

WATSCO INC  
 Form 424B7  
 October 04, 2012  
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Filed pursuant to Rule 424(b)(7)

Registration No. 333-163678

**CALCULATION OF REGISTRATION FEE**

<b>Title of Securities to be Registered</b>	<b>Amount to be Registered</b>	<b>Proposed</b>	<b>Proposed</b>	<b>Amount of Registration Fee(2)</b>
		<b>Maximum Offering Price Per Share(1)</b>	<b>Maximum Aggregate Offering Price(1)</b>	
Common Stock, par value \$0.50 per share	1,250,000	\$77.03	\$96,287,500	\$13,133.62

(1) Estimated solely for purposes of calculating the registration fee in accordance with Rules 457(c) and 457(r) of the Securities Act of 1933, as amended, and based upon the average of the high and low sales price of a share of the Registrant's Common stock, as reported by the New York Stock Exchange on October 1, 2012

(2) Calculated pursuant to Rules 456(b), 457(c) and 457(r) of the Securities Act of 1933, as amended.

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**PROSPECTUS SUPPLEMENT**

(To prospectus dated December 11, 2009)

**Watsco, Inc.**

**1,250,000 SHARES OF COMMON STOCK**

This prospectus supplement relates to the offer and sale of 1,250,000 shares of Common stock of Watsco, Inc. by the selling shareholder named herein. We issued these shares on April 27, 2012 to the selling shareholder in a private transaction in connection with the formation of a joint venture, Carrier Enterprise Canada, L.P., pursuant to a Subscription Agreement dated March 13, 2012.

Our Common stock is listed on the New York Stock Exchange under the ticker symbol WSO. On October 1, 2012, the last reported sale price for our Common stock was \$76.80 per share.

The selling shareholder identified in this prospectus supplement or its successors, including their respective permitted transferees, pledgees or donees or their successors, may offer the shares from time to time through public or private transactions at market prices prevailing at the time of sale, at prices related to prevailing market prices or at negotiated prices. The timing and amount of any sale are within the sole discretion of the selling shareholder, subject to certain restrictions. We will not receive any proceeds from the sale of these shares by the selling shareholder.

**Investing in our securities involves risks. See Risk Factors beginning on page S-1 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 IS TRUTHFUL OR COMPLETE. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

**The date of this prospectus supplement is October 4, 2012.**

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**ABOUT THIS PROSPECTUS SUPPLEMENT**

We are providing information to you about this offering in two parts. The first part is this prospectus supplement, which provides the specific details regarding this offering. The second part is the accompanying base prospectus, which provides general information. Generally, when we refer to this prospectus, we are referring to both documents combined. Some of the information in the base prospectus may not apply to this offering. If information in the prospectus supplement is inconsistent with the accompanying base prospectus, you should rely on this prospectus supplement.

You should rely only on the information contained in, or incorporated by reference in, this prospectus supplement, the accompanying prospectus and any free writing prospectus related to this offering prepared by us or on our behalf or otherwise authorized by us. We have not, and the selling shareholder has not, authorized anyone to provide you with different information, and if anyone provides you with different or inconsistent information, you should not rely on it. We are not, and the selling shareholder is not, making an offer to sell these securities in any jurisdiction where the offer or sale is not permitted. You should assume that the information contained in this prospectus supplement, the accompanying prospectus, any free writing prospectus and the documents incorporated by reference herein and therein is accurate only as of their respective dates. Our business, financial condition, results of operations and prospects may have changed since those dates.

References in this prospectus supplement to the Registrant, Watsco, we, us, and our refer to Watsco, Inc. and its subsidiaries, unless the context requires otherwise.

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**RISK FACTORS**

An investment in our securities involves significant risks. You should consult with your own financial and legal advisers and carefully consider, among other matters, the risks described in our Annual Report on Form 10-K for the year ended December 31, 2011, our Quarterly Reports on Forms 10-Q for the quarters ended March 31, 2012 and June 30, 2012, and the other documents incorporated herein by reference. You should carefully consider the risks described in those reports and the other information in this prospectus supplement and accompanying prospectus before you decide to buy our shares. The value of our shares could decline due to any of these risks, and you could lose all or part of your investment.

**USE OF PROCEEDS**

We will not receive any proceeds from the selling shareholder's sale of the shares of Common stock described in this prospectus supplement and the accompanying prospectus.

**SELLING SHAREHOLDER**

On April 27, 2012, we completed the formation of a joint venture with UTC Canada Corporation, which we refer to as the selling shareholder, an affiliate of Carrier Corporation, which we refer to as Carrier, and other affiliates of Carrier. In connection with our purchase of a 60% controlling interest in the joint venture, Carrier Enterprise Canada, L.P., we issued to the selling shareholder in a private placement exempt from registration under the Securities Act of 1933, as amended, which we refer to as the Securities Act, 1,250,000 shares of Common stock of Watsco, Inc., which we are registering for resale by the selling shareholder and are covered by this prospectus supplement and the accompanying prospectus.

In connection with the formation of our first joint venture with Carrier, which we refer to as Carrier Enterprise I, we and Carrier entered into a shareholder agreement, referred to as the Shareholder Agreement, which we amended and restated April 27, 2012 in connection with the formation of Carrier Enterprise Canada, L.P, at which time the selling shareholder became a party to the Shareholder Agreement. Among other things, the Shareholder Agreement provides that, for as long as Carrier's ownership of our Common stock and Class B common stock exceeds five percent (5%) of the total number of outstanding shares of Common stock and Class B common stock:

at any meeting of our shareholders (or any adjournment or postponement thereof), however called, or in connection with any action by written consent or other action of our shareholders, Carrier must vote (or cause to be voted) all of the shares of our common stock beneficially owned by it and the Shareholder Group Members in the same proportion as votes cast for, against or abstain by all other holders of our common stock; and

at any meeting of our shareholders (or any adjournment or postponement thereof), however called, or in connection with any action by written consent or other action of our shareholders, pursuant to which holders of any class of our common stock are entitled to vote as a separate class, Carrier must vote (or cause to be voted) all of the shares of such class of our common stock beneficially owned by it and by Shareholder Group Members in the same proportion of votes cast for, against or abstain by all other holders of such class of our common stock.

Shareholder Group Members include Carrier, its parent corporation, United Technologies Corporation, referred to as UTC, and all of UTC's subsidiaries, including Carrier and the selling shareholder.

The Shareholder Agreement also provides, among other things, that Shareholder Group Members may not, directly or indirectly, acquire, offer to acquire, or agree to acquire, by purchase or otherwise, unless specifically requested by us in writing, any shares, or the power to vote and/or direct the vote of shares, of our Common stock and Class B common stock that would result in the Shareholder Group Members owning in aggregate more than 19.9% of the total number of shares, or voting power, of our Common stock and Class B common stock then outstanding.

The information contained in the table below in respect of the selling shareholder (i.e., its name, the number of shares beneficially owned and the number of shares offered) has been obtained from the selling shareholder and has not been independently verified by us. The information set forth in the following table regarding the beneficial ownership after resale of shares is based upon the assumption that the selling shareholder will sell all of the shares of Common stock owned by it and covered by this prospectus supplement and the accompanying prospectus.

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<b>Selling Shareholder</b>	<b>Class</b>	<b>Number of Shares Beneficially Owned</b>	<b>Percent of Class(1)</b>	<b>Number of Shares Offered</b>	<b>Number of Shares of Class Beneficially Owned After Offering</b>	<b>Percentage of Shares of Class Beneficially Owned After Offering</b>
UTC Canada Corporation	Common stock	1,250,000(2)	4.2%	1,250,000	0(2)	*

\* Less than one percent

(1) Percentage ownership calculation is based on 29,770,877 shares of Common stock (excluding 6,322,650 treasury shares) outstanding as of October 1, 2012.

(2) Does not include shares of Common stock or Class B common stock owned by UTC or Carrier.

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**PLAN OF DISTRIBUTION**

The selling shareholder will act independently of Watsco, Inc. in making decisions with respect to the timing, manner and size of each and any sale. The selling shareholder and any of its pledgees, donees, transferees or other successors-in-interest may, from time to time, sell any or all of the shares of Common stock beneficially owned by them and offered hereby directly or through one or more broker-dealers or agents. The selling shareholder will be responsible for commissions charged by such broker-dealers or agents. The Common stock may be sold in one or more transactions at fixed prices, at prevailing market prices at the time of the sale, at varying prices determined at the time of sale, or at negotiated prices. The selling shareholder may use any one or more of the following methods when selling shares:

through underwriters, brokers or dealers (who may act as agent or principal and who may receive compensation in the form of discounts, concessions or commissions from the selling shareholder, the purchaser or such other persons who may be effecting such sales) for resale to the public or to institutional investors at various times;

through negotiated transactions, including, but not limited to, block trades in which the broker or dealer so engaged will attempt to sell the shares as agent but may position and resell a portion of the block as principal to facilitate the transaction;

through purchases by a broker or dealer as principal and resale by that broker or dealer for its account;

on any national securities exchange or quotation service on which the shares may be listed or quoted at the time of sale at market prices prevailing at the time of sale, at prices related to such prevailing market prices, or at negotiated prices;

in private transactions other than exchange or quotation service transactions;

short sales, purchases or sales of put, call or other types of options, forward delivery contracts, swaps, offerings of structured equity-linked securities or other derivative transactions or securities;

hedging transactions, including, but not limited to:

- o transactions with a broker-dealer or its affiliate, whereby the broker-dealer or its affiliate will engage in short sales of shares and may use shares to close out its short position;
- o options or other types of transactions that require the delivery of shares to a broker-dealer or an affiliate thereof, who will then resell or transfer the shares; or
- o loans or pledges of shares to a broker-dealer or an affiliate, who may sell the loaned shares or, in an event of default in the case of a pledge, sell the pledged shares;

through offerings of securities exercisable, convertible or exchangeable for shares, including, without limitation, securities issued by trusts, investment companies or other entities;

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offerings directly to one or more purchasers, including institutional investors;

through ordinary brokerage transactions and transactions in which a broker solicits purchasers;

through distribution to the security holders of the selling shareholder;

by pledge to secure debts and other obligations;

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through a combination of any such methods of sale; or

through any other method permitted under applicable law.

Additionally, the selling shareholder may resell all or a portion of its shares in open market transactions in reliance upon Rule 144 under the Securities Act provided it meets the criteria and conforms to the requirements of Rule 144.

The selling shareholder may be deemed to be a statutory underwriter under the Securities Act. In addition, any broker-dealers who act in connection with the sale of the shares hereunder may be deemed to be underwriters within the meaning of Section 2(11) of the Securities Act, and any commissions received by them and profit on any resale of the shares as principal may be deemed to be underwriting discounts and commissions under the Securities Act. The selling shareholder has acknowledged that it understands its obligations to comply with the provisions of the Securities Exchange Act of 1934, as amended, which we refer to as the Exchange Act, and the rules thereunder relating to stock manipulation, particularly Regulation M.

Broker-dealers engaged by the selling shareholder may arrange for other brokers-dealers to participate in sales. Such broker-dealers and any other participating broker-dealers may, in connection with such sales, be deemed to be underwriters within the meaning of the Securities Act. If the selling shareholder effects such transactions through underwriters, broker-dealers or agents, such underwriters, broker-dealers or agents may receive commissions in the form of discounts, concessions or commissions from the selling shareholder or commissions from purchasers of the shares of Common stock for whom they may act as agent or to whom they may sell as principal, or both (which discounts, concessions or commissions as to particular underwriters, broker-dealers or agents may be less than or in excess of those customary in the types of transactions involved). Any discounts or commissions received by any such broker-dealers may be deemed to be underwriting discounts and commissions under the Securities Act.

There can be no assurance that the selling shareholder will sell any or all of the shares of Common stock registered pursuant to the registration statement of which this prospectus supplement and the accompanying prospectus form a part.

**We are not aware of any plans, arrangements or understandings between the selling shareholder and any underwriter, broker-dealer or agent regarding the sale of shares of Common stock by the selling shareholder.**

We will pay all expenses incident to the filing of this registration statement. These expenses include accounting and legal fees in connection with the preparation of the registration statement of which this prospectus supplement and the accompanying prospectus form a part, legal and other fees in connection with the qualification of the sale of the shares under the laws of certain states (if any), registration and filing fees and other expenses. We have agreed to keep the registration of the shares offered hereby effective until the earliest of the date on which (i) all of the shares offered by the selling shareholder hereby have been sold, (ii) such shares have been sold to the public pursuant to Rule 144 or Rule 145 or other exemption from registration under the Securities Act, (iii) such shares have been sold (other than to certain of the selling shareholder's affiliates) in a private transaction or pursuant to an exemption from registration under the Securities Act or (iv) such shares have been acquired by the Company.

Additionally, we have agreed to indemnify the selling shareholder against certain liabilities related to the selling of the Common stock, including liabilities arising under the Securities Act.

**LEGAL MATTERS**

Certain legal matters with respect to the validity of the securities offered under this prospectus supplement will be passed upon for us by Greenberg Traurig, P.A., Miami, Florida. Cesar Alvarez, one of our Directors, is the Executive Chairman of Greenberg Traurig, P.A., which receives from us customary fees for legal services.

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**INCORPORATION OF CERTAIN DOCUMENTS BY REFERENCE**

The SEC allows us to incorporate by reference information into this prospectus, which means that we can disclose important information to you by referring to those documents. We hereby incorporate by reference the documents listed below, which means that we are disclosing important information to you by referring you to those documents. The information that we file later with the SEC will automatically update and in some cases supersede this information. Specifically, we incorporate by reference the following documents or information filed with the SEC (other than, in each case, documents or information deemed to have been furnished and not filed in accordance with SEC rules):

- (a) our Annual Report on Form 10-K for the fiscal year ended December 31, 2011;
- (b) our Quarterly Reports on Form 10-Q for the fiscal quarters ended March 31, 2012 and June 30, 2012;
- (c) our Current Reports on Forms 8-K filed with the SEC on March 14, 2012, March 16, 2012, May 3, 2012, May 31, 2012 and August 28, 2012 (not including any information furnished under Item 2.02, 7.01 or 9.01 of any such Form 8-K or any other information that is identified as furnished rather than filed, which information is not incorporated by reference herein);
- (d) our Definitive Proxy Statement on Schedule 14A filed in connection with our Annual Meeting of Shareholders held on May 25, 2012;
- (e) our Definitive Information Statement on Schedule 14C filed with the SEC on March 26, 2012; and
- (f) the description of our common stock and class B common stock contained in the Registration Statement on Form 8-A filed with the SEC and any amendments to such Registration Statement filed subsequently thereto, including all amendments or reports filed for the purpose of updating such description.

We will provide without charge to each person, including any shareholder, to whom a prospectus is delivered, upon written or oral request of that person, a copy of any and all of the information that has been incorporated by reference in this prospectus (excluding exhibits unless specifically incorporated by reference into those documents). Please direct requests to us at the following address:

Watsco, Inc.

Attn: Investor Relations

2665 S. Bayshore Drive, Suite 901

Miami, Florida, 33133

(305) 714-4100

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**PROSPECTUS**

**Watsco, Inc.**

**Common Stock**

**Class B Common Stock**

We are Watsco, Inc., a corporation incorporated under the laws of the State of Florida. This prospectus relates to the public offer and sale of common stock and class B common stock that we may offer from time to time. We may offer and sell the securities at prices and on terms to be determined at the time of sale and set forth in a supplement to this prospectus. You should read this prospectus, the applicable prospectus supplement and other offering materials carefully before you invest.

We may offer the securities from time to time through public or private transactions, and in the case of our common stock, on or off the New York Stock Exchange, and in the case of our class B common stock, on or off the NYSE Amex, at prevailing market prices or at privately negotiated prices. Sales may be made directly to purchasers or to or through agents, broker-dealers or underwriters. If any agents or underwriters are involved in the sale of any of these securities, the applicable prospectus supplement will set forth the names of the agents or underwriters and any applicable fees, commissions or discounts. Our net proceeds from the sale of securities will also be set forth in the applicable prospectus supplement.

Our common stock is listed on the New York Stock Exchange under the ticker symbol WSO. Our class B common stock is listed on the NYSE Amex under the ticker symbol WSOB.

**Investing in our securities involves risks. Before buying any offered securities, you should carefully consider the Risk Factors contained in this prospectus, beginning on page 4.**

NEITHER THE SECURITIES AND EXCHANGE COMMISSION NOR ANY STATE SECURITIES COMMISSION HAS APPROVED OR DISAPPROVED OF THESE SECURITIES OR PASSED UPON THE ACCURACY OR ADEQUACY OF THIS PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

**The date of this prospectus is December 11, 2009.**

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**ABOUT THIS PROSPECTUS**

This prospectus is part of a shelf registration statement on Form S-3 that we filed with the United States Securities and Exchange Commission, or the SEC. By using a shelf registration statement, we or the selling shareholders may sell, at any time and from time to time, in one or more offerings, any combination of the securities described in this prospectus. As allowed by the SEC rules, this prospectus does not contain all of the information included in the registration statement. For further information, we refer you to the registration statement, including its exhibits. Statements contained in this prospectus about the provisions or contents of any agreement or other document are not necessarily complete. If the SEC's rules and regulations require that an agreement or document be filed as an exhibit to the registration statement, please see that agreement or document for a complete description of these matters.

This prospectus provides you only with a general description of the securities we may offer. Each time we sell securities, we will provide a supplement to this prospectus that contains specific information about the terms of the securities offered. You should read this prospectus and any prospectus supplement together with any additional information you may need to make your investment decision. You should also read and carefully consider the information in the documents we have referred you to in the **Where You Can Find More Information** section below. Information incorporated by reference after the date of this prospectus is considered a part of this prospectus and may add, update or change information contained in this prospectus. Any information in such subsequent filings that is inconsistent with this prospectus or any prospectus supplement will supersede the information in this prospectus or such prospectus supplement. Before purchasing any securities, you should carefully read this prospectus, any supplement and any free writing prospectus related to the applicable securities that is prepared by us or on our behalf or that is otherwise authorized by us, together with the additional information described under the heading **Incorporation of Certain Documents by Reference** found on page 8.

You should rely only on the information contained or incorporated by reference in this prospectus, the supplement to this prospectus and any free writing prospectus related to the applicable securities that is prepared by us or on our behalf or that is otherwise authorized by us. We have not authorized any other person to provide you with additional or different information. If anyone provides you with additional, different or inconsistent information, you should not rely on it. We will not make an offer to sell these securities in any jurisdiction where the offer or sale is not permitted. You should assume that the information appearing in this prospectus, as well as information we have previously filed with the SEC and incorporate herein by reference, is accurate only as of the date on the front cover of this prospectus. Our business, financial condition, results of operations and prospects may have changed since that date.

References in this prospectus to the Registrant, Watsco, we, us, and our refer to Watsco, Inc. and its subsidiaries, unless the context requires otherwise.

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**CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS**

Certain of the statements contained in this prospectus and in documents incorporated by reference in this prospectus are forward-looking statements as defined under the Private Securities Litigation Reform Act of 1995. Generally, the words expect, believe, intend, estimate, anticipate, project, will and similar expressions identify forward-looking statements, which generally are not historical in nature. All statements which address future operating performance, events or developments that we expect or anticipate will occur in the future, and statements about future operating results, are forward-looking statements, including statements regarding, among other items, (i) economic conditions, (ii) business and acquisition strategies, (iii) potential acquisitions, (iv) financing plans and (v) industry, demographic and other trends affecting our financial condition or results of operations. Forward-looking statements are subject to certain risks and uncertainties that could cause actual results to differ materially from our historical experience and our present expectations. As and when made, management believes that these forward-looking statements are reasonable. However, caution should be taken not to place undue reliance on any such forward-looking statements since such statements speak only as of the date when made and there can be no assurance that such forward-looking statements will occur. We undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

Factors exist that could cause our actual results to differ materially from the expected results described in or underlying our forward-looking statements. Some of such factors are described under Risk Factors in our Annual Report on Form 10-K and in similar sections of documents incorporated into this prospectus by reference. Such factors include:

general economic conditions;

effects of supplier concentration;

competitive factors within the HVAC/R industry;

fluctuations in certain commodity costs;

consumer spending;

consumer debt levels;

new housing starts and completions;

capital spending in the commercial construction market;

access to liquidity needed for operations;

seasonal nature of product sales;

weather conditions;

insurance coverage risks;

prevailing interest rates;

the continued viability of our business strategy;

control by existing shareholder; and

dependence on key personnel.

On July 1, 2009, we completed the formation of a joint venture with Carrier Corporation ( "Carrier" ), a unit of United Technologies Corporation, to distribute Carrier, Bryant and Payne products concentrating in the U.S. Sunbelt, Latin America and the Caribbean. The newly formed joint venture, Carrier Enterprise, operates 110 locations in 20 states and Puerto Rico and serves over 19,000 air conditioning and heating contractors. In the formation of the joint venture, Carrier contributed 95 locations in the U.S. Sunbelt and Puerto Rico and the export division located in Miami, Florida and we contributed 15 locations that currently distribute Carrier, Bryant and Payne products. We purchased a 60% interest in the joint venture with options to purchase up to an additional 20% interest from Carrier (10% beginning in July 2012 and an additional 10% in July 2014).

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We issued 3,080,469 shares of our common stock on July 1, 2009 to Carrier, which diluted our existing shareholders' ownership interest, and contributed 15 locations that presently sell Carrier-manufactured products as consideration for our 60% interest in the joint venture. The joint venture involves a number of risks, including the following:

the successful operation and/or integration of the joint venture in an effective manner;

diversion of management's attention from other daily functions;

possible loss of key employees and/or customer relationships of the joint venture; and

issuance by us of equity securities in the joint venture that diluted ownership of our existing stockholders.

Accordingly, there can be no assurance that the forward-looking statements contained herein will occur or that objectives will be achieved. All written and verbal forward-looking statements attributable to Watsco, Inc. or persons acting on our behalf are expressly qualified in their entirety by such factors.

## **RISK FACTORS**

Investing in our securities involves risks. Before deciding to purchase any of our securities, you should carefully consider the discussion of risks and uncertainties under the heading "Risk Factors" contained in our Annual Report on Form 10-K, as amended, for the fiscal year ended December 31, 2008, our Quarterly Reports on Form 10-Q for the quarters ended March 31, 2009, June 30, 2009 and September 30, 2009, and the other documents incorporated herein by reference in this prospectus, and under similar headings in our subsequently filed quarterly reports on Form 10-Q and annual reports on Form 10-K, as well as the other risks and uncertainties described in any applicable prospectus supplement and in the other documents incorporated by reference in this prospectus. See the section entitled "Where You Can Find More Information" in this prospectus. The risks and uncertainties we discuss in the documents incorporated by reference in this prospectus are those we currently believe may materially affect our company. Additional risks and uncertainties not presently known to us or that we currently believe are immaterial also may materially and adversely affect our business, financial condition and results of operations.

## **THE COMPANY**

This summary highlights selected information and does not contain all the information that is important to you. You should carefully read this prospectus, any applicable prospectus supplement and the documents to which we have referred to in "Incorporation of Certain Documents by Reference" on page 8 of this prospectus for information about us and our financial statements.

Watsco, Inc. was incorporated in 1956 and is the largest distributor of air conditioning, heating, and refrigeration equipment and related parts and supplies ( HVAC/R ) in the HVAC/R industry, currently operating 508 locations serving over 50,000 customers in 36 states, Puerto Rico, Latin America and the Caribbean. Our principal executive office is located at 2665 South Bayshore Drive, Suite 901, Coconut Grove, Florida 33133, and our telephone number is (305) 714-4100. Our website address on the Internet is [www.watsco.com](http://www.watsco.com). The information on our website is not incorporated into this prospectus.

## **USE OF PROCEEDS**

Unless we specify otherwise in the applicable prospectus supplement, we expect to use the net proceeds, if any, from the sale of the securities offered hereby for general corporate purposes, which may include:

acquisitions of assets and businesses;



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repayment of indebtedness outstanding at that time; and

general working capital.

Any specific allocation of the net proceeds of an offering of securities to a specific purpose will be determined at the time of such offering and will be described in the related supplement to this prospectus.

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**DESCRIPTION OF CAPITAL STOCK**

The following summarizes certain material terms and provisions of our common stock, our class B common stock and our preferred stock. It does not purport to be complete, however, and is qualified in its entirety by reference to Florida law and by the actual terms and provisions contained in our Amended and Restated Articles of Incorporation and Amended Bylaws.

**Overview - Authorized and Outstanding Shares**

As of December 11, 2009, under our Amended and Restated Articles of Incorporation, we had the authority to issue:

60,000,000 shares of common stock, par value \$0.50 per share;

10,000,000 shares of class B common stock, par value \$0.50 per share; and

10,000,000 shares of preferred stock, par value \$0.50 per share, which are issuable in series on terms determined by our Board of Directors, of which none are currently designated.

As of December 9, 2009:

27,890,170 shares of our common stock, excluding 6,322,650 treasury shares, were outstanding;

4,163,726 shares of our class B common stock, excluding 48,263 treasury shares, were outstanding; and

no shares of our preferred stock were outstanding.

The following descriptions set forth certain general terms and provisions of our common stock, class B common stock and preferred stock to which a supplement to this prospectus may relate. The particular terms of the shares of common stock, class B common stock or preferred stock being offered and the extent to which the general provisions may apply will be described in the applicable supplement to this prospectus. If so indicated in the applicable supplement to this prospectus, the terms of any series of shares of capital stock may differ from the terms set forth below, except with respect to those terms required by our Amended and Restated Articles of Incorporation and Amended Bylaws.

**Rights of Our Common Stock**

**Preemptive Rights.** The holders of our common stock do not have preemptive rights to purchase or subscribe for any stock or other securities of ours.

**Voting Rights.** Each outstanding share of our common stock is entitled to one vote per share.

**Dividends.** Holders of our common stock are entitled to receive dividends or other distributions when and if declared by our Board of Directors. The right of our Board of Directors to declare dividends, however, is subject to any rights of the holders of other classes of our capital stock and the availability of sufficient funds under Florida law to pay dividends. In addition, our ability to pay dividends depends on certain restrictions in our debt agreement.

**Liquidation Rights.** In the event of the liquidation of our Company, subject to the rights, if any, of the holders of other classes of our capital stock, the holders of our Common stock are entitled to receive any of our assets available for distribution to our shareholders ratably in proportion to the number of shares held by them.

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Listing. We list our Common stock on the New York Stock Exchange under the symbol WSO.

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Additionally, please see Description of Capital Stock Material Provisions of our Articles of Incorporation and Bylaws.

### **Rights of Our Class B Common Stock**

Our class B common stock is substantially identical to our common stock except: (i) common stock is entitled to one vote on all matters submitted to a vote of our shareholders and each share of class B common stock is entitled to ten votes; (ii) shareholders of common stock are entitled to elect 25% of our Board of Directors (rounded up to the nearest whole number), and class B shareholders are entitled to elect the balance of the Board of Directors; (iii) cash dividends may be paid on common stock without paying a cash dividend on class B common stock, and no cash dividend may be paid on class B common stock unless at least an equal cash dividend is paid on common stock; and (iv) class B common stock is convertible at any time into common stock on a one-for-one basis at the option of the shareholder.

We list our class B common stock on the NYSE Amex under the symbol WSOB.

Additionally, please see Description of Capital Stock Material Provisions of our Articles of Incorporation and Bylaws.

### **Rights of Our Preferred Stock**

We are authorized to issue preferred stock with such designation, rights and preferences as may be determined from time to time by our Board of Directors. Accordingly, the Board of Directors is empowered, without shareholder approval, to issue preferred stock with dividend, liquidation, conversion, voting or other rights which could adversely affect the voting power or other rights of the holders of our common stock and class B common stock and, in certain instances, could adversely affect the market price of this stock. In the event of issuance, the preferred stock could be utilized, under certain circumstances, as a method of discouraging, delaying or preventing a change in control of the Company or making removal of management more difficult. Please see Description of Capital Stock Material Provisions of our Articles of Incorporation and Bylaws.

### **Material Provisions of our Articles of Incorporation and Bylaws**

Our Amended and Restated Articles of Incorporation and Amended Bylaws, contain provisions that could discourage, delay or prevent a tender offer or takeover attempt at a price which many shareholders may find attractive. The existence of these provisions could limit the price that investors might otherwise pay in the future for shares of our common stock and class B common stock.

#### *Amended and Restated Articles of Incorporation and Amended Bylaws*

Blank Check Preferred Stock. As noted above, our preferred stock could be issued quickly and utilized, under certain circumstances, as a method of discouraging, delaying or preventing a change in control of the Company or make removal of management more difficult. As of the date of the prospectus, the Company does not intend to issue any preferred stock.

Election of Directors. Our Amended and Restated Articles of Incorporation provides for the filling of vacancies occurring on the Board of Directors by certain votes of the remaining directors. These provisions may discourage a third party from voting to remove incumbent directors and simultaneously gaining control of the Board of Directors by filling the vacancies created by that removal with its own nominees.

Classified Board. Our Amended and Restated Articles of Incorporation provides that our Board of Directors shall be divided into three classes serving staggered terms. Approximately one-third of the Board of Directors is elected each year. The provision for a classified board could prevent a party who acquires control of a majority of our outstanding capital stock entitled to vote from obtaining control of our Board of Directors until the second annual shareholders' meeting following the date the acquiring party obtains such a controlling interest. The classified board provision could discourage a potential acquiror from making a tender offer or otherwise attempting to obtain control of the Company and could increase the likelihood that incumbent directors will retain their positions.

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**Indemnification.** Our Amended and Restated Articles of Incorporation and Amended Bylaws provide for indemnification of our officers and directors to the fullest extent allowed by applicable law. We have also obtained liability insurance for our officers and directors in the amount of \$40 million. Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers or persons controlling us under the provisions that we describe above or otherwise, we have been informed that in the opinion of the SEC, this indemnification is against public policy as expressed in the Securities Act and is therefore unenforceable.

## **Transfer Agent and Registrar**

The transfer agent and registrar for our common stock and class B common stock is American Stock Transfer & Trust Company.

## **Florida Anti-Takeover Statute**

As a Florida corporation, we are subject to certain anti-takeover provisions that apply to public corporations under Florida law. Pursuant to Section 607.0901 of the Florida Business Corporation Act, or the Florida Act, a publicly held Florida corporation may not engage in a broad range of business combinations or other extraordinary corporate transactions with an interested shareholder without the approval of the holders of two-thirds of the voting shares of the corporation (excluding shares held by the interested shareholder), unless:

the transaction is approved by a majority of disinterested directors before the shareholder becomes an interested shareholder;

the interested shareholder has owned at least 80% of the corporation's outstanding voting shares for at least five years preceding the announcement date of any such business combination;

the interested shareholder is the beneficial owner of at least 90% of the outstanding voting shares of the corporation, exclusive of shares acquired directly from the corporation in a transaction not approved by a majority of the disinterested directors; or

the consideration paid to the holders of the corporation's voting stock is at least equal to certain fair price criteria.

An interested shareholder is defined as a person who together with affiliates and associates beneficially owns more than 10% of a corporation's outstanding voting shares. We have not made an election in our Amended and Restated Articles of Incorporation to opt out of Section 607.0901.

In addition, we are subject to Section 607.0902 of the Florida Act which prohibits the voting of shares in a publicly held Florida corporation that are acquired in a control share acquisition unless (i) our Board of Directors approved such acquisition prior to its consummation or (ii) after such acquisition, in lieu of prior approval by our Board of Directors, the holders of a majority of the corporation's voting shares, exclusive of shares owned by officers of the corporation, employee directors or the acquiring party, approve the granting of voting rights as to the shares acquired in the control share acquisition. A control share acquisition is defined as an acquisition that immediately thereafter entitles the acquiring party to 20% or more of the total voting power in an election of directors.

## **SELLING SHAREHOLDERS**

If the registration statement of which this prospectus forms a part is used by selling shareholders for the resale of any securities registered thereunder, information about such selling shareholders, their beneficial ownership of our securities and their relationships with us will be set forth set forth in a prospectus supplement, in a post-effective amendment or in filings we make with the SEC under the Securities Exchange Act of 1934, as amended, which we refer to as the Exchange Act, that are incorporated by reference into such registration statement.

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**LEGAL MATTERS**

Certain legal matters with respect to the validity of the securities offered under this prospectus and any supplement hereto will be passed upon for us by Greenberg Traurig, P.A., Miami, Florida. Cesar Alvarez, one of our Directors, is the Chief Executive Officer of Greenberg Traurig, P.A., which receives from us customary fees for legal services.

**EXPERTS**

The consolidated financial statements, schedule and management's assessment of the effectiveness of internal control over financial reporting incorporated by reference in this Prospectus and elsewhere in the registration statement have been audited by Grant Thornton LLP, independent registered public accountants, as indicated in their reports and with respect thereto (the report on the consolidated financial statements expressed an unqualified opinion and contains an explanatory paragraph relating to the adoption of Statement of Financial Accounting Standards No. 123R, Share-Based Payment and Financial Accounting Standards Board Interpretation No. 48, Accounting for Uncertainty in Income Taxes) and are incorporated by reference herein in reliance upon the authority of said firm as experts in giving said reports.

The financial statements as of and for the year ended December 31, 2008 of the Carrier Sales & Distribution Business, a component of United Technologies Corporation, have been incorporated in this Prospectus by reference to Amendment No. 1 to the Current Report on Form 8-K/A of Watsco, Inc. dated July 1, 2009 and filed with the SEC on September 17, 2009. Such financial statements have been so incorporated in reliance on the report of PricewaterhouseCoopers LLP, an independent registered public accounting firm, given on the authority of said firm as experts in auditing and accounting.

**WHERE YOU CAN FIND MORE INFORMATION**

We file annual, quarterly and current reports, proxy statements and other information with the SEC. You may read and copy materials that we have filed with the SEC at the SEC's public reference room located at 100 F Street, N.E., Washington, DC 20549. Please call the SEC at 1-800-SEC-0330 for further information on the public reference room. The SEC maintains an internet site that contains reports, proxy and information statements, and other information that we file electronically with the SEC and which are available at the SEC's website at <http://www.sec.gov>. In addition, our SEC filings are available on our website at <http://www.watsco.com>.

You may request a copy of these filings at no cost by writing at Watsco, Inc. Investor Relations, 2665 S. Bayshore Drive, Suite 901, Coconut Grove, Florida, 33133 or telephoning us at (305) 714-4100.

This prospectus is part of a registration statement that we filed with the SEC. The registration statement contains more information than this prospectus regarding us and our common stock and class B common stock, including certain exhibits. You can obtain a copy of the registration statement from the SEC at the address listed above or from the SEC's web site listed above.

**INCORPORATION OF CERTAIN DOCUMENTS BY REFERENCE**

The SEC allows us to incorporate by reference information into this prospectus, which means that we can disclose important information to you by referring to those documents. We hereby incorporate by reference the documents listed below, which means that we are disclosing important information to you by referring you to those documents. The information that we file later with the SEC will automatically update and in some cases supersede this information. Specifically, we incorporate by reference the following documents or information filed with the SEC (other than, in each case, documents or information deemed to have been furnished and not filed in accordance with SEC rules):

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- (a) our Annual Report on Form 10-K for the fiscal year ended December 31, 2008, as amended;
- (b) our Quarterly Reports on Form 10-Q for the fiscal quarters ended March 31, 2009, June 30, 2009 and September 30, 2009;
- (c) our Current Reports on Forms 8-K or 8-K/A filed with the SEC on April 7, 2009, May 7, 2009, June 10, 2009, June 26, 2009, July 8, 2009 and September 17, 2009;
- (d) our Definitive Proxy Statement filed in connection with our Annual Meeting of Shareholders held on May 29, 2009; and
- (e) the description of our common stock and class B common stock contained in the Registration Statement on Form 8-A filed with the SEC and any amendments to such Registration Statement filed subsequently thereto, including all amendments or reports filed for the purpose of updating such description.

In addition, all documents subsequently filed by us pursuant to Sections 13(a), 13(c), 14 or 15(d) of the Exchange Act (not including any information furnished under Item 2.02, 7.01 or 9.01 of Form 8-K or any other information that is identified as furnished rather than filed, which information is not incorporated by reference herein), prior to the filing of a post-effective amendment which indicates that all securities offered have been sold or which deregisters all securities then remaining unsold, shall be deemed to be incorporated by reference in this registration statement and to be a part hereof from the date of filing of such documents.

Any statement contained in a document incorporated or deemed to be incorporated by reference herein shall be deemed to be modified or superseded for purposes of this registration statement to the extent that a statement contained herein, or in any other subsequently filed document that also is deemed to be incorporated by reference herein, modifies or supersedes such statement. Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this registration statement.

We will provide without charge to each person, including any shareholder, to whom a prospectus is delivered, upon written or oral request of that person, a copy of any and all of the information that has been incorporated by reference in this prospectus (excluding exhibits unless specifically incorporated by reference into those documents). Please direct requests to us at the following address:

Watsco, Inc.

Attn: Investor Relations

2665 S. Bayshore Drive, Suite 901

Coconut Grove, Florida, 33133

(305) 714-4100