthew S. Raben	Director Legal	(1)	United States
Gary D. Reaves II	Managing Director	(2)	United States
Claudio Santiago	Managing Director & Chief Operating Officer	(3)	Spain
Daren R. Schneider	Controller	(1)	United States
Alan G. Schwartz	Managing Director, General Counsel	(1)	United States
Joshua R. Weiner	Managing Director	(1)	United States
Alexander D. Williams	Managing Director	(3)	United Kingdom
Neil A. Wizel	Managing Director	(2)	United States
Jennifer C. Zarrilli	CFO, Managing Director, Treasurer	(1)	United States

(1) One Lafayette Place, Third Floor,  
Greenwich, CT 06830

(2) 600 Travis Street, Suite 6000, Houston,  
TX 77002

(3) 25 Victoria Street, London, England  
SW1H OEX, United Kingdom